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As confidentially submitted to the Securities and Exchange Commission on February 2, 2018
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

Dropbox, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	7372	26-0138832
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Dropbox, Inc.
333 Brannan Street
San Francisco, California 94107
(415) 857-6800
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Andrew W. Houston
Chief Executive Officer
Dropbox, Inc.
333 Brannan Street
San Francisco, California 94107
(415) 857-6800
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Tony Jeffries, Esq. Rezwan D. Pavri, Esq. Lisa L. Stimmell, Esq. Shannon R. Delahaye, Esq. Wilson Sonsini Goodrich & Rosati, P.C. 650 Page Mill Road Palo Alto, California 94304 (650) 493-9300	Bart E. Volkmer, Esq. Mary Anne Becking, Esq. Cara M. Angelmar, Esq. Dropbox, Inc. 333 Brannan Street San Francisco, California 94107 (415) 857-6800	Kevin P. Kennedy, Esq. Simpson Thacher & Bartlett LLP 2475 Hanover St Palo Alto, California 94304 (650) 251-5000

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, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

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

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

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

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 $0.00001 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.

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

Subject To Completion. Dated , 2018.

Shares

Class A Common Stock

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

Dropbox, Inc. is offering to sell shares of Class A common stock in this offering. The selling stockholders identified in this prospectus are offering to sell an additional shares of Class A common stock. We will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

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

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

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, may elect to comply with certain reduced public company reporting requirements in future reports after the completion of this offering.

See "Risk Factors" beginning on page 15 to read about factors you should consider before buying shares of our Class A common stock.

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

	Per share	Total
Initial public offering price	$	$
Underwriting discount(1)	$	$
Proceeds, before expenses, to Dropbox, Inc.	$	$
Proceeds, before expenses, to Selling Stockholders	$	$

(1) See the section titled "Underwriting (Conflicts of Interest)" for a description of the 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 from Dropbox, Inc. and the selling stockholders 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 or about , 2018.

Goldman Sachs & Co. LLC **J.P. Morgan**

Prospectus dated , 2018

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Prospectus

Through and including , 2018 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

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

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections titled "Risk Factors" and "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, the terms "Dropbox," "the Company," "we," "us," and "our" in this prospectus refer to Dropbox, Inc. and its consolidated subsidiaries, and references to our "common stock" include our Class A common stock and Class B common stock.

DROPBOX, INC.

Our Business

Our modern economy runs on knowledge. Today, knowledge lives in the cloud as digital content, and Dropbox is a global collaboration platform where more and more of this content is created, accessed, and shared with the world. We serve more than 500 million registered users across 180 countries.

Dropbox was founded in 2007 with a simple idea: Life would be a lot better if everyone could access their most important information anytime from any device. Over the past decade, we've largely accomplished that mission—but along the way we recognized that for most of our users, sharing and collaborating on Dropbox was even more valuable than storing files.

Our market opportunity has grown as we've expanded from keeping files in sync to keeping teams in sync. Today, Dropbox is well positioned to reimagine the way work gets done. We're focused on reducing the inordinate amount of time and energy the world wastes on "work about work"—tedious tasks like searching for content, switching between applications, and managing workflows.

We want to free up our users to spend more of their time on the work that truly matters. Our mission is to unleash the world's creative energy by designing a more enlightened way of working.

We believe the need for our platform will continue to grow as teams become more fluid and global, and content is increasingly fragmented across incompatible tools and devices. Dropbox breaks down silos by centralizing the flow of information between the products and services our users prefer, even if they're not our own.

By solving these universal problems, we've become invaluable to our users. The popularity of our platform drives viral growth, which has allowed us to scale rapidly and efficiently. We've built a thriving global business with more than 10 million paying users.

Our revenue was $603.8 million and $844.8 million in 2015 and 2016, respectively, representing a growth rate of 40%. We generated net losses of $325.9 million and $210.2 million in 2015 and 2016, respectively. We also generated positive free cash flow of $137.4 million in 2016 compared to negative free cash flow of $63.9 million in 2015.

Our Users

We're constantly inspired by the diverse ways people use Dropbox to bring their ideas to life and achieve their missions faster. Here are just a few examples:

- Nobel Prize-winning researchers sync data with collaborators to speed development of new scientific breakthroughs.

- Designers for a sustainable apparel company iterate on new designs and coordinate store openings.
- A commercial construction company shares blueprints with subcontractors on job sites and sends bids to prospective clients.
- A Fortune 500 online travel company keeps its global workforce connected with business partners around the world.
- Pro bono lawyers at a refugee assistance organization collect and share information across continents to save lives.

What Sets Us Apart

Since the beginning, we've focused on simplifying the lives of our users. In a world where business software can be frustrating to use, challenging to integrate, and expensive to sell, we take a different approach.

Simple and intuitive design

While traditional tools developed in the desktop age have struggled to keep up with evolving user demands, Dropbox was designed for the cloud era. We build simple, beautiful products that bring joy to our users and make it easier for them to do their best work. Unencumbered by legacy features, we can perfect the aspects of our platform that matter most today, such as the mobile experience and the ability to work in teams.

Open ecosystem

We know people will continue to use a wide variety of tools and platforms. That's why we've built Dropbox to work seamlessly with other products, integrating with partners from Google and Microsoft to Slack and Autodesk. More than 75% of Dropbox Business teams have linked to one or more third-party applications.

Viral, bottom-up adoption

Our 500 million registered users are our best salespeople. They've spread Dropbox to their friends and brought us into their offices. Every year, millions of individual users sign up for Dropbox at work. Bottom-up adoption within organizations has been critical to our success as users increasingly choose their own tools at work. We generate over 90% of our revenue from self-serve channels—users who purchase a subscription through our app or website.

Performance and security

Our custom-built infrastructure allows us to maintain high standards of performance, availability, and security. Dropbox is built on proprietary, block-level sync technology to achieve industry-leading performance. In 2016, IDC highlighted our sync performance as best-in-class, outperforming competitors on multiple sync tests, including upload and download speeds for large files. We designed our platform with multiple layers of redundancy to guard against data loss and deliver high availability. We also offer numerous layers of protection, from secure file data transfer and encryption to network configuration and application-level controls.

Industry Trends in Our Favor

Content is increasingly scattered

The proliferation of devices, operating systems, and applications has dramatically increased the volume and complexity of content in the workplace. Content is now routinely scattered across multiple silos, making it harder to access. According to a 2016 IDC report, more than half of companies ranging from 100 to 5,000+ employees use at least three repositories for accessing documents on a weekly basis.

The tools people use are fragmented

Content created at work tends to follow a predictable pattern: It's authored, sent out for feedback, and shared or published once it's done. At the same time, teams are organizing that content and coordinating tasks around it. But many of the tools people use today don't work well together and support only one or two steps of the content lifecycle. This requires users to constantly switch between these tools and makes it even harder to get work done.

Teams have become more fluid and global

Technology hasn't kept up with a modern workforce that's increasingly fluid and mobile. People work together on teams that span different functions, organizations, and geographies. A 2016 study by Deloitte found that 37% of the global workforce is now mobile, 30% of full-time employees primarily work remotely, and 20% of the workforce is made up of temporary workers, contractors, and freelancers. The ability to swiftly disseminate content and its relevant context is critical to keeping teams in sync.

"Work about work" is wasteful and stifles creativity

The combination of scattered content, fragmented tools, and fluid team structures has led to decreased workplace productivity. According to a report by McKinsey & Company, knowledge workers spend approximately 60% of their time at work on tedious tasks such as searching for content, reviewing email, and re-sharing context to keep team members in the loop—what we call "work about work." This means they spend just 40% of their time doing the jobs they were hired to do.

Individual users are changing the way software is adopted and purchased

Software purchasing decisions have traditionally been made by an organization's IT department, which often deploys products that employees don't like and many refuse to adopt. As individuals increasingly choose their own tools at work, purchasing power has become more decentralized. A 2017 IDC report noted that new devices and software were being adopted at a faster rate by individual users than by IT departments.

Our Solution

Dropbox allows individuals, teams, and organizations to collaborate more effectively. Anyone can sign up for free through our website or app, and upgrade to a paid subscription plan for premium features. Our platform offers an elegant solution to the challenges described above.

Key elements of our platform

- *Unified home for content.* We provide a unified home for the world's content and the relevant context around it. To date, our users have added more than 400 billion pieces of content to Dropbox, totaling over an exabyte (more than 1,000,000,000 gigabytes) of data. When users join Dropbox, they gain access to a digital workspace that supports the full content lifecycle—they can create and organize their content, access it from anywhere, share it with internal and external collaborators, and review feedback and history.
- *Global sharing network.* We've built one of the largest collaboration platforms in the world, with more than 4.5 billion connections to shared content. We cater to the needs of dynamic, dispersed teams. The overwhelming majority of our customers use Dropbox to share and collaborate. As we continue to grow, more users benefit from frictionless sharing, and powerful network effects increase the utility and stickiness of our platform.

- *New product experiences.* The insights we glean from our community of users lead us to develop new product experiences, like Paper, Smart Sync, and Showcase. Machine learning further improves the user experience by enabling more intelligent search and better organization and utility of information. This ongoing innovation broadens the value of our platform and deepens user engagement.

These elements reinforce one another to produce a powerful flywheel effect. As users create and share more content with more people, they expand our global sharing network. This network allows us to gather insights and feedback that help us create new product experiences. And with our scale, we can instantly put these innovations in the hands of millions. This, in turn, helps attract more users and content, which further propels the flywheel.

Our Growth Strategy

Increase adoption and paid conversion

We designed Dropbox to be easy to try, use, and buy. Anyone can create an account and be up and running in minutes. We believe that our current registered user base represents a significant opportunity to increase our revenue. We estimate that approximately 300 million of our registered users have characteristics—including specific email domains, devices, and geographies—that make them more likely than other registered users to pay over time. Substantially all of our paying users share at least one of these characteristics. We reach our users through in-product notifications on our website and across more than 400 million actively connected devices without any external marketing spend. We define an actively connected device as a desktop, laptop, phone, or tablet on which our app has been installed, and from which our app has been launched, and made a request to our servers at least once in the most recent quarter.

Upgrade our paying users

We offer a range of paid subscription plans, from Plus and Professional for individuals, to Standard, Advanced, and Enterprise for teams. We analyze usage patterns within our network and run hundreds of targeted marketing campaigns to encourage paying users to upgrade their plans. For example, we prompt individual subscribers who collaborate with others on Dropbox to purchase our Standard or Advanced plans for a better team experience. In the first three quarters of 2017, over 40% of new Dropbox Business teams included a member who was previously a Plus subscriber. We believe that a large majority of individual customers use Dropbox for work, which creates an opportunity to significantly increase conversion to Dropbox Business team offerings over time.

Apply insights to build new product experiences

As our community of users grows, we gain more insight into their needs and pain points. We translate these insights into new product experiences that support the entire content lifecycle. For example, we learned through analytics and research that our users often work with many different types of content. As a result, we added the ability to embed rich media in Paper so they can pull everything together in one place—from InVision graphics and Google slides to Spotify tracks and Vimeo clips.

Expand our ecosystem

Our open and thriving ecosystem fosters deeper relationships with our users and makes Dropbox more valuable to them over time. The scale and reach of our platform is enhanced by a number of third-party applications, developers, and technology partners. As of September 30, 2017, Dropbox was receiving over 50 billion API calls per month, and more than 500,000 developers had registered and built applications on our platform.

Our Market Opportunity

Over the past decade, Dropbox has pioneered the worldwide adoption of file sync and share software. We've since expanded our capabilities and introduced new product experiences to help our users get work done. For the second consecutive year, Gartner has named Dropbox a leader in their Magic Quadrant for Content Collaboration Platforms.

Our addressable market includes collaborative applications, content management, project and portfolio management, and public cloud storage. IDC estimates that investment in these categories will total more than $50 billion in 2019.

As one of the few large-scale collaboration platforms that serves customers of all sizes, we also have an opportunity to reach a broad population of independent knowledge and creative workers. We believe that this market hasn't traditionally been included in IT spending estimates.

Risk Factors Summary

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

- Our business depends on our ability to retain and upgrade paying users, and any decline in renewals or upgrades could adversely affect our future results of operations.
- Our future growth could be harmed if we fail to attract new users or convert registered users to paying users.
- Our revenue growth rate has declined in recent periods and may continue to slow in the future.
- We have a history of net losses, we anticipate increasing expenses in the future, and we may not be able to achieve or maintain profitability.
- Our business could be damaged, and we could be subject to liability if there is any unauthorized access to our data or our users' content, including through privacy and data security breaches.
- Our business could be harmed by any significant disruption of service on our platform or loss of content.
- We generate revenue from sales of subscriptions to our platform, and any decline in demand for our platform or for content collaboration solutions in general could negatively impact our business.
- Our business depends upon the interoperability of our platform across devices, operating systems, and third-party applications that we do not control.
- We operate in competitive markets, and we must continue to compete effectively.
- We may not be able to respond to rapid technological changes, extend our platform, or develop new features.
- We may not successfully manage our growth or plan for future growth.
- The dual class structure of our common stock will have the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering, and it may depress the trading price of our Class A common stock.

Channels for Disclosure of Information

Investors, the media, and others should note that, following the completion of this offering, we intend to announce material information to the public through filings with the Securities and Exchange Commission, or the

SEC, the investor relations page on our website, press releases, public conference calls, webcasts, our company news site at dropbox.com/news, and our corporate blog at blogs.dropbox.com.

The information disclosed by the foregoing channels could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above and to review the information disclosed through such channels.

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

Corporate Information

We were incorporated in May 2007 as Evenflow, Inc., a Delaware corporation, and changed our name to Dropbox, Inc. in October 2009. Our principal executive offices are located at 333 Brannan Street, San Francisco, California, 94107, and our telephone number is (415) 857-6800. Our website address is www.dropbox.com. Information contained on, or that can be accessed through, our website does not constitute part of this prospectus and inclusions of our website address in this prospectus are inactive textual references only.

“Dropbox,” “Dropbox Paper,” “Dropbox Smart Sync,” “Dropbox Showcase,” our logo, and our other registered or common law trademarks, service marks, or trade names appearing in this prospectus are the property of Dropbox, Inc. We refer to Dropbox Paper as Paper, Dropbox Smart Sync as Smart Sync, and Dropbox Showcase as Showcase in this prospectus. Other trademarks and trade names referred to in this prospectus are the property of their respective owners.

JOBS Act

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. We may take advantage of these exemptions for so long as we are an emerging growth company, which could be as long as five years following the completion of this offering. Our status as an “emerging growth company” will end on the last day of the fiscal year in which we have $1.07 billion or more in annual revenue. However, if we achieve the $1.07 billion revenue threshold prior to the completion of this offering, we will continue to be treated as an “emerging growth company” for certain purposes until the earlier of the date on which we complete this offering or the end of the one-year period beginning on the date we ceased to be an “emerging growth company.”

THE OFFERING

Class A common stock offered by us	shares
Class A common stock offered by the selling stockholders	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 from us	shares
Option to purchase additional shares of Class A common stock from the selling stockholders	shares
Use of proceeds	We estimate that the net proceeds to us from the sale of shares of our Class A common stock in this offering will be approximately $ (or approximately $ if the underwriters' option to purchase additional shares of our Class A common stock from us and the selling stockholders is exercised in full), based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our Class A common stock, and enable access to the public equity markets for us and our stockholders. We intend to use a portion of the net proceeds we receive from this offering to repay $ that is expected to be outstanding immediately prior to the completion of this offering under our revolving credit facility, which we intend to draw down prior to the completion of this offering to satisfy tax withholding and remittance obligations of $ related to the settlement of certain restricted stock units, or RSUs, for which the service condition was satisfied as of September 30, 2017, and for which we expect the liquidity event-related performance vesting condition, or the Performance Vesting Condition, to be satisfied upon the effectiveness of our registration statement related to this offering. This amount is based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus. We also intend to

	use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses, and capital expenditures. Additionally, we may use a portion of the net proceeds we receive from this offering to acquire businesses, products, services, or technologies. However, we do not have agreements or commitments for any material acquisitions at this time. We will not receive any of the proceeds from the sale of Class A common stock in this offering by the selling stockholders. See "Use of Proceeds" for additional information.
Voting rights	Shares of our Class A common stock are entitled to one vote per share. Shares of our Class B common stock are entitled to votes per share. Holders of our 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. The holders of our outstanding Class B common stock will hold approximately % of the voting power of our outstanding capital stock 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. Additionally, our executive officers, directors, and holders of 5% or more of our common stock will hold, in the aggregate, approximately % of the voting power of our outstanding capital stock following this offering. See "Principal and Selling Stockholders" and "Description of Capital Stock" for additional information.
Proposed ticker symbol	"DBX"
Conflict of interest	Affiliates of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, underwriters in this offering, will receive at least 5% of the net proceeds of this offering in connection with the repayment of $ that is expected to be outstanding immediately prior to the completion of this offering under our revolving credit facility. See "Use of Proceeds." Accordingly, this offering is being made in compliance with the requirements of FINRA Rule 5121. This rule requires, among other things, that a "qualified independent underwriter" has participated in the preparation of, and has exercised the usual standards of "due diligence" with respect to, the registration statement. has agreed to act as qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act of 1933, as amended, or the Securities Act.

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on 13,892,885 shares of our Class A common stock and 538,851,747 shares of our Class B common stock as of September 30, 2017, and reflects:

- (i) 387,934 shares of preferred stock and 3,914,934 shares of Class B common stock that will convert into Class A common stock immediately prior to the completion of this offering pursuant to the terms of certain transfer agreements, and (ii) 220,965,979 shares of preferred stock that will automatically convert into shares of Class B common stock immediately prior to the completion of this offering pursuant to the terms of our amended and restated certificate of incorporation, which we refer to, collectively, as the Capital Stock Conversions; and
- 38,172,093 shares of our Class B common stock subject to RSUs, for which the service condition was satisfied as of September 30, 2017, and for which we expect the Performance Vesting Condition to be satisfied upon the effectiveness of our registration statement related to this offering (which RSUs are expected to be net settled by us), or the RSU Settlement.

The shares of our Class A common stock and Class B common stock outstanding as of September 30, 2017 excludes the following:

- 7,484,830 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of September 30, 2017, with a weighted-average exercise price of $7.03 per share;
- 22,883,109 shares of our Class A common stock and 23,405,828 shares of our Class B common stock subject to RSUs outstanding, but for which the service condition was not satisfied, as of September 30, 2017;
- 1,588,685 shares of our Class A common stock subject to RSUs granted after September 30, 2017; and
- shares of our Class A common stock reserved for future issuance under our equity compensation plans, consisting of:
  - shares of our Class A common stock to be reserved for future issuance under our 2018 Equity Incentive Plan, or our 2018 Plan, which will become effective prior to the completion of this offering;
  - shares of our Class A common stock reserved for future issuance under our 2017 Equity Incentive Plan, or our 2017 Plan, which number of shares will be added to the shares of our Class A common stock to be reserved for future issuance under our 2018 Plan upon its effectiveness; and
  - shares of our Class A common stock to be reserved for future issuance under our 2018 Employee Stock Purchase Plan, or our ESPP, which will become effective prior to the completion of this offering, but no offering periods under the ESPP will commence unless and until otherwise determined by our Board of Directors.

Our 2018 Plan and ESPP each provides for annual automatic increases in the number of shares of our Class A common stock reserved thereunder, and our 2018 Plan also provides for increases to the number of shares of our Class A common stock that may be granted thereunder based on shares under our 2008 Equity Incentive Plan, or our 2008 Plan, and 2017 Plan that expire, are forfeited, or otherwise repurchased by us, as more fully described in the section titled “Executive Compensation—Employee Benefits and Stock Plans.”

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

- the Capital Stock Conversions will occur immediately prior to the completion of this offering;

- the filing and effectiveness of our amended and restated certificate of incorporation in Delaware and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- the conversion of shares of our Class B common stock held by certain selling stockholders into an equivalent number of shares of our Class A common stock upon the sale by the selling stockholders in this offering;
- no exercise of outstanding stock options or settlement of outstanding RSUs subsequent to September 30, 2017, other than the RSU Settlement; and
- no exercise by the underwriters of their option to purchase up to an additional shares of our Class A common stock from us and the selling stockholders.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following summary consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto included elsewhere in this prospectus. The consolidated statements of operations data for each of the years ended December 31, 2015 and 2016, are derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The consolidated statements of operations data for the nine months ended September 30, 2016 and 2017, and the consolidated balance sheet data as of September 30, 2017, have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus. We have prepared the unaudited consolidated financial statements on the same basis as the audited consolidated financial statements and have included all adjustments, consisting only of normal recurring adjustments that, in our opinion, are necessary to state fairly the financial information set forth in those statements. Our historical results are not necessarily indicative of our future results, and the results of operations for the nine months ended September 30, 2017, are not necessarily indicative of the results to be expected for the full year or any other period. The summary consolidated financial data in this section are not intended to replace the consolidated financial statements and related notes thereto included elsewhere in this prospectus and are qualified in their entirety by the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

Consolidated Statements of Operations Data

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(In millions, except for per share amounts)			
Revenue	$ 603.8	$ 844.8	$ 606.8	$801.3
Cost of revenue[1]	407.4	390.6	301.3	277.2
Gross profit	196.4	454.2	305.5	524.1
Operating expenses:[1]				
Research and development	201.6	289.7	215.6	276.3
Sales and marketing	193.1	250.6	186.7	211.1
General and administrative	107.9	107.4	76.5	113.1
Total operating expenses	502.6	647.7	478.8	600.5
Loss from operations	(306.2)	(193.5)	(173.3)	(76.4)
Interest expense, net	(15.2)	(16.4)	(12.7)	(9.4)
Other income (expense), net	(4.2)	4.9	8.3	13.0
Loss before income taxes	(325.6)	(205.0)	(177.7)	(72.8)
Provision for income taxes	(0.3)	(5.2)	(3.4)	(1.2)
Net loss	$(325.9)	$(210.2)	$(181.1)	$ (74.0)
Net loss per share attributable to common stockholders, basic and diluted[2]	$ (1.18)	$ (0.74)	$ (0.64)	$ (0.25)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	276.8	283.7	282.3	293.2
Pro forma net loss per share attributable to common stockholders, basic and diluted[2]		$ (0.39)		$ (0.13)
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted		535.4		551.2

(1) Includes stock-based compensation as follows:

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(In millions)			
Cost of revenue	$ 2.6	$ 8.2	$ 5.9	$ 9.3
Research and development	36.1	72.7	52.8	66.4
Sales and marketing	19.8	44.6	37.7	22.9
General and administrative	7.6	22.1	17.2	18.6
Total stock-based compensation	$66.1	$147.6	$ 113.6	$ 117.2

(2) See Note 12, “Net Loss Per Share” to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate basic and diluted net loss per share attributable to common stockholders and Note 13, “Unaudited Pro Forma Net Loss Per Share” for an explanation of the method used to calculate pro forma net loss per share attributable to common stockholders.

Consolidated Balance Sheet Data

	As of September 30, 2017		
	Actual	Pro forma(1)	Pro forma as adjusted(2)(3)
	(In millions)		
Cash and cash equivalents	$ 422.7		
Working capital	(205.5)		
Property and equipment, net	345.0		
Total assets	986.5		
Total deferred revenue	407.4		
Total capital lease obligations	178.6		
Revolving credit facility	—		
Total stockholders’ equity	109.0		

(1) The pro forma column in the balance sheet data table above reflects (a) the Capital Stock Conversions, as if such conversions had occurred on September 30, 2017, (b) the filing and effectiveness of our amended and restated certificate of incorporation in Delaware that will become effective immediately prior to the completion of this offering, (c) stock-based compensation expense of $415.4 million associated with the RSU Settlement, (d) the net issuance of shares of our Class B common stock upon the RSU Settlement, (e) the borrowing of $ million under our revolving credit facility to satisfy our tax withholding and remittance obligations related to the RSU Settlement, and (f) a cash payment of $ to satisfy our tax withholding and remittance obligations related to the RSU Settlement, which amounts in (e) and (f) are based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

(2) The pro forma as adjusted column in the balance sheet data table above gives effect to (a) the pro forma adjustments set forth above, (b) the sale and issuance by us of shares of our Class A common stock in this offering, based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, and (c) the use of proceeds from the offering to repay $ drawn down under our revolving credit facility to satisfy our tax withholding and remittance obligations related to the RSU Settlement.

(3) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, (a) the amount of our pro forma as adjusted cash and cash equivalents, working capital, total assets, and total stockholders’ equity by $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions payable by us, (b) the

amount we would be required to draw down under our revolving credit facility to satisfy our tax withholding and remittance obligations related to the RSU Settlement by $, and (c) the amount we would be required to pay to satisfy our tax withholding and remittance obligations related to the RSU Settlement by $. An increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, the amount of our pro forma as adjusted cash and cash equivalents, working capital, total assets, and total stockholders' equity by $, assuming the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions payable by us.

Key Business Metrics

We review a number of operating and financial metrics, including the following key metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

Paying users

We define paying users as the number of users who have active paid licenses for access to our platform as of the end of the period. One person would count as multiple paying users if the person had more than one active license. For example, a 50-person Dropbox Business team would count as 50 paying users, and an individual Dropbox Plus user would count as one paying user. If that individual Dropbox Plus user was also part of the 50-person Dropbox Business team, we would count the individual as two paying users.

The below table sets forth the number of paying users as of December 31, 2015, December 31, 2016, and September 30, 2017:

	As of December 31,		As of September 30,
	2015	2016	2017
	(In millions)		
Paying users	6.5	8.8	10.4

Average revenue per paying user

We define average revenue per paying user, or ARPU, as our revenue for the period presented divided by the average paying users during the same period. For interim periods, we use annualized revenue, which is calculated by dividing the revenue for the particular period by the number of days in that period and multiplying this value by 365 days. Average paying users are calculated based on adding the number of paying users as of the beginning of the period to the number of paying users as of the end of the period, and then dividing by two.

The below table sets forth our ARPU for the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017.

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
ARPU	$113.5	$110.5	$109.5	$111.5

Free cash flow

We define free cash flow, or FCF, as net cash provided by operating activities less capital expenditures.

The following is a reconciliation of FCF to the most comparable GAAP measure, net cash provided by operating activities:

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(In millions)			
Net cash provided by operating activities	$ 14.8	$ 252.6	$ 186.7	$259.2
Capital expenditures	(78.7)	(115.2)	(111.6)	(12.0)
Free cash flow	$(63.9)	$ 137.4	$ 75.1	$247.2

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure” for additional information.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. Our business, results of operations, financial condition, or prospects could also be harmed by risks and uncertainties that are not presently known to us or that we currently believe are not material. If any of the risks actually occur, our business, results of operations, financial condition, and prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose all or part of your investment.

Risks Related to Our Business and Our Industry

Our business depends on our ability to retain and upgrade paying users, and any decline in renewals or upgrades could adversely affect our future results of operations.

Our business depends upon our ability to maintain and expand our relationships with our users. Our business is subscription based, and paying users are not obligated to and may not renew their subscriptions after their existing subscriptions expire. As a result, we cannot provide assurance that paying users will renew their subscriptions utilizing the same tier of our products or upgrade to premium offerings. Renewals of subscriptions to our platform may decline or fluctuate because of several factors, such as dissatisfaction with our products and support, a user no longer having a need for our products, or the perception that competitive products provide better or less expensive options. In addition, some paying users downgrade or do not renew their subscriptions.

We encourage paying users to upgrade to our premium offerings by recommending additional features and through in-product prompts and notifications. Additionally, we seek to expand within organizations through viral means by adding new users, having workplaces purchase additional products, or expanding the use of Dropbox into other departments within a workplace. We often see enterprise IT decision-makers deciding to adopt Dropbox after noticing substantial organic adoption by individuals and teams within the organization. If our paying users fail to renew or cancel their subscriptions, or if we fail to upgrade our paying users to premium offerings or expand within organizations, our business, results of operations, and financial condition may be harmed.

Although it is important to our business that our users renew their subscriptions after their existing subscriptions expire and that we expand our commercial relationships with our users, given the volume of our users, we do not track the retention rates of our individual users. As a result, we may be unable to address any retention issues with specific users in a timely manner, which could harm our business.

Our future growth could be harmed if we fail to attract new users or convert registered users to paying users.

We must continually add new users to grow our business beyond our current user base and to replace users who choose not to continue to use our platform. Historically, our revenue has been driven by our self-serve model, and we generate more than 90% of our revenue from self-serve channels. Any decrease in user satisfaction with our products or support could harm our brand, word-of-mouth referrals, and ability to grow.

Additionally, many of our users initially access our platform free of charge. We strive to demonstrate the value of our platform to our registered users, thereby encouraging them to convert to paying users through in-product prompts and notifications, and time-limited trials of paid subscription plans. As of September 30, 2017, we served over 500 million registered users but only 10.4 million paying users. The actual number of unique users is lower than we report as one person may register more than once for our platform. As a result, we have fewer unique registered users that we may be able to convert to paying users. A majority of our registered users may never convert to a paid subscription to our platform.

In addition, our user growth rate may slow in the future as our market penetration rates increase and we turn our focus to converting registered users to paying users rather than growing the total number of registered users. If we are not able to continue to expand our user base or fail to convert our registered users to paying users, demand for our paid services and our revenue may grow more slowly than expected or decline.

Our revenue growth rate has declined in recent periods and may continue to slow in the future.

We have experienced significant revenue growth in prior periods. However, our rates of revenue growth are slowing and may continue to slow in the future. Many factors may contribute to declines in our growth rates, including higher market penetration, increased competition, slowing demand for our platform, a decrease in the growth of the overall content collaboration market, a failure by us to continue capitalizing on growth opportunities, and the maturation of our business, among others. You should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. If our growth rates decline, investors' perceptions of our business and the trading price of our Class A common stock could be adversely affected.

We have a history of net losses, we anticipate increasing expenses in the future, and we may not be able to achieve or maintain profitability.

We have incurred net losses on an annual basis since our inception. We incurred net losses of $325.9 million and $210.2 million in 2015 and 2016, respectively, and $74.0 million for the nine months ended September 30, 2017, and we had an accumulated deficit of $1,012.0 million as of September 30, 2017. As we strive to grow our business, we expect expenses to increase in the near term, particularly as we continue to make investments to scale our business. For example, we will need an increasing amount of technical infrastructure to continue to satisfy the needs of our user base. We also expect our research and development expenses to increase as we plan to continue to hire employees for our engineering, product, and design teams to support these efforts. In addition, we will incur additional rent expense in connection with our move to our new corporate headquarters, and additional general and administrative expenses to support both our growth as well as our transition to being a publicly traded company. These investments may not result in increased revenue or growth in our business. We may encounter unforeseen or unpredictable factors, including unforeseen operating expenses, complications, or delays, which may result in increased costs. Furthermore, it is difficult to predict the size and growth rate of our market, user demand for our platform, user adoption and renewal of our platform, the entry of competitive products and services, or the success of existing competitive products and services. As a result, we may not achieve or maintain profitability in future periods. If we fail to grow our revenue sufficiently to keep pace with our investments and other expenses, our results of operations and financial condition would be adversely affected.

Our business could be damaged, and we could be subject to liability if there is any unauthorized access to our data or our users' content, including through privacy and data security breaches.

The use of our platform involves the transmission, storage, and processing of user content, some of which may be considered personally identifiable, confidential, or sensitive. We face security threats from malicious third parties that could obtain unauthorized access to our systems and networks. We anticipate that these threats will continue to grow in scope and complexity over time. For example, in 2016, we learned that an old set of Dropbox user credentials for approximately 68 million accounts was released. These credentials consisted of email addresses and passwords protected by a cryptographic algorithm known as hashing and salting. We believe these Dropbox user credentials were obtained in 2012 and related to a security incident we disclosed to users. In response, we notified all existing users we believed to be affected and completed a password reset for anyone who had not updated their password since mid-2012. We have responded to this event by expanding our security team and data monitoring capabilities and continuing to work on features such as two-factor authentication to increase protection of user information. While we believe our corrective actions will reduce the likelihood of similar incidents occurring in the future, third parties might use techniques that we are unable to defend against

to compromise and infiltrate our systems and networks. We may fail to detect the existence of a breach of user content and be unable to prevent unauthorized access to user and company content. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often not recognized until launched against a target. They may originate from less regulated or remote areas around the world, or from state-sponsored actors. If our security measures are breached, or our users' content is otherwise accessed through unauthorized means, or if any such actions are believed to occur, our platform may be perceived as insecure, and we may lose existing users or fail to attract and retain new users.

We may rely on third parties when deploying our infrastructure, and in doing so, expose it to security risks outside of our direct control. We rely on outside vendors and contractors to perform services necessary for the operation of the business, and they may fail to adequately secure our user and company content.

Third parties may attempt to compromise our employees and their privileged access into internal systems to gain access to accounts, our information, our networks, or our systems. Employee error, malfeasance, or other errors in the storage, use, or transmission of personal information could result in an actual or perceived breach of user privacy. Our users may also disclose or lose control of their passwords, or use the same or similar passwords on third parties' systems, which could lead to unauthorized access to their accounts on our platform.

Any unauthorized or inadvertent access to, or an actual or perceived security breach of, our systems or networks could result in an actual or perceived loss of, or unauthorized access to, our data or our users' content, regulatory investigations and orders, litigation, indemnity obligations, damages, penalties, fines, and other costs in connection with actual and alleged contractual breaches, violations of applicable laws and regulations, and other liabilities. Any such incident could also materially damage our reputation and harm our business, results of operations, and financial condition, including reducing our revenue, causing us to issue credits to users, negatively impacting our ability to accept and process user payment information, eroding our users' trust in our services and payment solutions, subjecting us to costly user notification or remediation, harming our ability to retain users, harming our brand, or increasing our cost of acquiring new users. We maintain errors, omissions, and cyber liability insurance policies covering certain security and privacy damages. However, 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. Further, if a high profile security breach occurs with respect to another content collaboration solutions provider, our users and potential users could lose trust in the security of content collaboration solutions providers generally, which could adversely impact our ability to retain users or attract new ones.

Our business could be harmed by any significant disruption of service on our platform or loss of content.

Our brand, reputation, and ability to attract, retain, and serve our users are dependent upon the reliable performance of our platform, including our underlying technical infrastructure. Our users rely on our platform to store digital copies of their valuable content, including financial records, business information, documents, photos, and other important content. Our technical infrastructure may not be adequately designed with sufficient reliability and redundancy to avoid performance delays or outages that could be harmful to our business. If our platform is unavailable when users attempt to access it, or if it does not load as quickly as they expect, users may not use our platform as often in the future, or at all.

As our user base and the amount and types of information stored, synced, and shared on our platform continues to grow, we will need an increasing amount of technical infrastructure, including network capacity and computing power, to continue to satisfy the needs of our users. During 2015 and 2016, we migrated the vast majority of user content to our own custom-built infrastructure in co-location facilities. As we add to our infrastructure, we may move or transfer additional content.

Further, as we continue to grow and scale our business to meet the needs of our users, we may overestimate or underestimate our infrastructure capacity requirements, which could adversely affect our results of operations.

The costs associated with leasing and maintaining our custom-built infrastructure in co-location facilities and third-party datacenters already constitute a significant portion of our capital and operating expenses. We continuously evaluate our short- and long-term infrastructure capacity requirements to ensure adequate capacity for new and existing users while minimizing unnecessary excess capacity costs. If we overestimate the demand for our platform and therefore secure excess infrastructure capacity, our operating margins could be reduced. If we underestimate our infrastructure capacity requirements, we may not be able to service the expanding needs of new and existing users, and our hosting facilities, network, or systems may fail.

In addition, the datacenters that we use are vulnerable to damage or interruption from human error, intentional bad acts, earthquakes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, and similar events, any of which could disrupt our service, destroy user content, or prevent us from being able to continuously back up or record changes in our users' content. In the event of significant physical damage to one of these datacenters, it may take a significant period of time to achieve full resumption of our services, and our disaster recovery planning may not account for all eventualities. Damage or interruptions to these datacenters could harm our platform and business.

We generate revenue from sales of subscriptions to our platform, and any decline in demand for our platform or for content collaboration solutions in general could negatively impact our business.

We generate, and expect to continue to generate, revenue from the sale of subscriptions to our platform. As a result, widespread acceptance and use of content collaboration solutions in general, and our platform in particular, is critical to our future growth and success. If the content collaboration market fails to grow or grows more slowly than we currently anticipate, demand for our platform could be negatively affected.

Changes in user preferences for content collaboration may have a disproportionately greater impact on us than if we offered multiple platforms or disparate products. Demand for content collaboration solutions in general, and our platform in particular, is affected by a number of factors, many of which are beyond our control. Some of these potential factors include:

- awareness of the content collaboration category generally;
- availability of products and services that compete with ours;
- ease of adoption and use;
- features and platform experience;
- performance;
- brand;
- security and privacy;
- customer support; and
- pricing.

The content collaboration market is subject to rapidly changing user demand and trends in preferences. If we fail to successfully predict and address these changes and trends, meet user demands, or achieve more widespread market acceptance of our platform, our business, results of operations, and financial condition could be harmed.

Our business depends upon the interoperability of our platform across devices, operating systems, and third-party applications that we do not control.

One of the most important features of our platform is its broad interoperability with a range of diverse devices, operating systems, and third-party applications. Our platform is accessible from the web and from

devices running Windows, Mac OS, iOS, Android, WindowsMobile, and Linux. We also have integrations with Microsoft, Adobe, Apple, Salesforce, Atlassian, Slack, IBM, Cisco, VMware, Okta, Symantec, Palo Alto Networks, and a variety of other productivity, collaboration, data management, and security vendors. We are dependent on the accessibility of our platform across these third-party operating systems and applications that we do not control. Several of our competitors own, develop, operate, or distribute operating systems, app stores, third-party datacenter services, and other software, and also have material business relationships with companies that own, develop, operate, or distribute operating systems, applications markets, third-party datacenter services, and other software that our platform requires in order to operate. Moreover, some of these competitors have inherent advantages developing products and services that more tightly integrate with their software and hardware platforms or those of their business partners.

Third-party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with that of other third parties following development changes. In addition, some of our competitors may be able to disrupt the operations or compatibility of our platform with their products or services, or exert strong business influence on our ability to, and terms on which we, operate and distribute our platform. For example, we currently offer products that directly compete with several large technology companies that we rely on to ensure the interoperability of our platform with their products or services. As our respective products evolve, we expect this level of competition to increase. Should any of our competitors modify their products or standards in a manner that degrades the functionality of our platform or gives preferential treatment to competitive products or services, whether to enhance their competitive position or for any other reason, the interoperability of our platform with these products could decrease and our business, results of operations, and financial condition could be harmed.

We operate in competitive markets, and we must continue to compete effectively.

The market for content collaboration platforms is competitive and rapidly changing. Certain features of our platform compete in the cloud storage market with products offered by Amazon, Apple, Google, and Microsoft, and in the content collaboration market with products offered by Atlassian, Google, and Microsoft. We compete with Box on a more limited basis in the cloud storage market for deployments by large enterprises. We also compete with smaller private companies that offer point solutions in the cloud storage market or the content collaboration market. We believe the principal competitive factors in our markets include the following:

- user-centric design;
- ease of adoption and use;
- scale of user network;
- features and platform experience;
- performance;
- brand;
- security and privacy;
- accessibility across several devices, operating systems, and applications;
- third-party integration;
- customer support;
- continued innovation; and
- pricing.

With the introduction of new technologies and market entrants, we expect competition to intensify in the future. Many of our actual and potential competitors benefit from competitive advantages over us, such as greater

name recognition, longer operating histories, more varied products and services, larger marketing budgets, more established marketing relationships, access to larger user bases, major distribution agreements with hardware manufacturers and resellers, and greater financial, technical, and other resources. Some of our competitors may make acquisitions or enter into strategic relationships to offer a broader range of products and services than we do. These combinations may make it more difficult for us to compete effectively. We expect these trends to continue as competitors attempt to strengthen or maintain their market positions.

Demand for our platform is also sensitive to price. Many factors, including our marketing, user acquisition and technology costs, and our current and future competitors' pricing and marketing strategies, can significantly affect our pricing strategies. Certain of our competitors offer, or may in the future offer, lower-priced or free products or services that compete with our platform or may bundle and offer a broader range of products and services. Similarly, certain competitors may use marketing strategies that enable them to acquire users at a lower cost than us. There can be no assurance that we will not be forced to engage in price-cutting initiatives or to increase our marketing and other expenses to attract and retain users in response to competitive pressures, either of which could materially and adversely affect our business, results of operations, and financial condition.

We may not be able to respond to rapid technological changes, extend our platform, or develop new features.

The content collaboration market is characterized by rapid technological change and frequent new product and service introductions. Our ability to grow our user base and increase revenue from existing users will depend heavily on our ability to enhance and improve our platform, introduce new features and products, and interoperate across an increasing range of devices, operating systems, and third-party applications. Users may require features and capabilities that our current platform does not have. We invest significantly in research and development, and our goal is to focus our spending on measures that improve quality and ease of adoption and create organic user demand for our platform. For example, we recently introduced Paper, a new collaborative product experience, and Smart Sync, a new advanced productivity feature, to add additional functionality to our platform. There is no assurance that our enhancements to our platform or our new product experiences, features, or capabilities will be compelling to our users or gain market acceptance. If our research and development investments do not accurately anticipate user demand, or if we fail to develop our platform in a manner that satisfies user preferences in a timely and cost-effective manner, we may fail to retain our existing users or increase demand for our platform.

The introduction of new products and services by competitors or the development of entirely new technologies to replace existing offerings could make our platform obsolete or adversely affect our business, results of operations, and financial condition. We may experience difficulties with software development, design, or marketing that could delay or prevent our development, introduction, or implementation of new product experiences, features, or capabilities. We have in the past experienced delays in our internally planned release dates of new features and capabilities, and there can be no assurance that new product experiences, features, or capabilities will be released according to schedule. Any delays could result in adverse publicity, loss of revenue or market acceptance, or claims by users brought against us, all of which could have a material and adverse effect on our reputation, business, results of operations, and financial condition. Moreover, new productivity features to our platform, such as Smart Sync, may require substantial investment, and we have no assurance that such investments will be successful. If users do not widely adopt our new product experiences, features, and capabilities, we may not be able to realize a return on our investment. If we are unable to develop, license, or acquire new features and capabilities to our platform on a timely and cost-effective basis, or if such enhancements do not achieve market acceptance, our business, results of operations, and financial condition could be adversely affected.

We may not successfully manage our growth or plan for future growth.

Since our founding in 2007, we have experienced rapid growth. For example, our headcount has grown from 1,420 employees as of September 30, 2015, to 1,864 employees as of September 30, 2017, with employees

located both in the United States and internationally. The growth and expansion of our business places a continuous significant strain on our management, operational, and financial resources. Further growth of our operations to support our user base or our expanding third-party relationships, our information technology systems, and our internal controls and procedures may not be adequate to support our operations. In addition, as we continue to grow, we face challenges of integrating, developing, and motivating a rapidly growing employee base in various countries around the world. Certain members of our management have not previously worked together for an extended period of time and some do not have experience managing a public company, which may affect how they manage our growth. Managing our growth will also require significant expenditures and allocation of valuable management resources.

In addition, our rapid growth may make it difficult to evaluate our future prospects. Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. We have encountered in the past, and may encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If we fail to achieve the necessary level of efficiency in our organization as it grows, or if we are not able to accurately forecast future growth, our business, results of operations, and financial condition could be harmed.

Our lack of a significant outbound salesforce may limit the potential growth of our business.

Historically, our business model has been driven by organic adoption and viral growth, with more than 90% of our revenue generated from self-serve channels. As a result, we do not have a significant outbound salesforce, which has enabled us to be more efficient with our sales and marketing spend. Although we believe our business model can continue to scale without a large outbound salesforce, our word-of-mouth and user referral marketing model may not continue to be as successful as we anticipate, and our limited experience selling directly to large organizations through our outbound salesforce may impede our future growth. As we continue to scale our business, an enhanced sales infrastructure could assist in reaching larger organizations and growing our revenue. Identifying and recruiting additional qualified sales personnel and training them would require significant time, expense, and attention, and would significantly impact our business model. Further, adding more sales personnel would change our cost structure and results of operations, and we may have to reduce other expenses in order to accommodate a corresponding increase in sales and marketing expenses. If our limited experience selling and marketing to large organizations prevents us from reaching larger organizations and growing our revenue, and if we are unable to hire, develop, and retain talented sales personnel in the future, our business, results of operations, and financial condition could be adversely affected.

We may expand sales to large organizations, which could lengthen sales cycles and result in greater deployment challenges.

As our business evolves, we may need to invest more resources into sales to large organizations. Large organizations may undertake a significant evaluation and negotiation process, which can lengthen our sales cycle. We may also face unexpected deployment challenges with large organizations or more complicated deployment of our platform. Large organizations may demand more configuration and integration of our platform or require additional security management or control features. We may spend substantial time, effort, and money on sales efforts to large organizations without any assurance that our efforts will produce any sales. As a result, sales to large organizations may lead to greater unpredictability in our business, results of operations, and financial condition.

Any failure to offer high-quality customer support may harm our relationships with our users and our financial results.

We have designed our platform to be easy to adopt and use with minimal to no support necessary. Any increased user demand for customer support could increase costs and harm our results of operations. In addition, as we continue to grow our operations and support our global user base, we need to be able to continue to provide

efficient customer support that meets our customers' needs globally at scale. Paying users receive additional customer support features and the number of our paying users has grown significantly, which will put additional pressure on our support organization. For example, the number of paying users has grown from 6.5 million as of December 31, 2015, to 10.4 million as of September 30, 2017. If we are unable to provide efficient customer support globally at scale, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could harm our results of operations. Our new user signups are highly dependent on our business reputation and on positive recommendations from our existing users. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could harm our reputation, business, results of operations, and financial condition.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations, including our revenue, gross margin, operating margin, profitability, cash flow from operations, and deferred revenue, may vary significantly in the future and period-to-period comparisons of our results of operations may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control, and as a result, may not fully reflect the underlying performance of our business. Fluctuation in quarterly results may negatively impact the value of our securities. Factors that may cause fluctuations in our quarterly results of operations include, without limitation, those listed below:

- our ability to retain and upgrade paying users;
- our ability to attract new paying users and convert registered to paying users;
- the timing of expenses and recognition of revenue;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations, and infrastructure, as well as entry into operating and capital leases;
- the timing of expenses related to acquisitions;
- any large indemnification payments to our users or other third parties;
- changes in our pricing policies or those of our competitors;
- the timing and success of new product feature and service introductions by us or our competitors;
- network outages or actual or perceived security breaches;
- changes in the competitive dynamics of our industry, including consolidation among competitors;
- changes in laws and regulations that impact our business; and
- general economic and market conditions.

Our results of operations may not immediately reflect downturns or upturns in sales because we recognize revenue from our users over the term of their subscriptions with us.

We recognize revenue from subscriptions to our platform over the terms of these subscriptions. Our subscription arrangements generally have monthly or annual contractual terms, and we also have a small percentage of multi-year contractual terms. Amounts that have been billed are initially recorded as deferred revenue until the revenue is recognized. As a result, a large portion of our revenue for each quarter reflects deferred revenue from subscriptions entered into during previous quarters, and downturns or upturns in subscription sales, or renewals and potential changes in our pricing policies may not be reflected in our results of operations until later periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as subscription revenue from new users generally is recognized

over the applicable subscription term. By contrast, a significant majority of our costs are expensed as incurred, which occurs as soon as a user starts using our platform. As a result, an increase in users could result in our recognition of more costs than revenue in the earlier portion of the subscription term. We may not attain sufficient revenue to maintain positive cash flow from operations or achieve profitability in any given period.

We depend on our key personnel and other highly qualified personnel, and if we fail to attract, integrate, and retain our personnel, and maintain our unique corporate culture, our business could be harmed.

We depend on the continued service and performance of our key personnel. In particular, Andrew W. Houston, our President and Chief Executive Officer and one of our co-founders, is critical to our vision, strategic direction, culture, and offerings. Some of our other key personnel have recently joined us and are still being integrated into our company. We may continue to make changes to our management team, which could make it difficult to execute on our business plans and strategies. New hires also require significant training and, in most cases, take significant time before they achieve full productivity. Our failure to successfully integrate these key personnel into our business could adversely affect our business.

We do not have long-term employment agreements with any of our officers or key personnel. In addition, many of our key technologies and systems are custom-made for our business by our key personnel. The loss of key personnel, including key members of our management team, as well as certain of our key marketing, sales, product development, or technology personnel, could disrupt our operations and have an adverse effect on our ability to grow our business.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these employees is intense, particularly in the San Francisco Bay Area where our headquarters are located, and we may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Our recent hires and planned hires may not become as productive as we expect, and we may be unable to hire, integrate, or retain sufficient numbers of qualified individuals. Many of the companies with which we compete for experienced personnel have greater resources than we have. In addition, in making employment decisions, particularly in the internet and high-technology industries, job candidates often consider the value of the equity they are to receive in connection with their employment. Employees may be more likely to leave us if the shares they own or the shares underlying their equity incentive awards have significantly appreciated or significantly reduced in value. Many of our employees may receive significant proceeds from sales of our equity in the public markets after this offering, which may reduce their motivation to continue to work for us. If we fail to attract new personnel, or fail to retain and motivate our current personnel, our business and growth prospects could be harmed.

Additionally, if we do not maintain and continue to develop our corporate culture as we grow and evolve, it could harm our ability to foster the innovation, creativity, and teamwork we believe that we need to support our growth. Additions of executive-level management and large numbers of employees could significantly and adversely impact our culture.

Our business depends on a strong brand, and if we are not able to maintain and enhance our brand, our ability to expand our base of users will be impaired and our business, results of operations, and financial condition will be harmed.

We believe that our brand identity and awareness have contributed to our success and have helped fuel our efficient go-to-market strategy. We also believe that maintaining and enhancing the Dropbox brand is critical to expanding our base of users. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Any unfavorable publicity or consumer perception of our platform or the providers of content collaboration solutions generally could adversely affect our reputation and our ability to attract and retain users. Additionally, if we fail to promote and maintain

the Dropbox brand, or if we incur excessive expenses in this effort, our business, results of operations, and financial condition will be materially and adversely affected.

We are continuing to expand our operations outside the United States, where we may be subject to increased business and economic risks that could impact our results of operations.

We have paying users across 180 countries and approximately half of our revenue in the nine months ended September 30, 2017 was generated from paying users outside the United States. We expect to continue to expand our international operations, which may include opening offices in new jurisdictions and providing our platform in additional languages. Any new markets or countries into which we attempt to sell subscriptions to our platform may not be receptive. For example, we may not be able to expand further in some markets if we are not able to satisfy certain government- and industry-specific requirements. In addition, our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems, and commercial markets. International expansion has required, and will continue to require, investment of significant funds and other resources. Operating internationally subjects us to new risks and may increase risks that we currently face, including risks associated with:

- recruiting and retaining talented and capable employees outside the United States, and maintaining our company culture across all of our offices;
- providing our platform and operating our business across a significant distance, in different languages and among different cultures, including the potential need to modify our platform and features to ensure that they are culturally appropriate and relevant in different countries;
- compliance with applicable international laws and regulations, including laws and regulations with respect to privacy, data protection, consumer protection, and unsolicited email, and the risk of penalties to our users and individual members of management or employees if our practices are deemed to be out of compliance;
- management of an employee base in jurisdictions that may not give us the same employment and retention flexibility as does the United States;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as does the United States;
- compliance by us and our business partners with anti-corruption laws, import and export control laws, tariffs, trade barriers, economic sanctions, and other regulatory limitations on our ability to provide our platform in certain international markets;
- foreign exchange controls that might require significant lead time in setting up operations in certain geographic territories and might prevent us from repatriating cash earned outside the United States;
- political and economic instability;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and
- higher costs of doing business internationally, including increased accounting, travel, infrastructure, and legal compliance costs.

Compliance with laws and regulations applicable to our global operations substantially increases our cost of doing business in international jurisdictions. We may be unable to keep current with changes in laws and regulations as they change. Although we have implemented policies and procedures designed to support compliance with these laws and regulations, there can be no assurance that we will always maintain compliance

or that all of our employees, contractors, partners, and agents will comply. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages, injunctions, or reputational harm. If we are unable comply with these laws and regulations or manage the complexity of our global operations successfully, our business, results of operations, and financial condition could be adversely affected.

Our results of operations, which are reported in U.S. dollars, could be adversely affected if currency exchange rates fluctuate substantially in the future.

We conduct our business across 180 countries around the world. As we continue to expand our international operations, we will become more exposed to the effects of fluctuations in currency exchange rates. This exposure is the result of selling in multiple currencies and operating in foreign countries where the functional currency is the local currency. In 2016, 23% of our sales were denominated in currencies other than U.S. dollars. Our expenses, by contrast, are primarily denominated in U.S. dollars. As a result, any increase in the value of the U.S. dollar against these foreign currencies could cause our revenue to decline relative to our costs, thereby decreasing our gross margins. Our results of operations are primarily subject to fluctuations in the euro and British pound sterling. Because we conduct business in currencies other than U.S. dollars, but report our results of operations in U.S. dollars, we also face remeasurement exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and could materially impact our results of operations. We do not currently maintain a program to hedge exposures to non-U.S. dollar currencies.

We depend on our infrastructure and third-party datacenters, and any disruption in the operation of these facilities or failure to renew the services could adversely affect our business.

We host our services and serve all of our users using a combination of our own custom-built infrastructure that we lease and operate in co-location facilities and third-party datacenter services such as Amazon Web Services. While we typically control and have access to the servers we operate in co-location facilities and the components of our custom-built infrastructure that are located in those co-location facilities, we control neither the operation of these facilities nor our third-party service providers. Furthermore, we have no physical access or control over the services provided by Amazon Web Services.

Datacenter leases and agreements with the providers of datacenter services expire at various times. The owners of these datacenters and providers of these datacenter services may have no obligation to renew their agreements with us on commercially reasonable terms, or at all. Problems faced by datacenters, with our third-party datacenter service providers, with the telecommunications network providers with whom we or they contract, or with the systems by which our telecommunications providers allocate capacity among their users, including us, could adversely affect the experience of our users. Our third-party datacenter operators could decide to close their facilities or cease providing services without adequate notice. In addition, any financial difficulties, such as bankruptcy, faced by our third-party datacenters operators or any of the service providers with whom we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict.

If the datacenters and service providers that we use are unable to keep up with our growing needs for capacity, or if we are unable to renew our agreements with datacenters, and service providers on commercially reasonable terms, we may be required to transfer servers or content to new datacenters or engage new service providers, and we may incur significant costs, and possible service interruption in connection with doing so. Any changes in third-party service levels at datacenters or any real or perceived errors, defects, disruptions, or other performance problems with our platform could harm our reputation and may result in damage to, or loss or compromise of, our users' content. Interruptions in our platform might, among other things, reduce our revenue, cause us to issue refunds to users, subject us to potential liability, harm our reputation, or decrease our renewal rates.

We have relationships with third parties to provide, develop, and create applications that integrate with our platform, and our business could be harmed if we are not able to continue these relationships.

We use software and services licensed and procured from third parties to develop and offer our platform. We may need to obtain future licenses and services from third parties to use intellectual property and technology associated with the development of our platform, which might not be available to us on acceptable terms, or at all. Any loss of the right to use any software or services required for the development and maintenance of our platform could result in delays in the provision of our platform until equivalent technology is either developed by us, or, if available from others, is identified, obtained, and integrated, which could harm our platform and business. Any errors or defects in third-party software or services could result in errors or a failure of our platform, which could harm our business, results of operations, and financial condition.

We also depend on our ecosystem of developers to create applications that will integrate with our platform. As of September 30, 2017, Dropbox was receiving over 50 billion API calls per month, and more than 500,000 developers had registered and built applications on our platform. Our reliance on this ecosystem of developers creates certain business risks relating to the quality of the applications built using our APIs, service interruptions of our platform from these applications, lack of service support for these applications, and possession of intellectual property rights associated with these applications. We may not have the ability to control or prevent these risks. As a result, issues relating to these applications could adversely affect our business, brand, and reputation.

We are subject to a variety of U.S. and international laws that could subject us to claims, increase the cost of operations, or otherwise harm our business due to changes in the laws, changes in the interpretations of the laws, greater enforcement of the laws, or investigations into compliance with the laws.

We are subject to compliance with various laws, including those covering copyright, indecent content, child protection, consumer protection, and similar matters. There have been instances where improper or illegal content has been stored on our platform without our knowledge. As a service provider, we do not regularly monitor our platform to evaluate the legality of content stored on it. While to date we have not been subject to material legal or administrative actions as result of this content, the laws in this area are currently in a state of flux and vary widely between jurisdictions. Accordingly, it may be possible that in the future we and our competitors may be subject to legal actions, along with the users who uploaded such content. In addition, regardless of any legal liability we may face, our reputation could be harmed should there be an incident generating extensive negative publicity about the content stored on our platform. Such publicity could harm our business and results of operations.

We are also subject to consumer protection laws that may impact our sales and marketing efforts, including laws related to subscriptions, billing, and auto-renewal. These laws, as well as any changes in these laws, could adversely affect our self-serve model and make it more difficult for us to retain and upgrade paying users and attract new ones.

Our platform depends on the ability of our users to access the internet and our platform has been blocked or restricted in some countries for various reasons. For example, our platform is blocked in the People’s Republic of China. If we fail to anticipate developments in the law, or fail for any reason to comply with relevant law, our platform could be further blocked or restricted and we could be exposed to significant liability that could harm our business.

We are also subject to various U.S. and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies and their employees and intermediaries from authorizing, offering, or providing improper payments or benefits to officials and other recipients for improper purposes. Although we take precautions to prevent violations of these laws, our exposure for violating these laws increases as we continue to expand our international presence and any failure to comply with such laws could harm our reputation and our business.

We are subject to export and import control laws and regulations that could impair our ability to compete in international markets or subject us to liability if we violate such laws and regulations.

We are subject to U.S. export controls and sanctions regulations that prohibit the shipment or provision of certain products and services to certain countries, governments, and persons targeted by U.S. sanctions. While we take precautions to prevent our products and services from being exported in violation of these laws, including implementing IP address blocking, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws. For example, in 2011, we provided certain downloadable portions of our software to international users that, prior to export, required either a one-time product review or application for an encryption registration number in lieu of such product review. These exports were likely made in violation of U.S. export control and sanction laws. In March 2011, we filed a Final Voluntary Self Disclosure with the U.S. Department of Commerce's Bureau of Industry and Security, or BIS, concerning these potential violations. In June 2012, BIS notified us that it had completed its review of these matters and closed its review with the issuance of a Warning Letter. No monetary penalties were assessed against us by BIS with respect to the 2011 filing. In addition, in 2017, we discovered that our platform has been accessed by certain users in countries that are the subject of United States sanctions. We filed an Initial Voluntary Self Disclosure in October 2017 with the Office of Foreign Assets Control, or OFAC. We are in the process of preparing the Final Voluntary Disclosure for submission to OFAC. If we are found to be in violation of U.S. sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us.

In addition, various countries regulate the import and export of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products or could limit our users' ability to access our platform in those countries. Changes in our platform or client-side software, or future changes in export and import regulations may prevent our users with international operations from deploying our platform globally or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell subscriptions to our platform to, existing or potential users with international operations. Any decreased use of our platform or limitation on our ability to export or sell our products would likely adversely affect our business, results of operations, and financial results.

Our actual or perceived failure to comply with privacy, data protection, and information security laws, regulations, and obligations could harm our business.

We receive, store, process, and use personal information and other user content. There are numerous federal, state, local, and international laws and regulations regarding privacy, data protection, information security, and the storing, sharing, use, processing, transfer, disclosure, and protection of personal information and other content, the scope of which are changing, subject to differing interpretations, and may be inconsistent among countries, or conflict with other rules. We are also subject to the terms of our privacy policies and obligations to third parties related to privacy, data protection, and information security. We strive to comply with applicable laws, regulations, policies, and other legal obligations relating to privacy, data protection, and information security to the extent possible. However, the regulatory framework for privacy and data protection worldwide is, and is likely to remain, uncertain for the foreseeable future, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices.

We also expect that there will continue to be new laws, regulations, and industry standards concerning privacy, data protection, and information security proposed and enacted in various jurisdictions. For example, European legislators have adopted a General Data Protection Regulation, or GDPR, that will, when effective in May 2018, supersede current European Union, or EU, data protection legislation, impose more stringent EU data protection requirements, and provide for greater penalties for noncompliance. Further, following a referendum in

June 2016 in which voters in the United Kingdom approved an exit from the EU, the United Kingdom government has initiated a process to leave the EU, or Brexit. Brexit has created uncertainty with regard to the regulation of data protection in the United Kingdom. In particular, it is unclear whether the United Kingdom will enact data protection laws or regulations designed to be consistent with the pending EU General Data Protection Regulation and how data transfers to and from the United Kingdom will be regulated. Additionally, although we have self-certified under the U.S.-EU and U.S.-Swiss Privacy Shield Frameworks with regard to our transfer of certain personal data from the EU and Switzerland to the United States, some regulatory uncertainty remains surrounding the future of data transfers from the EU and Switzerland to the United States, and we are closely monitoring regulatory developments in this area.

Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to users or other third parties, or any of our other legal obligations relating to privacy, data protection, or information security may result in governmental investigations or enforcement actions, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability or cause our users to lose trust in us, which could have an adverse effect on our reputation and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our users may limit the adoption and use of, and reduce the overall demand for, our services.

Additionally, if third parties we work with, such as vendors or developers, violate applicable laws or regulations or our policies, such violations may also put our users' content at risk and could in turn have an adverse effect on our business. Any significant change to applicable laws, regulations, or industry practices regarding the collection, use, retention, security, or disclosure of our users' content, or regarding the manner in which the express or implied consent of users for the collection, use, retention, or disclosure of such content is obtained, could increase our costs and require us to modify our services and features, possibly in a material manner, which we may be unable to complete, and may limit our ability to store and process user data or develop new services and features.

Our business could be adversely impacted by changes in internet access for our users or laws specifically governing the internet.

Our platform depends on the quality of our users' access to the internet. Certain features of our platform require significant bandwidth and fidelity to work effectively. Internet access is frequently provided by companies that have significant market power that could take actions that degrade, disrupt or increase the cost of user access to our platform, which would negatively impact our business. We could incur greater operating expenses and our user acquisition and retention could be negatively impacted if network operators:

- implement usage-based pricing;
- discount pricing for competitive products;
- otherwise materially change their pricing rates or schemes;
- charge us to deliver our traffic at certain levels or at all;
- throttle traffic based on its source or type;
- implement bandwidth caps or other usage restrictions; or
- otherwise try to monetize or control access to their networks.

The Federal Communications Commission has recently announced its intention to seek to revise the "net neutrality" rules, which is expected to occur later this year. The rules were designed to ensure that all online content is treated the same by internet service providers and other companies that provide broadband services. Should the net neutrality rules be relaxed or eliminated, we could incur greater operating expenses, which could harm our results of operations.

As the internet continues to experience growth in the number of users, frequency of use, and amount of data transmitted, the internet infrastructure that we and our users rely on may be unable to support the demands placed upon it. The failure of the internet infrastructure that we or our users rely on, even for a short period of time, could undermine our operations and harm our results of operations.

In addition, there are various laws and regulations that could impede the growth of the internet or other online services, and new laws and regulations may be adopted in the future. These laws and regulations could, in addition to limiting internet neutrality, involve taxation, tariffs, privacy, data protection, content, copyrights, distribution, electronic contracts and other communications, consumer protection, and the characteristics and quality of services, any of which could decrease the demand for, or the usage of, our platform. Legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change our business practices. These changes or increased costs could materially harm our business, results of operations, and financial condition.

We are currently, and may be in the future, party to intellectual property rights claims and other litigation matters and, if resolved adversely, they could have a significant impact on our business, results of operations, or financial condition.

We own a large number of patents, copyrights, trademarks, domain names, and trade secrets and, from time to time, are subject to litigation based on allegations of infringement, misappropriation or other violations of intellectual property, or other rights. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims against us grows. From time to time, we are party to litigation and disputes related to our intellectual property and our platform. The costs of supporting litigation and dispute resolution proceedings are considerable, and there can be no assurances that a favorable outcome will be obtained. We may need to settle litigation and disputes on terms that are unfavorable to us, or we may be subject to an unfavorable judgment that may not be reversible upon appeal. The terms of any settlement or judgment may require us to cease some or all of our operations or pay substantial amounts to the other party. With respect to any intellectual property rights claim, we may have to seek a license to continue practices found to be in violation of third-party rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such practices may not be available to us at all, and we may be required to develop alternative non-infringing technology or practices or discontinue the practices. The development of alternative, non-infringing technology or practices could require significant effort and expense. Our business, results of operations, and financial condition could be materially and adversely affected as a result.

Our failure to protect our intellectual property rights and proprietary information could diminish our brand and other intangible assets.

We rely and expect to continue to rely on a combination of patent, patent licenses, trade secret, and domain name protection, trademark, and copyright laws, as well as confidentiality and license agreements with our employees, consultants, and third parties, to protect our intellectual property and proprietary rights. In the United States and abroad, we have over 550 issued patents and more than 550 pending patent applications. However, third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge our proprietary rights, pending and future patent, trademark, and copyright applications may not be approved, and we may not be able to prevent infringement without incurring substantial expense. We have also devoted substantial resources to the development of our proprietary technologies and related processes. In order to protect our proprietary technologies and processes, we rely in part on trade secret laws and confidentiality agreements with our employees, consultants, and third parties. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights, or develop similar technologies and processes. Further, laws in certain jurisdictions may afford little or no trade secret protection, and any changes in, or unexpected

interpretations of, the intellectual property laws in any country in which we operate may compromise our ability to enforce our intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. If the protection of our proprietary rights is inadequate to prevent use or appropriation by third parties, the value of our platform, brand, and other intangible assets may be diminished and competitors may be able to more effectively replicate our platform and its features. Any of these events could materially and adversely affect our business, results of operations, and financial condition.

Our use of open source software could negatively affect our ability to offer and sell subscriptions to our platform and subject us to possible litigation.

A portion of the technologies we use incorporates open source software, and we may incorporate open source software in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. These licenses may subject us to certain unfavorable conditions, including requirements that we offer our platform that incorporates the open source software for no cost, that we make publicly available source code for modifications or derivative works we create based upon, incorporating or using the open source software, and/or that we license such modifications or derivative works under the terms of the particular open source license. Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose any of our source code that incorporates or is a modification of our licensed software. If an author or other third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable license, we could be required to incur significant legal expenses defending against those allegations and could be subject to significant damages, enjoined from offering or selling our solutions that contained the open source software, and required to comply with the foregoing conditions. Any of the foregoing could disrupt and harm our business, results of operations, and financial condition.

Our ability to sell subscriptions to our platform could be harmed by real or perceived material defects or errors in our platform.

The software technology underlying our platform is inherently complex and may contain material defects or errors, particularly when first introduced or when new features or capabilities are released. We have from time to time found defects or errors in our platform, and new defects or errors in our existing platform or new software may be detected in the future by us or our users. There can be no assurance that our existing platform and new software will not contain defects. Any real or perceived errors, failures, vulnerabilities, or bugs in our platform could result in negative publicity or lead to data security, access, retention, or other performance issues, all of which could harm our business. The costs incurred in correcting such defects or errors may be substantial and could harm our results of operations and financial condition. Moreover, the harm to our reputation and legal liability related to such defects or errors may be substantial and could harm our business, results of operations, and financial condition.

We also utilize hardware purchased or leased and software and services licensed from third parties to offer our platform. Any defects in, or unavailability of, our or third-party software, services, or hardware that cause interruptions to the availability of our services, loss of data, or performance issues could, among other things:

- cause a reduction in revenue or delay in market acceptance of our platform;
- require us to issue refunds to our users or expose us to claims for damages;
- cause us to lose existing users and make it more difficult to attract new users;
- divert our development resources or require us to make extensive changes to our platform, which would increase our expenses;
- increase our technical support costs; and
- harm our reputation and brand.

We may acquire other businesses or receive offers to be acquired, which could require significant management attention, disrupt our business, or dilute stockholder value.

Part of our business strategy is to make acquisitions of other companies, products, and technologies. We have limited experience in acquisitions. 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. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by users, developers, or investors. In addition, we may not be able to integrate acquired businesses successfully or effectively manage the combined company following an acquisition. If we fail to successfully integrate our acquisitions, or the people or technologies associated with those acquisitions, into our company, the results of operations of the combined company could be adversely affected. Any integration process will require significant time and resources, require significant attention from management, and disrupt the ordinary functioning of our business, and we may not be able to manage the process successfully, which could adversely affect our business, results of operations, and financial condition. In addition, we may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges.

We may have to pay cash, incur debt, or issue equity securities to pay for any such acquisition, each of which could affect our financial condition or the value of our capital stock. The sale of equity to finance any such acquisitions could result in dilution to our stockholders. If we incur more debt, it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to flexibly operate our business.

Our business may be significantly impacted by a change in the economy, including any resulting effect on consumer or business spending.

Our business may be affected by changes in the economy generally, including any resulting effect on spending by our business and consumer users. Some of our users may view a subscription to our platform as a discretionary purchase, and our paying users may reduce their discretionary spending on our platform during an economic downturn. If an economic downturn were to occur, we may experience such a reduction in the future, especially in the event of a prolonged recessionary period. As a result, our business, results of operations, and financial condition may be significantly affected by changes in the economy generally.

Our business could be disrupted by catastrophic events.

Occurrence of any catastrophic event, including earthquake, fire, flood, tsunami, or other weather event, power loss, telecommunications failure, software or hardware malfunctions, cyber-attack, war, or terrorist attack, could result in lengthy interruptions in our service. In particular, our U.S. headquarters and some of the datacenters we utilize are located in the San Francisco Bay Area, a region known for seismic activity, and our insurance coverage may not compensate us for losses that may occur in the event of an earthquake or other significant natural disaster. In addition, acts of terrorism could cause disruptions to the internet or the economy as a whole. Even with our disaster recovery arrangements, our service could be interrupted. If our systems were to fail or be negatively impacted as a result of a natural disaster or other event, our ability to deliver products to our users would be impaired or we could lose critical data. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster, and successfully execute on those plans in the event of a disaster or emergency, our business, results of operations, financial condition, and reputation would be harmed.

We may have exposure to greater than anticipated tax liabilities, which could adversely impact our results of operations.

While to date we have not incurred significant income taxes in operating our business, we are subject to income taxes in the United States and various jurisdictions outside of the United States. Our effective tax rate

could fluctuate due to changes in the mix of earnings and losses in countries with differing statutory tax rates. Our tax expense could also be impacted by changes in non-deductible expenses, changes in excess tax benefits of stock-based compensation, changes in the valuation of deferred tax assets and liabilities and our ability to utilize them, the applicability of withholding taxes and effects from acquisitions.

Our tax provision could also be impacted by changes in accounting principles, changes in U.S. federal, state, or international tax laws applicable to corporate multinationals such as the recent legislation enacted in the United States, United Kingdom and Australia, other fundamental law changes currently being considered by many countries, and changes in taxing jurisdictions' administrative interpretations, decisions, policies, and positions. Additionally, in October 2015, the Organization for Economic Co-Operation and Development released final guidance covering various topics, including transfer pricing, country-by-country reporting, and definitional changes to permanent establishment that could ultimately impact our tax liabilities.

We are subject to review and audit by U.S. federal, state, local, and foreign tax authorities. Such tax authorities may disagree with tax positions we take and if any such tax authority were to successfully challenge any such position, our financial results and operations could be materially and adversely affected. We may also be subject to additional tax liabilities due to changes in non-income based taxes resulting from changes in federal, state, or international tax laws, changes in taxing jurisdictions' administrative interpretations, decisions, policies, and positions, results of tax examinations, settlements or judicial decisions, changes in accounting principles, changes to the business operations, including acquisitions, as well as the evaluation of new information that results in a change to a tax position taken in a prior period.

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

As of December 31, 2016, we had $254.8 million of federal and $94.9 million of state net operating loss carryforwards available to reduce future taxable income, which will begin to expire in 2031 for federal and 2030 for state tax purposes. As of December 31, 2016, we also had $247.9 million of foreign net operating loss carryforwards available to reduce future taxable income, which will carryforward indefinitely. In addition, we had $22.9 million of foreign acquired net operating losses, which will carryforward indefinitely. It is possible that we will not generate taxable income in time to use these net operating loss carryforwards before their expiration or at all. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We performed a study for the period through June 30, 2017, and determined that no ownership changes exceeding 50 percentage points had occurred. Our ability to use net operating loss and tax credit carryforwards to reduce future taxable income and liabilities may be subject to annual limitations as a result of ownership changes from July 1, 2017, and subsequent years or as a result of this offering.

Our operating results may be harmed if we are required to collect sales or other related taxes for our subscription services in jurisdictions where we have not historically done so.

We collect sales and value-added tax as part of our subscription agreements in a number of jurisdictions. One or more states or countries may seek to impose incremental or new sales, use, or other tax collection obligations on us, including for past sales by us or our resellers and other partners. A successful assertion by a state, country, or other jurisdiction that we should have been or should be collecting additional sales, use, or other taxes on our services could, among other things, result in substantial tax liabilities for past sales, create significant administrative burdens for us, discourage users from purchasing our platform, or otherwise harm our business, results of operations, and financial condition.

Our results of operations and financial condition could be materially affected by the enactment of legislation implementing changes in the U.S. or foreign taxation of international business activities or the adoption of other tax reform policies.

On December 22, 2017, the U.S. President signed legislation commonly referred to as the Tax Cuts and Jobs Act, or the Act, which contains significant changes to U.S. tax law, including, but not limited to, a reduction in the corporate tax rate and a transition to a new territorial system of taxation. The primary impact of the new legislation on our provision for income taxes will be a reduction of the future tax benefits of existing temporary differences as a result of the reduction in the corporate tax rate. However, since we have recorded a full valuation allowance against our deferred tax assets, we do not currently anticipate that these changes will have a material impact on our consolidated financial statements. The impact of the Act will likely be subject to ongoing technical guidance and accounting interpretation, which we will continue to monitor and assess. As we expand the scale of our international business activities, any changes in the U.S. or foreign taxation of such activities may increase our worldwide effective tax rate and harm our business, results of operations, and financial condition.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the rules and regulations of the applicable listing standards of the . We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on . We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we will

be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an "emerging growth company" as defined in the Jumpstart Our Businesses Act of 2012, or the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could materially and adversely affect our business, results of operations, and financial condition and could cause a decline in the trading price of our Class A common stock.

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

We are an "emerging growth company," as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We may take advantage of these exemptions for so long as we are an "emerging growth company," which could be as long as five years following the completion of this offering but we expect not to be an "emerging growth company" sooner. Our status as an "emerging growth company" will end on the last day of the fiscal year in which we have $1.07 billion or more in annual revenue. However, if we achieve the $1.07 billion revenue threshold prior to the completion of this offering, we will continue to be treated as an "emerging growth company" for certain purposes until the earlier of the date on which we complete this offering or the end of the one-year period beginning on the date we ceased to be an "emerging growth company." We cannot predict if investors will find our Class A common stock less attractive because we will rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and the trading price of our Class A common stock may be more volatile.

Our reported results of operations may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations, and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. For example, in May 2014, the FASB issued Accounting Standards Update, or ASU, No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, or Topic 606, which superseded nearly all existing revenue recognition guidance. We adopted the requirements of Topic 606 as of January 1, 2017, utilizing the full retrospective method of transition. As such, Topic 606 is reflected in our financial results for all periods presented in this prospectus. The adoption of Topic 606 primarily resulted in changes to our accounting policies for revenue recognition and deferred commissions, which we believe to be critical accounting policies. While the impact of adopting Topic 606 on our revenue was not material, it is difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could negatively affect our results of operations.

We recently implemented a new enterprise resource planning system, and if this new system proves ineffective or if we experience issues with the transition, we may be unable to timely or accurately prepare financial reports, make payments to our suppliers and employees, or invoice and collect from our users.

In 2017, we implemented a new enterprise resource planning, or ERP, system, including our systems for tracking revenue recognition. Our ERP system is critical to our ability to accurately maintain books and records and to prepare our financial statements. The transition to our new ERP system may be disruptive to our business if the ERP system does not work as planned or if we experience issues relating to the implementation. Such disruptions could impact our ability to timely or accurately make payments to our suppliers and employees, and could also inhibit our ability to invoice, and collect from our users. Data integrity problems or other issues may be discovered which, if not corrected, could impact our business or financial results. In addition, we may experience periodic or prolonged disruption of our financial functions arising out of this conversion, general use of such system, other periodic upgrades or updates, or other external factors that are outside of our control. If we encounter unforeseen problems with our ERP system or other related systems and infrastructure, our business, results of operations, and financial condition could be adversely affected.

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

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts in this prospectus relating to the size and expected growth of our target market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth forecasted in this prospectus, our business could fail to grow at similar rates, if at all. We also rely on assumptions and estimates to calculate certain of our key metrics, such as paying users, average revenue per paying user, and free cash flow. We regularly review and may adjust our processes for calculating our key metrics to improve their accuracy. Our key metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. We have found that aggregate user activity metrics are not leading indicators of revenue or conversion. For that reason, we do not comprehensively track user activity across the Dropbox platform for financial planning and forecasting purposes. If investors or analysts do not perceive our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, our reputation, business, results of operations, and financial condition would be harmed.

Our revolving credit facility provides our lenders with a first-priority lien against substantially all of our intellectual property and certain other assets, and contains financial covenants and other restrictions on our actions that may limit our operational flexibility or otherwise adversely affect our results of operations.

We are party to a revolving credit and guarantee agreement, which contains a number of covenants that limit our ability and our subsidiaries' ability to, among other things, incur additional indebtedness, pay dividends, make redemptions and repurchases of stock, make investments, loans and acquisitions, create liens, engage in transactions with affiliates, merge or consolidate with other companies, or sell substantially all of our assets. We are also required to maintain certain financial covenants, including a maximum consolidated leverage ratio and a minimum liquidity balance. The terms of our revolving credit facility may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs or to execute preferred business strategies. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy and compete against companies who are not subject to such restrictions.

A failure by us to comply with the covenants or payment requirements specified in our credit agreement could result in an event of default under the agreement, which would give the lenders the right to terminate their commitments to provide additional loans under our revolving credit facility and to declare all borrowings

outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, the lenders would have the right to proceed against the collateral we granted to them, which consists of substantially all our intellectual property and certain other assets. If the debt under our revolving credit facility were to be accelerated, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which could immediately materially and adversely affect our business, cash flows, results of operations, and financial condition. Even if we were able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us.

Our operations may be interrupted and our business, results of operations, and financial condition could be adversely affected if we default on our leasing or credit obligations.

We finance a significant portion of our expenditures through leasing arrangements, some of which are not required to be reflected on our balance sheet, and we may enter into additional similar arrangements in the future. As of December 31, 2016, we had an aggregate of $903.9 million of commitments to settle contractual obligations. In particular, we have used these types of arrangements to finance some of our equipment and datacenters. In addition, we may draw upon our revolving credit facility to finance our operations or for other corporate purposes, such as funding our tax withholding and remittance obligations in connection with the settlement of restricted stock units, or RSUs. If we default on these leasing or credit obligations, our leasing partners and lenders may, among other things:

- require repayment of any outstanding lease obligations;
- terminate our leasing arrangements;
- terminate our access to the leased datacenters we utilize;
- stop delivery of ordered equipment;
- sell or require us to return our leased equipment;
- require repayment of any outstanding amounts drawn on our revolving credit facility;
- terminate our revolving credit facility; or
- require us to pay significant fees, penalties, or damages.

In addition to the contractual obligations described above, in October 2017, we entered into a new lease agreement to rent office space in San Francisco, California, to serve as our new corporate headquarters. The total minimum obligations under this lease agreement are expected to be approximately $827.0 million. Before moving to our new corporate headquarters, we will continue to operate in our current corporate headquarters, during which time we will be incurring rent expense on both our current and new corporate headquarters. After moving to our new corporate headquarters, we plan to vacate our current corporate headquarters with the intention of subleasing the space to a third-party for the remainder of the lease term, which terminates in the third quarter of 2027. If we are unable to find sublessors for all or a portion of our current corporate headquarters, our results of operations will be adversely impacted as a result of this additional rent expense through 2027.

If some or all of these events were to occur, our operations may be interrupted and our ability to fund our operations or obligations, as well as our business, results of operations, and financial condition, could be adversely affected.

We may need additional capital, and we cannot be certain that additional financing will be available on favorable terms, or at all.

Historically, we have funded our operations and capital expenditures primarily through equity issuances, cash generated from our operations, and debt financing for capital purchases. Although we currently anticipate that our existing cash and cash equivalents, amounts available under our existing credit facilities, and cash flow

from operations will be sufficient to meet our cash needs for the foreseeable future, we may require additional financing. We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance, and condition of the capital markets at the time we seek financing. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity or equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our Class A common stock, and our stockholders may experience dilution.

Risks Related to Ownership of Our Class A Common Stock

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

We have applied to list our Class A common stock on the under the symbol "DBX." 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.

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

Prior to this offering, there has been no public market for shares of our Class A common stock. The initial public offering price of our Class A common stock was determined through negotiation among us, the selling stockholders, and the underwriters. This price does not necessarily reflect the price at which investors in the market will be willing to buy and sell shares of our Class A common stock following this offering. In addition, the trading price of our Class A common stock following this offering is likely to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A common stock since you might be unable to sell your shares at or above the price you paid in this offering. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections, or our failure to meet those projections;
- announcements by us or our competitors of new products, features, or services;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;

- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, products, services, or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

The dual class structure of our common stock will have the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering, and it may depress the trading price of our Class A common stock.

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. Following this offering, our directors, executive officers and holders of more than 5% of our common stock, and their respective affiliates, will hold in the aggregate % of the voting power of our capital stock. Because of the -to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those individual holders of Class B common stock who retain their shares in the long term. See the section titled "Description of Capital Stock—Anti-Takeover Provisions" for additional information.

In addition, in July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400, and S&P SmallCap 600, which together make up the S&P Composite 1500. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in any of these indices, and as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track these indices will not be investing in our stock. These policies are very new and it is as of yet unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included.

A substantial portion of the outstanding shares of our Class A common stock and Class B common stock after this offering will be restricted from immediate resale, but may be sold on a stock exchange in the near future. The large number of shares of our capital stock eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our Class A common stock.

The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market after this offering, and the perception that these sales could occur may also depress the market price of our Class A common stock. Based on 13,892,885 shares of our Class A common stock (including the Capital Stock Conversions) and 538,851,747 shares of our Class B common stock (including the Capital Stock Conversions and the RSU Settlement) outstanding as of September 30, 2017, we will have shares of our Class A common stock and shares Class B common stock outstanding after this offering. Our executive officers, directors, and the holders of substantially all of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us or have entered or will enter into lock-up agreements with the underwriters under which they have agreed or will agree, subject to specific exceptions, not to sell any of our stock for 180 days following the date of this prospectus. We refer to such period as the lock-up period. Pursuant to the lock-up agreements with the underwriters, if (i) at least 120 days have elapsed since the date of this prospectus, (ii) we have publicly released our earnings results for the quarterly period during which this offering occurred, and (iii) such lock-up period is scheduled to end during or within five trading days prior to a broadly applicable period during which trading in our securities would not be permitted under our insider trading policy, or a blackout period, such lock-up period will end ten trading days prior to the commencement of such blackout period. We and the underwriters may release certain stockholders from the market standoff agreements or lock-up agreements prior to the end of the lock-up period.

As a result of these agreements and the provisions of our investors' rights agreement described further in the section titled "Description of Capital Stock—Registration Rights," and subject to the provisions of Rule 144 or Rule 701, shares of our Class A common stock and Class B common stock will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all shares of our Class A common stock sold in this offering will be immediately available for sale in the public market; and
- beginning 181 days after the date of this prospectus (subject to the terms of the lock-up agreements and market standoff agreements described above), the remainder of the shares of our Class A common stock and Class B common stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

Upon completion of this offering, stockholders owning an aggregate of up to shares will be entitled, under our investors' rights agreement, to require us to register shares owned by them for public sale in the United States. In addition, we intend to file a registration statement to register shares reserved for future issuance under our equity compensation plans. Upon effectiveness of that registration statement, subject to the satisfaction of applicable exercise periods and the expiration or waiver of the market standoff agreements and lock-up agreements referred to above, the shares issued upon exercise of outstanding stock options or upon settlement of outstanding RSU awards will be available for immediate resale in the United States in the open market.

Sales of our shares as restrictions end or pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

If you purchase our Class A common stock in this offering, you will incur immediate and substantial dilution.

The initial public offering price is substantially higher than the pro forma net tangible book value per share of our outstanding common stock of $ per share as of September 30, 2017. Investors purchasing shares of

our Class A common stock in this offering will pay a price per share that substantially exceeds the book value of our tangible assets after subtracting our liabilities. As a result, investors purchasing Class A common stock in this offering will incur immediate dilution of $ per share, based on 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.

This dilution is due to the substantially lower price paid by our investors who purchased shares prior to this offering as compared to the price offered to the public in this offering, and any previous exercise of stock options granted to our service providers. In addition, as of September 30, 2017, options to purchase 7,484,830 shares of our Class B common stock with a weighted-average exercise price of approximately $7.03 per share were outstanding as well as 22,883,109 shares of our Class A common stock and 61,577,921 shares of our Class B common stock subject to RSUs. The exercise of any of these options and settlement of any of these RSUs would result in additional dilution. Our Board of Directors intends to accelerate the Performance Vesting Condition for 38,172,093 RSUs for which the service condition was satisfied as of September 30, 2017, to occur upon the effectiveness of our registration statement related to this offering. As a result of the dilution to investors purchasing shares in this offering, investors may receive less than the purchase price paid in this offering, if anything, in the event of our liquidation.

We have broad discretion over the use of 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 the application of the net proceeds from this offering, including for any of the purposes described in “Use of Proceeds,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these proceeds effectively could adversely affect our business, results of operations, and financial condition. Pending their use, we may invest our proceeds in a manner that does not produce income or that loses value. Our investments may not yield a favorable return to our investors and may negatively impact the price of our Class A common stock.

Delaware law and provisions in our restated certificate of incorporation and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the market price of our Class A common stock.

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our restated certificate of incorporation and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- any transaction that would result in a change in control of our company requires the approval of a majority of our outstanding Class B common stock voting as a separate class;
- our dual class common stock structure, which provides our co-founders with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A common stock and Class B common stock;
- our Board of Directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;

- when the outstanding shares of our Class B common stock represent less than a majority of the combined voting power of common stock:
  - certain amendments to our restated certificate of incorporation or restated bylaws will require the approval of two-thirds of the combined vote of our then-outstanding shares of Class A common stock and Class B common stock;
  - our stockholders will only be able to take action at a meeting of stockholders and not by written consent; and
  - vacancies on our Board of Directors will be able to be filled only by our Board of Directors and not by stockholders;
- only our chairman of the Board of Directors, chief executive officer, or a majority of Board of Directors are authorized to call a special meeting of stockholders;
- certain litigation against us can only be brought in Delaware;
- our restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued, without the approval of the holders of Class A common stock; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These anti-takeover defenses could discourage, delay, or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Our amended and restated bylaws will designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, and also provide that the federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, each of which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated bylaws, which will become effective immediately prior to the completion of this offering, will provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (3) any action asserting a claim against us or any of our directors or officers arising pursuant to any provision of the Delaware General Corporation Law, or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court's having jurisdiction over indispensable parties named as defendants.

Our amended and restated bylaws will also provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring any interest in shares of our Class A common stock shall be deemed to have notice of and consented to this provision. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing 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 bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations.

Affiliates of two of the underwriters in this offering will receive at least 5% of the net proceeds of this offering and have an interest in this offering beyond customary underwriting discounts and commissions.

Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC are underwriters in this offering and their affiliates will receive at least 5% of the net proceeds of this offering in connection with our repayment of $ that is expected to be outstanding under our revolving credit facility immediately prior to the completion of this offering. As such, Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC are each deemed to have a "conflict of interest" under Rule 5121 of the Financial Industry Regulatory Authority Inc., or Rule 5121. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121. This rule requires, among other things, that a "qualified independent underwriter" has participated in the preparation of, and has exercised the usual standards of "due diligence" with respect to, the registration statement. has agreed to act as qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act. will not receive any additional fees for serving as qualified independent underwriter in connection with this offering. Although has, in its capacity as qualified independent underwriter, participated in due diligence and the preparation of this prospectus and the registration statement of which this prospectus forms a part, we cannot assure you that this will adequately address all potential conflicts of interest. We have agreed to indemnify against liabilities incurred in connection with acting as qualified independent underwriter, including liabilities under the Securities Act. Pursuant to FINRA Rule 5121, Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC will not confirm sales of securities to any account over which it exercises discretionary authority without the prior written approval of the customer. See "Underwriting (Conflicts of Interest)" for additional information.

Our Class A common stock market price and trading volume could decline if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If few securities analysts commence coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price and trading volume of our Class A common stock to decline.

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

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment. In addition, our revolving credit facility contains restrictions on our ability to pay dividends.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our ability to retain and upgrade paying users;
- our ability to attract new users or convert registered users to paying users;
- our future financial performance, including trends in revenue, costs of revenue, gross profit or gross margin, operating expenses, paying users, and free cash flow;
- our ability to achieve or maintain profitability;
- the demand for our platform or for content collaboration solutions in general;
- possible harm caused by significant disruption of service or loss or unauthorized access to users’ content;
- our ability to effectively integrate our platform with others;
- our ability to compete successfully in competitive markets;
- our ability to respond to rapid technological changes;
- our expectations and management of future growth;
- our ability to grow due to our lack of a significant outbound salesforce;
- our ability to attract large organizations as users;
- our ability to offer high-quality customer support;
- our ability to manage our international expansion;
- our ability to attract and retain key personnel and highly qualified personnel;
- our ability to protect our brand;
- our ability to prevent serious errors or defects in our platform;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to successfully identify, acquire, and integrate companies and assets;
- the increased expenses associated with being a public company; and
- our anticipated uses of net proceeds from this offering.

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

You should not rely upon 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, results of operations, and prospects. 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. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

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 we may make.

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

INDUSTRY AND MARKET DATA

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

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

- Gartner, Inc., Magic Quadrant for Content Collaboration Platforms, July 2017.*
- International Data Corporation, Inc., Market Forecast: Worldwide Collaborative Applications Forecast, 2017-2021: Creating Productivity Growth with Customer Experience, July 2017.
- International Data Corporation, Inc., Market Forecast: Worldwide Project and Portfolio Management Forecast, 2017-2021: Agile Governance in the Cloud Drives Market, June 2017.
- International Data Corporation, Inc., Market Forecast: Worldwide Enterprise Content Management Software Forecast, 2017-2021, May 2017.
- International Data Corporation, Inc., IDC's Forecast Scenario Assumptions for the ICT Markets and Historical Market Values and Exchange Rates, Version 1, March 2017.
- International Data Corporation, Inc., Market Forecast: Worldwide Storage for Public and Private Cloud Forecast 2016-2020, December 2016.
- International Data Corporation, Inc., EFSS Evaluation Guide: Dropbox Sync Performance, July 2016.
- International Data Corporation, Inc., Knowledge Worker Outlook on Content Managed Systems, June 2016.
- McKinsey Global Institute, The Social Economy: Unlocking Value and Productivity Through Social Technologies, July 2012.
- Deloitte Consulting LLP, Transitioning to the Future of Work and the Workplace: Embracing Digital Culture, Tools and Approaches, A White Paper on the Future of Work Research Study, 2016.

* The Gartner Report described herein, or the Gartner Report, represents research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc., or Gartner, and are not representations of fact. The Gartner Report speaks as of its original publication date (and not as of the date of this prospectus), and the opinions expressed in the Gartner Report are subject to change without notice. Gartner has advised us that it does not endorse any vendor, product, or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner has advised us that it disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of shares of our Class A common stock in this offering will be approximately $, based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares of our Class A common stock from us is exercised in full, we estimate that the net proceeds to us would be approximately $, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from the sale of Class A common stock in this offering by the selling stockholders.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease the net proceeds that we receive from this offering by approximately $, 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 payable by us. Similarly, each increase or decrease of 1.0 million in the number of shares of our Class A common stock offered by us would increase or decrease the net proceeds that we receive from this offering by approximately $, assuming the assumed initial public offering price remains the same and after deducting the estimated underwriting discounts and commissions payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our Class A common stock, and enable access to the public equity markets for us and our stockholders.

We intend to use a portion of the net proceeds we receive from this offering to repay $ that is expected to be outstanding immediately prior to the completion of this offering under our revolving credit facility, which we intend to draw down prior to the completion of this offering to satisfy tax withholding and remittance obligations of $ related to the RSU Settlement. This amount is based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional information regarding our revolving credit facility.

We also intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses, and capital expenditures. Additionally, we may use a portion of the net proceeds we receive from this offering to acquire businesses, products, services, or technologies. However, we do not have agreements or commitments for any material acquisitions at this time. We cannot specify with certainty the particular uses of the net proceeds that we will receive from this offering. Accordingly, we will have broad discretion in using these proceeds. Pending the use of proceeds from this offering as described above, we may invest the net proceeds that we receive in this offering in short-term, investment grade, interest-bearing instruments.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our Board of Directors may deem relevant. In addition, the terms of our revolving credit facility place certain limitations on the amount of cash dividends we can pay, even if no amounts are currently outstanding.

CAPITALIZATION

The following table sets forth cash and cash equivalents, as well as our capitalization, as of September 30, 2017, as follows:

- on an actual basis;
- on a pro forma basis, giving effect to (i) the Capital Stock Conversions, as if such conversions had occurred on September 30, 2017, (ii) the filing and effectiveness of our amended and restated certificate of incorporation in Delaware that will become effective immediately prior to the completion of this offering, (iii) stock-based compensation expense of $415.4 million associated with the RSU Settlement, (iv) the net issuance of shares of our Class B common stock upon the RSU Settlement, (v) the borrowing of $ under our revolving credit facility to satisfy our tax withholding and remittance obligations related to the RSU Settlement, and (vi) a cash payment of $ to satisfy our tax withholding and remittance obligations related to the RSU Settlement, which amounts in (v) and (vi) are based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus; and
- on a pro forma as adjusted basis, giving effect to (i) the pro forma adjustments set forth above, (ii) the sale and issuance by us of shares of our Class A common stock in this offering, based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, (iii) the conversion of shares of our Class B common stock held by certain selling stockholders into an equivalent number of shares of our Class A common stock upon the sale by the selling stockholders in this offering, and (iv) the use of proceeds from the offering to repay $ drawn down under our revolving credit facility to satisfy our tax withholding and remittance obligations related to the RSU Settlement.

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

	As of September 30, 2017		
	Actual	Pro forma(1)	Pro forma as adjusted(2)
	(In millions, except per share data)		
Cash and cash equivalents	$ 422.7	$	$
Revolving credit facility	$ —		
Stockholders' equity:			
Convertible preferred stock, par value $0.00001 per share: 226,818,439 shares authorized, 221,353,913 issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma, and pro forma as adjusted	615.3		—
Preferred stock, par value $0.00001 per share: no shares authorized, issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma, and pro forma as adjusted	—		—
Class A common stock, par value $0.00001 per share: 800,000,000 shares authorized, 9,590,017 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma, and shares authorized, shares issued and outstanding, pro forma as adjusted	—		
Class B common stock, par value $0.00001 per share: 700,000,000 shares authorized, 283,628,609 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma, and shares authorized, shares issued and outstanding, pro forma as adjusted	—		
Additional paid-in capital	501.4		
Accumulated deficit	(1,012.0)		
Accumulated other comprehensive income	4.3		
Total stockholders' equity	109.0		
Total capitalization	$ 109.0	$	$

(1) The pro forma data as of September 30, 2017, gives effect to stock-based compensation expense of $415.4 million associated with the RSU Settlement. The pro forma adjustment related to stock-based compensation expense of $415.4 million has been reflected as an increase to additional paid-in capital and accumulated deficit.

(2) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, (i) the amount of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity, and total capitalization by approximately $, 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 estimated underwriting discounts and commissions payable by us, (ii) the amount we would be required to draw down under our revolving credit facility to satisfy our tax withholding and remittance obligations related to the RSU Settlement by $, and (iii) the amount we would be required to pay to satisfy our tax withholding and remittance obligations related to the RSU Settlement by $. An increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, the amount of our pro forma as adjusted cash, and cash equivalents, additional paid-in capital, total stockholders' equity, and total capitalization by approximately $, assuming the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions payable by us.

If the underwriters' option to purchase additional shares of our Class A common stock from us were exercised in full, pro forma as adjusted cash, and cash equivalents, additional paid-in capital, total stockholders' equity, total capitalization, and Class A shares outstanding as of September 30, 2017, would be $, $, $, $, and , respectively.

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on 13,892,885 shares of our Class A common stock (including the Capital Stock Conversions) and 538,851,747 shares of our Class B common stock (including the Capital Stock Conversions and the RSU Settlement) outstanding as of September 30, 2017, and excludes the following:

- 7,484,830 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of September 30, 2017, with a weighted-average exercise price of $7.03 per share;
- 22,883,109 shares of our Class A common stock and 23,405,828 shares of our Class B common stock subject to RSUs outstanding, but for which the service condition was not satisfied as of September 30, 2017;
- 1,588,685 shares of our Class A common stock subject to RSUs granted after September 30, 2017; and
- shares of our Class A common stock reserved for future issuance under our equity compensation plans, consisting of:
  - shares of our Class A common stock to be reserved for future issuance under our 2018 Plan, which will become effective prior to the completion of this offering;
  - shares of our Class A common stock reserved for future issuance under our 2017 Plan, which number of shares will be added to the shares of our Class A common stock to be reserved for future issuance under our 2018 Plan upon its effectiveness; and
  - shares of our Class A common stock to be reserved for future issuance under our ESPP, which will become effective prior to the completion of this offering, but no offering periods under the ESPP will commence unless and until otherwise determined by our Board of Directors.

Our 2018 Plan and ESPP each provides for annual automatic increases in the number of shares of our Class A common stock reserved thereunder, and our 2018 Plan also provides for increases to the number of shares of our Class A common stock that may be granted thereunder based on shares under our 2008 Equity Incentive Plan, or our 2008 Plan, and 2017 Plan that expire, are forfeited, or otherwise repurchased by us, as more fully described in the section titled "Executive Compensation—Employee Benefits and Stock Plans."

DILUTION

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

Net tangible book value per share is determined by dividing our total tangible assets less our total liabilities by the number of shares of our common stock outstanding. Our historical net tangible book value as of September 30, 2017, was $(7.2) million, or $(0.02) per share. Our pro forma net tangible book value as of September 30, 2017, was $ million, or $ per share, based on the total number of shares of our Class A common stock and Class B common stock outstanding as of September 30, 2017, after giving effect to the Capital Stock Conversions and the RSU Settlement.

After giving effect to the sale by us of shares of our Class A common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of September 30, 2017, would have been $, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of $ per share to investors purchasing shares of our Class A common stock in this offering at the assumed initial public offering price. The following table illustrates this dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of September 30, 2017	$	
Increase in pro forma net tangible book value per share attributable to new investors purchasing shares of Class A common stock in this offering		
Pro forma as adjusted net tangible book value per share immediately after this offering		
Dilution in pro forma net tangible book value per share to new investors in this offering		

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our pro forma as adjusted net tangible book value per share to new investors by $, and would increase or decrease, as applicable, dilution per share to new investors purchasing shares of our Class A common stock in this offering by $, 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 estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of our Class A common stock offered by us would increase or decrease, as applicable, our pro forma as adjusted net tangible book value by approximately $ per share and increase or decrease, as applicable, the dilution to new investors purchasing shares of our Class A common stock in this offering by $ per share, assuming the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares of our Class A common stock from us is exercised in full, the pro forma as adjusted net tangible book value per share of our common stock, 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 new investors purchasing shares of our Class A common stock in this offering would be $ per share.

The following table presents, as of September 30, 2017, after giving effect to the Capital Stock Conversions and the RSU Settlement, the differences between the existing stockholders and the new investors purchasing shares of our Class A common stock in this offering with respect to the number of shares purchased from us, the total consideration paid or to be paid to us, which includes net proceeds received from the issuance of our Class A common stock and the average price per share paid or to be paid to us at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares purchased		Total consideration		Average price per share
	Number	Percent	Amount	Percentage	
	(In millions, except for per share amounts)				
Existing stockholders		%	$	%	$
New investors					$
Totals		100%	$	100%	

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the total consideration paid by new investors and total consideration paid by all stockholders by approximately $, assuming that the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million in the number of shares of our Class A common stock offered by us would increase or decrease the total consideration paid by new investors and total consideration paid by all stockholders by approximately $, assuming the assumed initial public offering price remains the same and after deducting the estimated underwriting discounts and commissions payable by us.

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

Sales by the selling stockholders in this offering will cause the number of shares held by existing stockholders to be reduced to shares, or % of the total number of shares of our common stock outstanding following the completion of this offering, and will increase the number of shares held by new investors to shares, or % of the total number of shares outstanding following the completion of this offering.

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on 13,892,885 shares of our Class A common stock (including the Capital Stock Conversions) and 538,851,747 shares of our Class B common stock (including the Capital Stock Conversions and the RSU Settlement) outstanding as of September 30, 2017, and excludes the following:

- 7,484,830 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of September 30, 2017, with a weighted-average exercise price of $7.03 per share;
- 22,883,109 shares of our Class A common stock and 23,405,828 shares of our Class B common stock subject to RSUs outstanding, but for which the service condition was not satisfied, as of September 30, 2017;
- 1,588,685 shares of our Class A common stock subject to RSUs granted after September 30, 2017; and

- shares of our Class A common stock reserved for future issuance under our equity compensation plans, consisting of:
  - shares of our Class A common stock to be reserved for future issuance under our 2018 Equity Incentive Plan, or our 2018 Plan, which will become effective prior to the completion of this offering;
  - shares of our Class A common stock reserved for future issuance under our 2017 Equity Incentive Plan, or our 2017 Plan, which number of shares will be added to the shares of our Class A common stock to be reserved for future issuance under our 2018 Plan upon its effectiveness; and
  - shares of our Class A common stock to be reserved for future issuance under our ESPP, which will become effective prior to the completion of this offering, but no offering periods under the ESPP will commence unless and until otherwise determined by our Board of Directors.

Our 2018 Plan and ESPP each provides for annual automatic increases in the number of shares of our Class A common stock reserved thereunder, and our 2018 Plan also provides for increases to the number of shares of our Class A common stock that may be granted thereunder based on shares under our 2008 Equity Incentive Plan, or our 2008 Plan, and 2017 Plan that expire, are forfeited, or otherwise repurchased by us, as more fully described in the section titled “Executive Compensation—Employee Benefits and Stock Plans.”

To the extent that any outstanding options to purchase our common stock are exercised, RSUs are settled or new awards are granted under our equity compensation plans, there will be further dilution to investors participating in this offering.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto included elsewhere in this prospectus. The consolidated statements of operations data for each of the years ended December 31, 2015 and 2016, and the consolidated balance sheet data as of December 31, 2015 and 2016, are derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The consolidated statements of operations data for the nine months ended September 30, 2016 and 2017, and the consolidated balance sheet data as of September 30, 2017, have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus. We have prepared the unaudited consolidated financial statements on the same basis as the audited consolidated financial statements and have included all adjustments, consisting only of normal recurring adjustments that, in our opinion, are necessary to state fairly the financial information set forth in those statements. Our historical results are not necessarily indicative of our future results, and the results of operations for the nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for the full year or any other period. The selected consolidated financial data in this section are not intended to replace the consolidated financial statements and related notes thereto included elsewhere in this prospectus and are qualified in their entirety by the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

Consolidated Statements of Operations Data

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(In millions except for per share amounts)			
Revenue	$ 603.8	$ 844.8	$ 606.8	$801.3
Cost of revenue(1)	407.4	390.6	301.3	277.2
Gross profit	196.4	454.2	305.5	524.1
Operating expenses:(1)				
Research and development	201.6	289.7	215.6	276.3
Sales and marketing	193.1	250.6	186.7	211.1
General and administrative	107.9	107.4	76.5	113.1
Total operating expenses	502.6	647.7	478.8	600.5
Loss from operations	(306.2)	(193.5)	(173.3)	(76.4)
Interest expense, net	(15.2)	(16.4)	(12.7)	(9.4)
Other income (expense), net	(4.2)	4.9	8.3	13.0
Loss before income taxes	(325.6)	(205.0)	(177.7)	(72.8)
Provision for income taxes	(0.3)	(5.2)	(3.4)	(1.2)
Net loss	$(325.9)	$(210.2)	$(181.1)	$ (74.0)
Net loss per share attributable to common stockholders, basic and diluted(2)	$ (1.18)	$ (0.74)	$ (0.64)	$ (0.25)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	276.8	283.7	282.3	293.2
Pro forma net loss per share attributable to common stockholders, basic and diluted(2)		$ (0.39)		$ (0.13)
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted		535.4		551.2

(1) Includes stock-based compensation as follows:

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(In millions)			
Cost of revenue	$ 2.6	$ 8.2	$ 5.9	$ 9.3
Research and development	36.1	72.7	52.8	66.4
Sales and marketing	19.8	44.6	37.7	22.9
General and administrative	7.6	22.1	17.2	18.6
Total stock-based compensation	$66.1	$147.6	$113.6	$117.2

(2) See Note 12, “Net Loss Per Share” to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate basic and diluted net loss per share attributable to common stockholders and Note 13, “Unaudited Pro Forma Net Loss Per Share” for an explanation of the method used to calculate pro forma net loss per share attributable to common stockholders.

Consolidated Balance Sheet Data

	As of December 31,		As of September 30,
	2015	2016	2017
	(In millions)		
Cash and cash equivalents	$ 356.9	$ 352.7	$ 422.7
Working capital	(105.7)	(221.9)	(205.5)
Property and equipment, net	437.6	444.0	345.0
Total assets	1,010.5	1,004.2	986.5
Total deferred revenue	267.3	354.9	407.4
Total capital lease obligations	304.2	257.2	178.6
Total stockholders’ equity	185.6	122.8	109.0

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 and Other 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. Additionally, our results for the nine months ended September 30, 2017 may not be indicative of the results to be expected for the full year or any other period. 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.

Our Business

Our modern economy runs on knowledge. Today, knowledge lives in the cloud as digital content, and Dropbox is a global collaboration platform where more and more of this content is created, accessed, and shared with the world. We serve more than 500 million registered users across 180 countries.

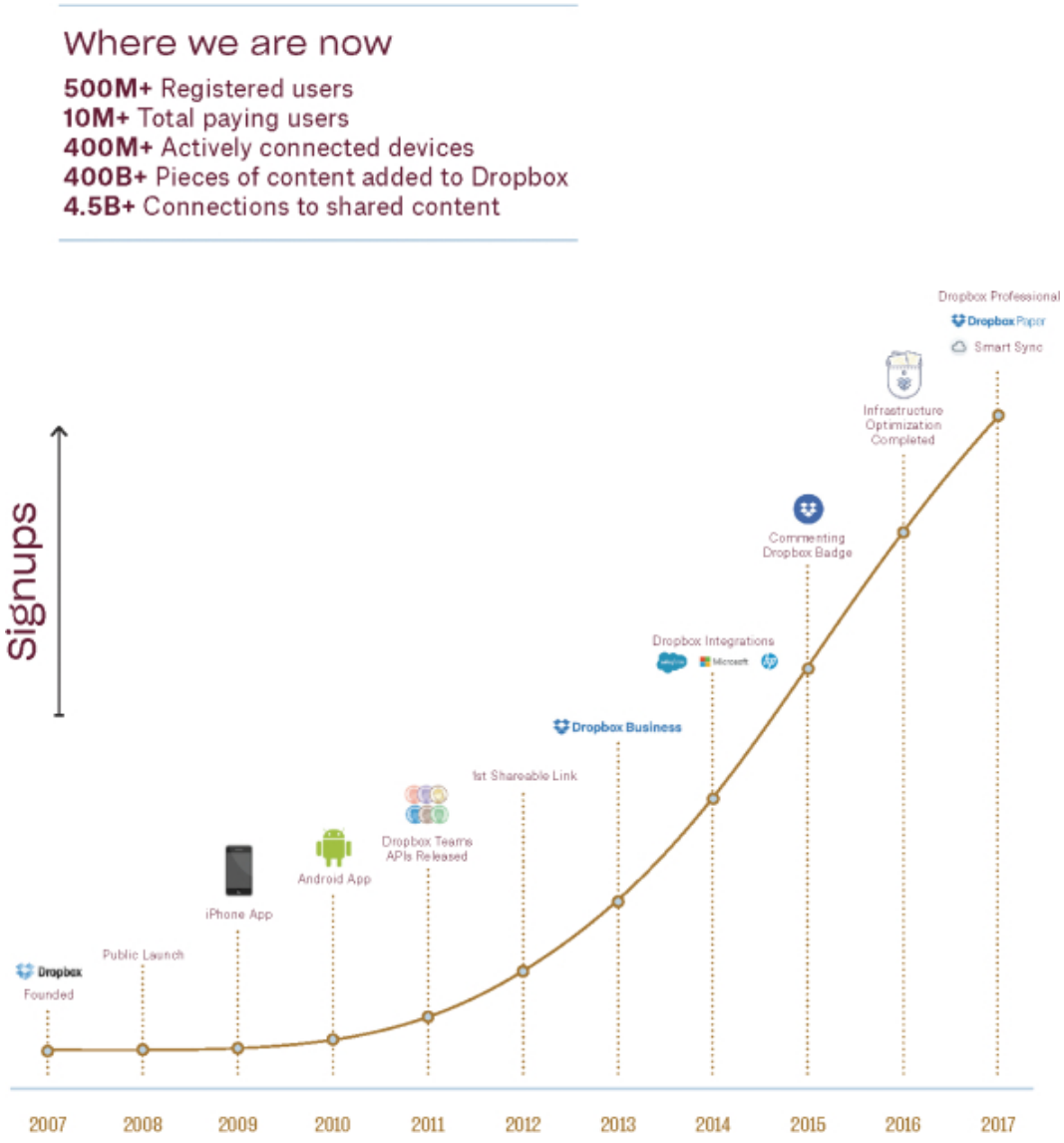
Dropbox was founded in 2007 with a simple idea: Life would be a lot better if everyone could access their most important information anytime from any device. Over the past decade, we've largely accomplished that mission—but along the way we recognized that for most of our users, sharing and collaborating on Dropbox was even more valuable than storing files.

Our market opportunity has grown as we've expanded from keeping files in sync to keeping teams in sync. Today, Dropbox is well positioned to reimagine the way work gets done. We're focused on reducing the inordinate amount of time and energy the world wastes on "work about work"—tedious tasks like searching for content, switching between applications, and managing workflows.

We've built a thriving global business with more than 10 million paying users. Our revenue was $603.8 million and $844.8 million in 2015 and 2016, respectively, representing a growth rate of 40%. We generated net losses of $325.9 million and $210.2 million in 2015 and 2016, respectively. We also generated positive free cash flow of $137.4 million in 2016 compared to negative free cash flow of $63.9 million in 2015.

Our History

Since our founding, we've built one of the largest collaboration platforms in the world.



Our Subscription Plans

We generate revenue from individuals, teams, and organizations by selling subscriptions to our platform, which serves the varying needs of our diverse customer base. Of our 10 million paying users, approximately 80% use Dropbox for work, including approximately 30% on a Dropbox Business team plan, and we estimate an additional 50% on an Individual plan. As of September 30, 2017, we had more than 290,000 paying Dropbox Business teams. Customers can choose between an annual or monthly plan, with a small number of large organizations on multi-year plans. A majority of our customers opt for our annual plans. We typically bill our

customers at the beginning of their respective terms and recognize revenue ratably over the term of the subscription period. International customers can pay in U.S. dollars or a select number of foreign currencies.

	Individuals			Dropbox Business		
	Basic	Plus	Professional	Standard	Advanced	Enterprise
First launched	2008	2008	2017	2011	2017	2015
Number of users	1 user	1 user	1 user	3+ users	3+ users	Large deployments
Base price ($USD) per user	Free	$9.99/month $99/year	$19.99/month $199/year	$15.00/month $150/year	$25.00/month $240/year	Negotiated pricing
Advanced sharing permissions			✓	✓	✓	✓
Version history	30 days	30 days	120 days	120 days	120 days	120 days
Smart Sync			✓	✓	✓	✓
Showcase			✓		✓	✓
Team folders				✓	✓	✓
Unlimited API access				✓	✓	✓
Paper	✓	✓	✓	✓	✓	✓
Storage	2GB	1TB	1TB	2TB	As much as needed	As much as needed
Support	Basic email support	Priority email support	Priority chat support	Live chat support	Business hours phone support	24/7 phone support Assigned account success manager
Advanced admin & security features		Remote device wipe	Remote device wipe	Admin console Managed groups Access permissions Account transfer tool HIPAA support	Everything in Standard Device approval Audit log Tiered admin roles SSO integration	Everything in Advanced EMM Network control Domain insights Integration support

Our Standard and Advanced subscription plans offer robust capabilities for business uses, and the vast majority of Dropbox Business teams, including those at Fortune 500 companies, purchase our Standard or Advanced subscription plans. While our Enterprise subscription plan offers more opportunities for customization, companies can subscribe to any of these team plans for their business needs.

Our Business Model

Drive new signups

We acquire users efficiently and at relatively low costs through word-of-mouth referrals, direct in-product referrals, and sharing of content.

Anyone can create a Dropbox account for free through our website or app and be up and running in minutes. These users often share and collaborate with other non-registered users, attracting new signups into our network. For example, many people use Dropbox for work and spread our platform by collaborating on projects or sharing content externally. We also acquire a small proportion of our registered users through paid marketing and distribution partnerships in which hardware manufacturers pre-install our software on their devices.

We have over 500 million registered users on our platform, of which nearly 100 million signed up in the past year.

Increase conversion of registered users to our paid subscription plans

Dropbox Basic, the free version of our product, serves as a major funnel for conversions to our paid subscription plans. It fosters brand awareness, product familiarity, and organic adoption of Dropbox. When they purchase a subscription, our users gain access to premium features such as richer collaboration tools, administrative controls, and advanced security features, as well as larger storage capacity. We believe that our current registered user base represents a significant opportunity to increase our revenue. We estimate that approximately 300 million of our registered users have at least one characteristic that we believe makes them more likely than other registered users to pay over time. These characteristics include: (i) having signed up for Dropbox with a business domain email; (ii) having used specific types of computers or mobile devices to access our platform; or (iii) having signed up from certain countries in more developed markets in North America, Europe, and Asia Pacific, and having linked a desktop or laptop to our platform. Substantially all of our paying users share at least one of these characteristics. We've found that aggregate user activity metrics aren't leading indicators of revenue or conversion. For that reason, we don't comprehensively track user activity across the Dropbox platform for financial planning and forecasting purposes.

We generate over 90% of our revenue from self-serve channels—users who purchase a subscription through our app or website. We actively encourage our registered users to become paying users through in-product prompts and notifications, time-limited free trials of paid subscription plans, email campaigns, and lifecycle marketing.

In the third quarter of 2017, more than 400 million devices—including computers, phones, and tablets—were actively connected to the Dropbox platform. Because our users have installed Dropbox on many devices, we have multiple opportunities to inform them about new product experiences and premium subscription plans via in-product notifications, without any external marketing spend.

Our scale enables us to experiment and optimize the conversion marketing process. We run hundreds of product tests and targeted marketing campaigns simultaneously, and analyze usage patterns within our network to continually improve our user targeting and marketing messaging.

Upgrade and expand existing customers

We offer a range of paid subscription plans, from Plus and Professional for individuals to Standard, Advanced, and Enterprise for teams. We analyze usage patterns within our network and run hundreds of targeted marketing campaigns to encourage paying users to upgrade their plans. For example, we prompt individual subscribers who collaborate with others on Dropbox to purchase our Standard or Advanced plans for a better team experience. They can do this by either joining an existing Dropbox Business team or by creating a new Dropbox Business team and inviting others to join. In the first three quarters of 2017, over 40% of new Dropbox Business teams included a member who was previously a Plus subscriber.

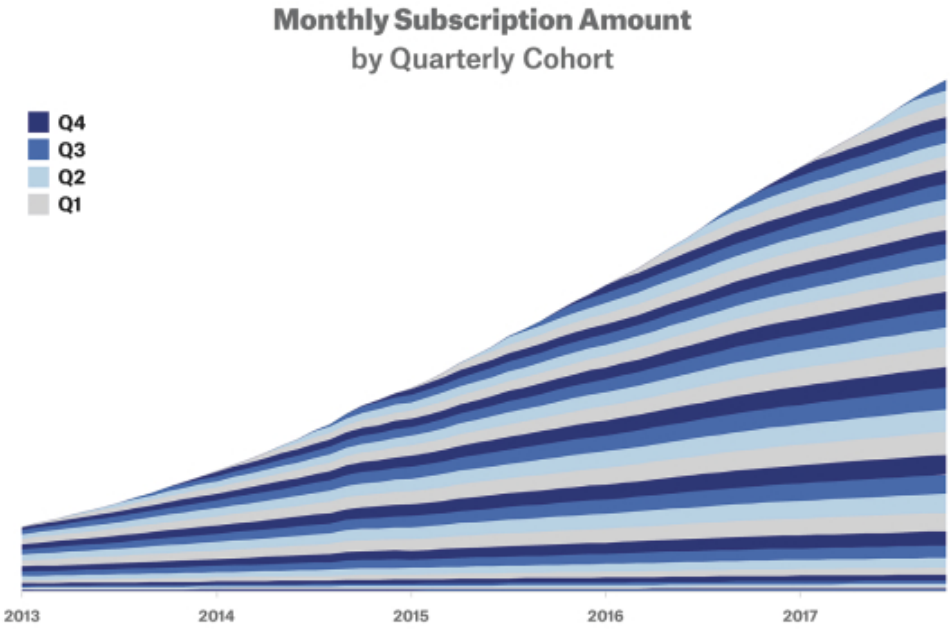
We believe that a large majority of individual customers use Dropbox for work, which creates an opportunity to significantly increase conversion to Dropbox Business team offerings over time. We also encourage existing Dropbox Business teams to purchase additional licenses or to upgrade to premium subscription plans.

Within an organization, Dropbox usage may be spread between a mix of Basic users, Plus and Professional subscribers, and one or more Dropbox Business teams. Our outbound sales team focuses on converting and consolidating these separate pockets of usage into a centralized deployment. Nearly all of our largest outbound deals originated as smaller self-serve deployments.

Our Attractive Cohort Economics

We define a cohort as all registered users who signed up for Dropbox in a given period of time. We track the total monthly subscription amount of all paying users in each cohort as of the end of the month, or the monthly subscription amount. For paying users who opt for our monthly plans, the monthly subscription amount is equal to the price of the monthly plan. For paying users who opt for our annual plans, which a majority of our users do, the monthly subscription amount is equal to the price of the annual plan divided by twelve. These amounts increase as more registered users in each cohort convert to paying users, paying users upgrade to premium subscription offerings, and team administrators purchase additional licenses. These amounts decrease when paying users terminate their subscriptions, downgrade their subscriptions to a lower tier, or team administrators reduce the number of licenses on their subscription plans. We continuously focus on adding new users and increasing the value we offer to them. As a result, each cohort of new users typically generates higher subscription amounts over time.

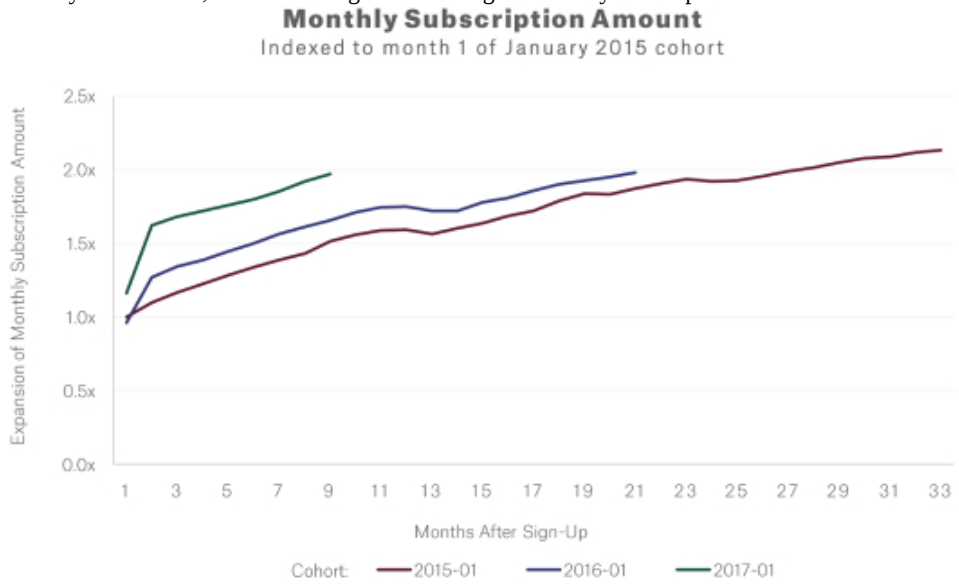
The chart below reflects the monthly subscription amount from January 2013 to September 2017 of all paying users in each quarterly cohort, including those who signed up for our platform prior to 2013.



We continuously focus on adding new users and increasing the value we offer to them. As a result, each cohort of new users typically generates higher subscription amounts over time. For example, the monthly

subscription amount generated by the January 2015 cohort doubled in less than three years after signup. We believe this cohort is representative of a typical cohort in recent periods.

Moreover, as we continue to innovate and optimize our go-to-market strategy, we have successfully increased monetization for subsequent cohorts. Comparing January cohorts from the last three years, at virtually every point in time after signup, the January 2017 cohort generated a higher monthly subscription amount than the January 2016 cohort, which in turn generated a higher monthly subscription amount than the January 2015 cohort.



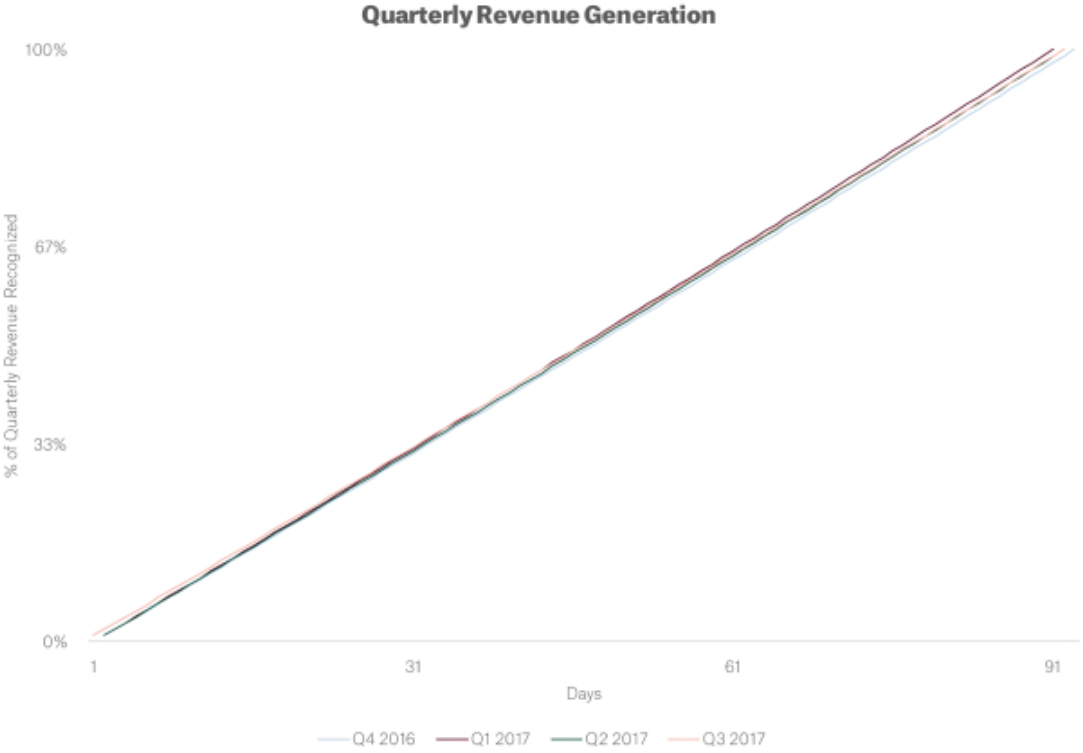
Our Global, Diversified Customer Base

The growing need for a unified home for content and the viral nature of our business have allowed us to scale globally. We have paying users across 180 countries, and we generated approximately half of our revenue in the first nine months of 2017 from customers outside the United States.

Our customer base is highly diversified, and in the periods presented, no customer accounted for more than 1% of our revenue. Our customers include individuals, teams, and organizations of all sizes, from freelancers and small businesses to Fortune 100 companies. They work across a wide range of industries, including professional services, technology, media, education, industrials, consumer and retail, and financial services. Within companies, our platform is used by all types of teams and functions, including sales, marketing, product, design, engineering, finance, legal, and human resources.

Our Predictable Subscription Revenue

Taken together, our subscription revenue model, consistent cohort trends, self-serve monetization engine, and large and diversified global customer base resulted in linear and predictable revenue generation over the duration of the quarters presented in the chart below.



As of September 30, 2017, more than 80% of our annualized revenue came from existing individual users and Dropbox Business teams who were on our platform as of September 30, 2016.

As of , our Annualized Net Revenue Retention for paying Dropbox Business customers was approximately %. Annualized Net Revenue Retention is the percentage of annualized revenue retained over a 365-day period, inclusive of changes in price, changes in number of licenses, upgrades and downgrades to different subscription plans, and churn. We calculate Annualized Net Revenue Retention by aggregating the annualized revenue from all paying Dropbox Business customers subscribing to a Dropbox Business plan at the beginning of the period, then aggregating the annualized revenue from those same Dropbox Business customers at the end of the period. For customers whose renewal is pending at the end of the period, we include their annualized revenue in the ending total if they resume payment within 30 days from the end of that period. Annualized Net Revenue Retention is equal to ending annualized revenue divided by beginning annualized revenue.

As of , our blended Annualized Net Revenue Retention across the entire business, including individuals and Dropbox Business customers, was over %.

Key Factors Affecting Our Performance

We believe that the growth and future success of our business depends on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations.

Attract Users and Expand Relationships with Them. Our business model is based on attracting new users to our platform, converting registered users to paying users, and retaining and expanding paying users' subscriptions over time. Our continued success depends in part on our ability to offer compelling subscription plans with valuable capabilities, and to market these plans effectively to users. In addition, we must continue to provide a quality user experience to retain paying customers and encourage existing Dropbox Business teams to purchase additional licenses for their organizations over time. We intend to continue driving organic adoption by individual users and Dropbox Business teams through our self-serve model, and supplement this with our outbound salesforce.

Continued Investment in Growth. We intend to continue to make focused investments to increase revenue and scale operations to support the growth of our business, and therefore expect expenses to increase. We plan to further invest in research and development as we hire employees in engineering, product, and design to enhance our platform and support the needs of our growing user base. We also plan to invest in sales and marketing activities to drive our self-serve business model and increase our brand awareness. We expect to incur additional general and administrative expenses to support our growth and our transition to being a publicly traded company. Further, we continue to make investments in our technical infrastructure to support user growth, and in our office locations to support employee growth, which will increase expenses and capital expenditures. As cost of revenue, operating expenses, and capital expenditures fluctuate over time, we may experience short-term, negative impacts to our results of operations and cash flows, but we are undertaking such investments in the belief that they will contribute to long-term growth.

Ongoing Innovation in a Rapidly Changing Environment. The market for content collaboration platforms is characterized by rapid technological change and frequent new product and service introductions. Our ability to acquire, retain, and upgrade paying users will depend in part on our ability to enhance our platform, introduce new features, and interoperate across an increasing range of devices, operating systems, and third-party applications. Certain features of our platform compete directly with products offered by Amazon, Apple, Atlassian, Box, Google, and Microsoft. We will need to continue to innovate in the face of this rapidly changing landscape to remain competitive.

Key Business Metrics

We review a number of operating and financial metrics, including the following key metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

Paying users

We define paying users as the number of users who have active paid licenses for access to our platform as of the end of the period. One person would count as multiple paying users if the person had more than one active license. For example, a 50-person Dropbox Business team would count as 50 paying users, and an individual Dropbox Plus user would count as one paying user. If that individual Dropbox Plus user was also part of the 50-person Dropbox Business team, we would count the individual as two paying users.

We have experienced growth in the number of paying users across our products, with the vast majority of paying users for the periods presented coming from our self-serve channels.

The below table sets forth the number of paying users as of December 31, 2015, December 31, 2016, and September 30, 2017:

	As of December 31,		As of September 30,
	2015	2016	2017
		(In millions)	
Paying users	6.5	8.8	10.4

Average revenue per paying user

We define average revenue per paying user, or ARPU, as our revenue for the period presented divided by the average paying users during the same period. For interim periods, we use annualized revenue, which is calculated by dividing the revenue for the particular period by the number of days in that period and multiplying this value by 365 days. Average paying users are calculated based on adding the number of paying users as of the beginning of the period to the number of paying users as of the end of the period, and then dividing by two.

Our ARPU declined for the year ended December 31, 2016, compared to the year ended December 31, 2015, primarily due to foreign currency fluctuations related to our sales that are denominated in foreign currencies. Our ARPU increased for the nine months ended September 30, 2017, compared to the nine months ended September 30, 2016, primarily due to an increased mix of sales towards our higher priced subscription plans, including our new Dropbox Business Advanced plan.

The below table sets forth our ARPU for the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017.

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
ARPU	$113.5	$110.5	$109.5	$111.5

Non-GAAP Financial Measure

In addition to our results determined in accordance with U.S. generally accepted accounting principles, or GAAP, we believe that free cash flow, or FCF, a non-GAAP financial measure, is useful in evaluating our liquidity.

Free cash flow

We define FCF as GAAP net cash provided by operating activities less capital expenditures. We believe that FCF is a liquidity measure and that it provides useful information regarding cash provided by operating activities and cash used for investments in property and equipment required to maintain and grow our business. FCF is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. FCF has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities. Some of the limitations of FCF are that FCF does not reflect our future contractual commitments, excludes investments made to acquire assets under capital leases, and may be presented differently by other companies in our industry, limiting its usefulness as a comparative measure.

We have experienced an increase in our FCF as a result of an increase in net cash provided by operating activities, primarily due to our Infrastructure Optimization discussed below in " —Recent Initiative," increased sales in the periods presented, and a decrease in capital expenditures relating to infrastructure equipment and leasehold improvements for our office spaces. We expect our FCF to fluctuate in future periods as we purchase infrastructure equipment to support our user base and invest in our new and existing office spaces, including our new corporate headquarters, to support our plans for growth. These activities, along with certain increased operating expenses as described below, may result in a decrease in FCF as a percentage of revenue in future periods.

The following is a reconciliation of FCF to the most comparable GAAP measure, net cash provided by operating activities:

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(In millions)			
Net cash provided by operating activities	$ 14.8	$ 252.6	$ 186.7	$259.2
Capital expenditures	(78.7)	(115.2)	(111.6)	(12.0)
Free cash flow	$(63.9)	$ 137.4	$ 75.1	$247.2

Recent Initiative

Infrastructure Optimization

In recent years, we have taken several steps to improve the efficiency of the infrastructure that supports our platform. These efforts include an initiative that focused on migrating the vast majority of user data stored on the infrastructure of third-party service providers to our own lower cost, custom-built infrastructure in co-location facilities that we directly lease and operate. In order to host user data on our own infrastructure, we leased or purchased infrastructure that is depreciated within our cost of revenue. During the migration to our internal infrastructure, we duplicated our users' data between our internal infrastructure and that of our third-party service providers, resulting in higher storage costs. We reduced this practice over time until we completed the migration in the fourth quarter of 2016. Related to this initiative, we no longer duplicate data between our internal infrastructure and that of any third-party service providers. We expect to continue to realize benefits from expanding our internal infrastructure due to our operating scale and lower unit costs.

Throughout 2016, we also took measures to manage the storage footprint of certain long-inactive Basic users, freeing up additional storage capacity. Specifically, we closed the accounts of certain Basic users who had not engaged in any activity on the Dropbox platform in the last year and did not respond to multiple e-mail inquiries from us regarding their inactivity. We continue to regularly take similar measures to manage long-inactive and non-responsive Basic user accounts, and our total registered user numbers do not include accounts that have been closed. This effort, along with additional usage optimizations, enabled us to continue operating our business within our existing infrastructure base without a need for extensive incremental capital expenditures and leasing activity.

These efforts are collectively referred to as our Infrastructure Optimization, and some are ongoing.

Our Infrastructure Optimization reduced unit costs and helped limit capital expenditures and associated depreciation. Combined with the concurrent increase in our base of paying users, we experienced a reduction in our cost of revenue, an increase in our gross margins, and an improvement in our free cash flow in the periods presented.

Components of Our Results of Operations

Revenue

We generate revenue from sales of subscriptions to our platform.

Revenue is recognized ratably over the related contractual term generally beginning on the date that our platform is made available to a customer. Our subscription agreements typically have monthly or annual contractual terms, although a small percentage have multi-year contractual terms. Our agreements are generally non-cancelable. We typically bill in advance for monthly contracts and annually in advance for contracts with terms of one year or longer. Amounts that have been billed are initially recorded as deferred revenue until the revenue is recognized.

Our revenue is driven primarily by the number of paying users and the price we charge for access to our platform, which varies based on the type of plan to which a customer subscribes. We generate over 90% of our revenue from self-serve channels. No customer represented more than 1% of our revenue in the periods presented.

Cost of revenue and gross margin

Cost of revenue. Our cost of revenue consists primarily of expenses associated with the storage, delivery, and distribution of our platform for both paying users and Basic users. These costs, which we refer to as infrastructure costs, include depreciation of our servers located in co-location facilities that we lease and operate, rent and facilities expense for those datacenters, network and bandwidth costs, support and maintenance costs for our infrastructure equipment, and payments to third-party datacenter service providers. Cost of revenue also includes costs, such as salaries, bonuses, benefits, travel-related expenses, and stock-based compensation, which we refer to as employee-related costs, for employees whose primary responsibilities relate to supporting our infrastructure and delivering user support. Other non-employee costs included in cost of revenue include credit card fees related to processing customer transactions, and allocated overhead, such as facilities, including rent, utilities, depreciation on leasehold improvements and other equipment shared by all departments, and shared information technology costs. In addition, cost of revenue includes amortization of developed technologies, professional fees related to user support initiatives, and property taxes related to the datacenters.

We plan to continue increasing the capacity and enhancing the capability and reliability of our infrastructure to support user growth and increased use of our platform. We expect that cost of revenue will increase in absolute dollars in future periods.

Gross margin. Gross margin is gross profit expressed as a percentage of revenue. Our gross margin may fluctuate from period to period based on the timing of additional capital expenditures and the related depreciation expense, or other increases in our infrastructure costs, as well as revenue fluctuations. As we continue to increase the utilization of our internal infrastructure, we generally expect our gross margin to increase in future periods, although we expect it to increase at a slower rate than it increased in prior periods.

Operating expenses

Research and development. Our research and development expenses consist primarily of employee-related costs for our engineering, product, and design teams, and allocated overhead. Additionally, research and development expenses include internal development-related third-party hosting fees. We have expensed almost all of our research and development costs as they were incurred.

We plan to continue to hire employees for our engineering, product, and design teams to support our research and development efforts. We expect that research and development costs will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue.

Sales and marketing. Our sales and marketing expenses relate to both self-serve and outbound sales activities, and consist primarily of employee-related costs, lead generation fees, brand campaign fees, and allocated overhead. Sales commissions earned by our outbound sales team and the related payroll taxes, as well as commissions earned by third-party resellers that we consider to be incremental and recoverable costs of obtaining a contract with a user, are deferred and amortized over an estimated period of benefit of five years. Additionally, sales and marketing expenses include non-employee costs related to app store fees and fees payable to third-party sales representatives.

We plan to continue to invest in sales and marketing to grow our user base and increase our brand awareness, including marketing efforts to continue to drive our self-serve business model. The trend and timing of sales and marketing expenses will depend in part on the timing of marketing campaigns. We expect that sales and marketing expenses will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue.

General and administrative. Our general and administrative expenses consist primarily of employee-related costs for our legal, finance, human resources, and other administrative teams, as well as certain executives. In addition, general and administrative expenses include allocated overhead, outside legal, accounting and other professional fees, and non-income based taxes.

We expect to incur additional general and administrative expenses to support the growth of the Company as well as our transition to being a publicly traded company. We expect that general and administrative expenses will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue.

Interest expense, net

Interest expense, net consists primarily of interest expense related to our capital lease obligations for infrastructure and our imputed financing obligation for our obligation to the legal owner of our previous corporate headquarters, partially offset by interest income earned on our money market funds classified as cash and cash equivalents.

Other income (expense), net

Other income (expense), net consists of other non-operating gains or losses, including those related to ongoing subleases and foreign currency transaction gains and losses.

Provision for income taxes

Provision for income taxes consists primarily of U.S. federal and state income taxes and income taxes in certain foreign jurisdictions in which we conduct business. For the periods presented, the difference between the U.S. statutory rate and our effective tax rate is primarily due to the valuation allowance on deferred tax assets. Our effective tax rate is also impacted by earnings realized in foreign jurisdictions with statutory tax rates lower than the federal statutory tax rate. We maintain a full valuation allowance on our net deferred tax assets for federal, state, and certain foreign jurisdictions as we have concluded that it is not more likely than not that the deferred assets will be realized.

As of December 31, 2016, we had $254.8 million of federal and $94.9 million of state net operating loss carryforwards available to reduce future taxable income, which will begin to expire in 2031 for federal and 2030 for state tax purposes. As of December 31, 2016, we also had $247.9 million of foreign net operating loss carryforwards available to reduce future taxable income, which will carryforward indefinitely. In addition, we had $22.9 million of foreign acquired net operating losses, which will carryforward indefinitely. It is possible that we will not generate taxable income in time to use these net operating loss carryforwards before their expiration. In addition, under Section 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income may be limited. In general, an “ownership change” will occur if there is a cumulative change in our ownership by “5-percent shareholders” that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We performed a study for the period through June 30, 2017, and determined that no ownership changes exceeding 50 percentage points have occurred. Our ability to use net operating loss and tax credit carryforwards to reduce future taxable income and liabilities may be subject to annual limitations as a result of ownership changes from July 1, 2017, and subsequent years, or as a result of this offering.

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenue for those periods:

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(In millions)			
Revenue	$ 603.8	$ 844.8	$ 606.8	$801.3
Cost of revenue(1)	407.4	390.6	301.3	277.2
Gross profit	196.4	454.2	305.5	524.1
Operating expenses:(1)				
Research and development	201.6	289.7	215.6	276.3
Sales and marketing	193.1	250.6	186.7	211.1
General and administrative	107.9	107.4	76.5	113.1
Total operating expenses	502.6	647.7	478.8	600.5
Loss from operations	(306.2)	(193.5)	(173.3)	(76.4)
Interest expense, net	(15.2)	(16.4)	(12.7)	(9.4)
Other income (expense), net	(4.2)	4.9	8.3	13.0
Loss before income taxes	(325.6)	(205.0)	(177.7)	(72.8)
Provision for income taxes	(0.3)	(5.2)	(3.4)	(1.2)
Net loss	$(325.9)	$(210.2)	$(181.1)	$ (74.0)

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

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(In millions)			
Cost of revenue	$ 2.6	$ 8.2	$ 5.9	$ 9.3
Research and development	36.1	72.7	52.8	66.4
Sales and marketing	19.8	44.6	37.7	22.9
General and administrative	7.6	22.1	17.2	18.6
Total stock-based compensation expense	$ 66.1	$ 147.6	$ 113.6	$ 117.2

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(As a % of revenue)			
Revenue	100%	100%	100%	100%
Cost of revenue	67	46	50	35
Gross profit	33	54	50	65
Operating expenses:				
Research and development	33	34	36	34
Sales and marketing	32	30	31	26
General and administrative	18	13	13	14
Total operating expenses	83	77	79	75
Loss from operations	(51)	(23)	(29)	(10)
Interest expense, net	(3)	(2)	(2)	(1)
Other income (expense), net	(1)	1	1	2
Loss before income taxes	(54)	(24)	(29)	(9)
Provision for income taxes	—	(1)	(1)	—
Net loss	(54)%	(25)%	(30)%	(9)%

Comparison of the nine months ended September 30, 2016 and 2017

Revenue

	Nine months ended September 30,		$ Change	% Change
	2016	2017		
	(In millions)			
Revenue	$606.8	$801.3	$ 194.5	32%

Revenue increased $194.5 million or 32% for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016. This increase was primarily due to a 25% increase in the number of paying users between periods. The average revenue per paying user also increased slightly between periods primarily due to an increased mix of sales towards our higher priced subscription plans, including our new Dropbox Business Advanced plan.

Cost of revenue, gross profit, and gross margin

	Nine months ended September 30,		$ Change	% Change
	2016	2017		
	(In millions)			
Cost of revenue	$301.3	$277.2	$ (24.1)	(8)%
Gross profit	305.5	524.1	218.6	72%
Gross margin	50%	65%		

Cost of revenue decreased $24.1 million or 8% for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, primarily due to a $33.8 million decrease in our infrastructure costs due to our Infrastructure Optimization. Further, the decrease in cost of revenue was due to a $5.6 million decrease in depreciation and amortization primarily of developed technologies, as certain intangible assets became fully amortized during 2016. The decrease in cost of revenue was partially offset by an increase of $9.8 million in employee-related expenses, which was due to headcount growth, as well as an increase of $3.9 million in credit card transaction fees due to higher sales.

Our gross margin increased from 50% for the nine months ended September 30, 2016, to 65% for the nine months ended September 30, 2017, primarily due to a 32% increase in our revenue during the period and our Infrastructure Optimization.

Research and development

	Nine months ended September 30,			
	2016	2017	$ Change	% Change
	(In millions)			
Research and development	$215.6	$276.3	$ 60.7	28%

Research and development expenses increased $60.7 million or 28% for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, primarily due to an increase of $44.9 million in employee-related expenses, which was due to headcount growth. Further, the increase in research and development expense was due to an increase of $8.2 million in overhead-related costs and an increase of $3.8 million in internal development-related third-party hosting fees.

Sales and marketing

	Nine months ended September 30,			
	2016	2017	$ Change	% Change
	(In millions)			
Sales and marketing	$186.7	$211.1	$ 24.4	13%

Sales and marketing expenses increased $24.4 million or 13% for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, primarily due to an increase of $13.0 million in employee-related expenses excluding stock-based compensation, which was due to headcount growth. Stock-based compensation decreased $14.8 million due to the modification of an executive stock grant during the nine months ended September 30, 2016, that resulted in a charge of $18.8 million in that prior period. Further, the increase in sales and marketing expense was due to an increase of $16.7 million for brand campaign fees, third-party sales representative fees, and lead generation fees. Sales and marketing expenses also increased $5.1 million due to overhead-related costs and $4.7 million due to app store fees.

General and administrative

	Nine months ended September 30,			
	2016	2017	$ Change	% Change
	(In millions)			
General and administrative	$ 76.5	$ 113.1	$ 36.6	48%

General and administrative expenses increased $36.6 million or 48% for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, primarily due to a $12.4 million benefit relating to a non-income based tax ruling during the nine months ended September 30, 2016, and the initial funding of the Dropbox Charitable Foundation during the nine months ended September 30, 2017, which included an equity-based charitable contribution of $9.4 million, and cash contributions of $0.8 million. Further, the increase in general and administrative expenses was due to an increase of $8.3 million in employee-related expenses, which was due to headcount growth.

Interest expense, net

Interest expense, net decreased $3.3 million for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, primarily due to a decrease in interest expense of $3.2 million due to fewer assets acquired under capital leases.

Other income (expense), net

Other income (expense), net increased $4.7 million for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, primarily due to an increase of $4.8 million in foreign currency gains.

Provision for income taxes

Provision for income taxes decreased by $2.2 million for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, primarily due to a decrease in federal taxes since we were subject to the U.S. alternative minimum tax during 2016 and we do not expect to be subject to the U.S. alternative minimum tax during 2017.

Comparison of the year ended December 31, 2015 and 2016

Revenue

	Year ended December 31,			
	2015	2016	$ Change	% Change
	(In millions)			
Revenue	$603.8	$844.8	$ 241.0	40%

Revenue increased $241.0 million or 40% during 2016 as compared to 2015. This increase was primarily due to a 35% increase in the number of paying users between periods. The average revenue per paying user also decreased slightly between periods.

Cost of revenue, gross profit, and gross margin

	Year ended December 31,			
	2015	2016	$ Change	% Change
	(In millions)			
Cost of revenue	$407.4	$390.6	$ (16.8)	(4)%
Gross profit	196.4	454.2	257.8	131%
Gross margin	33%	54%		

Cost of revenue decreased $16.8 million or 4% during 2016, as compared to 2015, primarily due to a net decrease of $39.5 million in our infrastructure costs due to our Infrastructure Optimization. The net decrease of $39.5 million included a $92.5 million decrease in expense related to our third-party datacenter service provider, offset by a $53.0 million increase in depreciation, facilities, and support expense related to our infrastructure equipment in co-location facilities that we directly lease and operate. Further, the decrease in cost of revenue was due to a $6.3 million decrease in depreciation and amortization primarily of developed technologies, as certain intangible assets became fully amortized during 2016. These decreases in cost of revenue were also partially offset by an increase of $13.8 million in employee-related expenses due to headcount growth, an increase of $5.5 million in credit card transaction fees due to higher sales, an increase of $9.9 million related to property taxes for our co-location facilities, professional fees for user support, and overhead-related costs primarily due to the completion of construction on our new corporate headquarters.

Our gross margin increased from 33% during 2015 to 54% during 2016 primarily due to our Infrastructure Optimization and a 40% increase in our revenue during the period.

Research and development

	Year ended December 31,		$ Change	% Change
	2015	2016		
	(In millions)			
Research and development	$201.6	$289.7	$ 88.1	44%

Research and development expenses increased $88.1 million or 44% during 2016, as compared to 2015, primarily due to an increase of $66.9 million in employee-related expenses due to headcount growth. Further, the increase in research and development expense was due to an increase of $17.7 million in overhead-related costs primarily due to the completion of construction on our new corporate headquarters, and an increase of $5.3 million in internal development-related third-party hosting fees.

Sales and marketing

	Year ended December 31,		$ Change	% Change
	2015	2016		
	(In millions)			
Sales and marketing	$193.1	$250.6	$ 57.5	30%

Sales and marketing expenses increased $57.5 million or 30% during 2016, as compared to 2015, primarily due to an increase of $53.4 million in employee-related expenses. This increase in employee-related expenses was primarily due to an increase in stock-based compensation of $24.8 million, which included a charge of $18.8 million due to the modification of an executive stock grant, headcount growth, and an increase in commission and bonus expense. In addition, the increase in sales and marketing expense was due to an increase of $10.1 million in overhead-related costs primarily due to the completion of construction on our new corporate headquarters. The increase in sales and marketing expense was partially offset by a decrease of $11.8 million in marketing expenses primarily due to a reduction in brand campaign fees.

General and administrative

	Year ended December 31,		$ Change	% Change
	2015	2016		
	(In millions)			
General and administrative	$107.9	$107.4	$ (0.5)	— %

General and administrative expenses decreased $0.5 million during 2016, as compared to 2015, primarily due to a decrease of $12.4 million resulting from a non-income based tax ruling and a decrease of $7.3 million in other non-income based taxes in 2016. These decreases were offset by an increase of $7.3 million in employee-related expenses, which was due to headcount growth. Further, the decrease in general and administrative expense was offset by an increase of $8.0 million in overhead-related costs primarily due to the completion of construction on our new corporate headquarters, and an increase of $3.4 million in professional fees for increased legal and accounting services.

Interest expense, net

Interest expense, net increased $1.2 million during 2016, as compared to 2015, primarily due to an increase of $1.9 million in interest expense primarily due to assets acquired under capital leases, offset by $0.7 million of interest income from our money market funds.

Other income (expense), net

Other income (expense), net increased $9.1 million during 2016, as compared to 2015, primarily due to the commencement of sublease income of $7.0 million and a net gain of $1.6 million related to fixed asset disposals.

Provision for income taxes

Provision for income taxes increased by $4.9 million during 2016, as compared to 2015, primarily due to an increase in taxes as a result of being subject to the U.S. alternative minimum tax and foreign taxes related to our foreign operations.

Quarterly Results of Operations

The following table sets forth our unaudited quarterly statements of operations data for each of the last seven quarters ended September 30, 2017. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements included elsewhere in this prospectus and, in the opinion of management, includes all adjustments, which includes only normal recurring adjustments, necessary for the fair statement of the results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements and related notes thereto included elsewhere in this prospectus. These quarterly results of operations are not necessarily indicative of our future results of operations that may be expected for any future period.

	Three months ended						
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017
	(In millions)						
Revenue	$ 185.0	$200.8	$ 221.0	$ 238.0	$ 247.9	$266.7	$ 286.7
Cost of revenue(1)	99.8	102.7	98.8	89.3	93.5	92.2	91.5
Gross profit	85.2	98.1	122.2	148.7	154.4	174.5	195.2
Operating expenses:(1)							
Research and development	67.9	72.6	75.1	74.1	89.3	89.8	97.2
Sales and marketing	73.8	57.5	55.4	63.9	67.2	69.2	74.7
General and administrative	25.3	18.4	32.8	30.9	31.3	42.2	39.6
Total operating expenses	167.0	148.5	163.3	168.9	187.8	201.2	211.5
Loss from operations	$ (81.8)	$ (50.4)	$ (41.1)	$ (20.2)	$ (33.4)	$ (26.7)	$ (16.3)

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

	Three months ended						
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017
	(In millions)						
Cost of revenue	$ 1.5	$ 2.1	$ 2.3	$ 2.3	$ 3.1	$ 3.3	$ 2.9
Research and development	14.5	19.0	19.3	19.9	21.8	21.7	22.9
Sales and marketing(a)	24.4	6.6	6.7	6.9	7.7	7.7	7.5
General and administrative	3.5	4.7	9.0	4.9	6.2	6.0	6.4
Total stock-based compensation	$ 43.9	$ 32.4	$ 37.3	$ 34.0	$ 38.8	$ 38.7	$ 39.7

(a) Stock-based compensation included in sales and marketing expenses for the three months ended March 31, 2016 includes $18.8 million related to a stock option modification for an executive officer.

	Three months ended						
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017
	(As a % of revenue)						
Revenue	100%	100%	100%	100%	100%	100%	100%
Cost of revenue	54	51	45	38	38	35	32
Gross margin	46	49	55	62	62	65	68
Operating expenses:							
Research and development	37	36	34	31	36	34	34
Sales and marketing	40	29	25	27	27	26	26
General and administrative	14	9	15	13	13	16	14
Total operating expenses	90	74	74	71	76	75	74
Loss from operations	(44)%	(25)%	(19)%	(8)%	(13)%	(10)%	(6)%

Quarterly revenue trends

Our revenue increased sequentially in each of the quarters presented primarily due to increases in the number of paying users. Seasonality in our revenue is not material.

Quarterly cost of revenue and gross margin trends

Our cost of revenue fluctuated in each of the quarters presented primarily due to the timing of our Infrastructure Optimization, which combined with increases in our revenue caused our gross margins to increase or remain constant.

Quarterly operating expense trends

Except for the three months ended June 30, 2016, our total quarterly operating expenses increased sequentially in the quarters presented primarily due to headcount growth in connection with the expansion of our business and other events that are discussed herein. Our research and development expenses increased at a faster rate during the three months ended March 31, 2017, comparatively to other quarters, primarily due to headcount growth and employee-related costs. Our sales and marketing expenses generally increased in the quarters presented primarily due to employee-related expenses and brand advertising expenses. The sequential decline during the three months ended June 30, 2016, was due to a stock-based compensation charge of $18.8 million related to the modification of an executive stock grant recorded in the three months ended March 31, 2016. The sequential decline during the three months ended September 30, 2016, was due to a decrease in brand advertising expenses during the period. Our general and administrative expenses fluctuated in the quarters presented, primarily due to increases in employee-related expenses and legal, accounting, and other professional fees. Our general and administrative expenses for certain quarters included certain charges and benefits as follows: our general and administrative expenses for the three months ended June 30, 2016, included a benefit of $12.4 million resulting from a non-income based tax ruling, and our general and administrative expenses for the three months ended June 30, 2017, included expense of $9.4 million for a non-cash charitable donation of shares of our common stock as initial funding for the Dropbox Charitable Foundation.

Liquidity and Capital Resources

As of September 30, 2017, we had cash and cash equivalents of $422.7 million. Our cash and cash equivalents consist primarily of cash and money market funds. As of September 30, 2017, we had $87.1 million of our cash and cash equivalents held by our foreign subsidiaries. We do not expect to incur material taxes in the event we repatriate any of these amounts.

Since our inception, we have financed our operations primarily through equity issuances, cash generated from our operations, and capital leases to finance infrastructure-related assets in co-location facilities that we directly lease and operate. We enter into capital leases in part to better match the timing of payments for infrastructure-related assets with that of cash received from our paying users. In our business model, some of our registered users convert to paying users over time, and consequently there is a lag between initial investment in infrastructure assets and cash received from some of our users.

Our principal uses of cash in recent periods have been funding our operations, making principal payments on our capital lease obligations, the satisfaction of tax withholdings in connection with the settlement of restricted stock units, and making capital expenditures.

In April 2017, we entered into a $600.0 million credit facility with a syndicate of financial institutions. The revolving credit facility has an accordion option, which, if exercised, would allow us to increase the aggregate commitments by up to $150.0 million, subject to obtaining additional lender commitments and satisfying certain conditions. Pursuant to the terms of the revolving credit facility, we may issue letters of credit under the revolving credit facility, which reduce the total amount available for borrowing under such facility. The revolving credit facility terminates on April 4, 2022.

Interest on borrowings under the revolving credit facility accrues at a variable rate tied to the prime rate or the LIBOR rate, at our election. Interest is payable quarterly in arrears. Pursuant to the terms of the revolving credit facility, we are required to pay an annual commitment fee that accrues at a rate of 0.20% per annum on the unused portion of the borrowing commitments under the revolving credit facility. In addition, we are required to pay a fee in connection with letters of credit issued under the revolving credit facility that accrues at a rate of 1.5% per annum on the amount to be drawn under such letters of credit outstanding. There is an additional fronting fee of 0.125% per annum multiplied by the average aggregate daily maximum amount available to be drawn under all letters of credit.

The revolving credit facility contains customary conditions to borrowing, events of default, and covenants, including covenants that restrict our ability to incur indebtedness, grant liens, make distributions to our holders or our subsidiaries' equity interests, make investments, or engage in transactions with our affiliates. In addition, the revolving credit facility contains financial covenants, including a consolidated leverage ratio covenant and a minimum liquidity balance. We were in compliance with all covenants under the revolving credit facility as of September 30, 2017.

As of September 30, 2017, we had no amounts outstanding under the revolving credit facility and an aggregate of $47.8 million in letters of credit outstanding under the revolving credit facility. Our total available borrowing capacity under the revolving credit facility was $552.2 million as of September 30, 2017.

We believe our existing cash and cash equivalents, together with cash provided by operations and amounts available under the revolving credit facility, will be sufficient to meet our needs for the foreseeable future. Our future capital requirements will depend on many factors including our revenue growth rate, subscription renewal activity, billing frequency, the timing and extent of spending to support further infrastructure development and research and development efforts, the timing and extent of additional capital expenditures to invest in existing and new office spaces, such as our new corporate headquarters, the satisfaction of tax withholding obligations for the release of restricted stock units, the expansion of sales and marketing and international operation activities, the introduction of new product capabilities and enhancement of our platform, and the continuing market acceptance of our platform. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be materially and adversely affected.

Our cash flow activities were as follows for the periods presented:

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(In millions)			
Net cash provided by operating activities	$ 14.8	$ 252.6	$ 186.7	$ 259.2
Net cash used in investing activities	(85.6)	(118.0)	(114.7)	(10.9)
Net cash used in financing activities	(89.6)	(134.5)	(98.2)	(181.1)
Effect of exchange rate changes on cash and cash equivalents	(0.9)	(4.3)	0.4	2.8
Net increase (decrease) in cash and cash equivalents	$(161.3)	$ (4.2)	$ (25.8)	$ 70.0

Operating activities

Our largest source of operating cash is cash collections from our paying users for subscriptions to our platform. Our primary uses of cash from operating activities are for employee-related expenditures, infrastructure-related costs, and marketing expenses. Net cash provided by operating activities is impacted by our net loss adjusted for certain non-cash items, including depreciation and amortization expenses and stock-based compensation, as well as the effect of changes in operating assets and liabilities.

For the nine months ended September 30, 2017, net cash provided by operating activities was $259.2 million, which mostly consisted of our net loss of $74.0 million, adjusted for depreciation and amortization expenses of $138.9 million and stock-based compensation expense of $117.2 million, and net cash inflow of $64.0 million from operating assets and liabilities. The inflow from operating assets and liabilities was primarily due to the increase of $52.5 million in deferred revenue from increased subscription sales, as a majority of our paying users are invoiced in advance. The increase in net cash provided by operating activities during the nine months ended September 30, 2017, compared to the nine months ended September 30, 2016, was primarily due to a reduction of our net loss, as adjusted for stock-based compensation and depreciation and amortization expenses.

For the nine months ended September 30, 2016, net cash provided by operating activities was $186.7 million, which mostly consisted of our net loss of $181.1 million, adjusted for depreciation and amortization expenses of $143.7 million and stock-based compensation expense of $113.6 million, as well as a net cash inflow of $110.0 million from operating assets and liabilities. The inflow from operating assets and liabilities was primarily due to the increase of $70.4 million in deferred revenue from increased subscription sales, as a majority of our paying users are invoiced in advance, and the increase of $28.3 million in accrued compensation and benefits due to the introduction of our annual bonus plan.

For the year ended December 31, 2016, net cash provided by operating activities was $252.6 million, which primarily consisted of our net loss of $210.2 million, adjusted for depreciation and amortization expenses of $191.6 million and stock-based compensation expense of $147.6 million, as well as a net cash inflow of $118.8 million from operating assets and liabilities. The inflow from operating assets and liabilities was primarily due to the increase of $87.6 million in deferred revenue from increased subscription sales, as a majority of our paying users are invoiced in advance, and the increase of $35.6 million in accrued compensation and benefits due to the introduction of our annual bonus plan. The increase in net cash from operating activities during 2016 compared to 2015 was primarily due to a reduction of our net loss, as adjusted for stock-based compensation and depreciation and amortization expenses, as well as cash inflow from changes in working capital.

For the year ended December 31, 2015, net cash provided by operating activities was $14.8 million, which mostly consisted of our net loss of $325.9 million, adjusted for depreciation and amortization expenses of $149.6 million and stock-based compensation expense of $66.1 million, as well as a net cash inflow of $123.6 million from operating assets and liabilities. The inflow from operating assets and liabilities was primarily due to the

increase of $82.0 million in deferred revenue from increased subscription sales, as a majority of our paying users are invoiced in advance and the increase of $50.6 million in current and non-current liabilities.

Investing activities

Net cash used in investing activities is primarily impacted by purchases of property and equipment, particularly for purchasing infrastructure equipment in co-location facilities that we directly lease and operate, and for making improvements to existing and new office spaces.

For the nine months ended September 30, 2017, net cash used in investing activities was $10.9 million, which mostly consisted of capital expenditures related to our infrastructure and office build-outs. The decrease in cash used in investing activities during the nine months ended September 30, 2017, compared to the nine months ended September 30, 2016, was primarily due to decreases in capital expenditures for infrastructure equipment and leasehold improvements related to our current corporate headquarters.

For the nine months ended September 30, 2016, net cash used in investing activities was $114.7 million, which mostly consisted of capital expenditures related to our infrastructure and office build-outs. Additionally, we purchased various intangible assets related to our patent portfolio.

For the year ended December 31, 2016, net cash used in investing activities was $118.0 million, which mostly consisted of capital expenditures related to our infrastructure and office build-outs. The increase in cash used in investing activities during 2016 compared to 2015 was primarily due to increases in capital expenditures and patent purchases.

For the year ended December 31, 2015, net cash used in investing activities was $85.6 million, which mostly consisted of capital expenditures related to our infrastructure and office build-outs.

Financing activities

Net cash used in financing activities is primarily impacted by capital lease obligations for our infrastructure equipment and repurchases of common stock to satisfy the tax withholding obligation for the release of restricted stock units.

For the nine months ended September 30, 2017, net cash used in financing activities was $181.1 million, which primarily consisted of $102.3 million in principal payments against capital lease obligations and $72.2 million for the satisfaction of tax withholding obligations for the release of restricted stock units. The increase in cash used by financing activities during the nine months ended September 30, 2017, compared to the nine months ended September 30, 2016, was primarily due to an increase of $72.2 million related to the satisfaction of tax withholding obligations for the release of restricted stock units, partially offset by a decrease of $8.8 million in cash received in a sale lease-back agreement during the nine months ended September 30, 2016.

For the nine months ended September 30, 2016, net cash used in financing activities was $98.2 million, which primarily consisted of $103.1 million in principal payments against capital lease obligations, offset by $8.8 million in proceeds received for a sale-leaseback agreement.

For the year ended December 31, 2016, net cash used in financing activities was $134.5 million, which primarily consisted of $137.9 million in principal payments against capital lease obligations and $3.8 million in principal payments against the note payable issued in 2015 as described below, offset by $8.8 million in proceeds received for a sale-leaseback agreement. The increase in cash used in financing activities during 2016 compared to 2015 was primarily due to an increase of $36.7 million in principal payments on capital leases for our infrastructure, a decrease of $11.9 million in cash received through the issuance of a note payable issued in 2015, as well as an increase of $3.8 million in payments against the note payable in 2016, partially offset by $8.8 million in cash received in a sale lease-back agreement.

For the year ended December 31, 2015, net cash used in financing activities was $89.6 million, which primarily consisted of $101.2 million in principal payments against capital lease obligations, offset by $11.9 million in cash received through the issuance of a note payable to finance our infrastructure.

Contractual Obligations

Our principal commitments consist of obligations under operating leases for office space and datacenter operations, and capital leases for datacenter equipment. The following table summarizes our commitments to settle contractual obligations in cash as of December 31, 2016, for the periods presented below:

	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
			(In millions)		
Operating lease commitments[1]	$557.2	$ 74.7	$ 152.4	$ 132.3	$ 197.8
Capital lease commitments[2]	271.4	136.9	128.2	6.3	—
Other commitments[3]	75.3	45.5	23.4	1.7	4.7
Total contractual obligations	$903.9	$ 257.1	$ 304.0	$ 140.3	$ 202.5

(1) Consists of future non-cancelable minimum rental payments under operating leases for our offices and datacenters, excluding sublease income and variable operating expenses. Non-cancelable sublease income as of December 31, 2016, for the next seven years is expected to be $15.6 million.

(2) Consists of future non-cancelable minimum rental payments under capital leases primarily for our infrastructure.

(3) Consists of lease payments for our previous corporate headquarters, infrastructure warranty contracts, commitments to third-party vendors for services related to our infrastructure, and a note payable related to financing of our infrastructure.

In addition to the contractual obligations set forth above, as of September 30, 2017, we had an aggregate of $47.8 million in letters of credit outstanding under our revolving credit facility.

Additionally, in October 2017, we entered into a new lease agreement in San Francisco, California, to serve as our new corporate headquarters. We expect to start making payments under the lease in the third quarter of 2019. The total minimum obligations under the lease agreement are expected to be approximately $827.0 million, which does not include expected tenant improvement reimbursements from the landlord of approximately $73.6 million and variable operating expenses. Our obligations under the lease will be supported by a $34.2 million letter of credit, which will reduce the borrowing capacity under our revolving credit facility.

We plan to take possession of our new corporate headquarters over several phases. We expect to take initial possession in mid-2018, after which time we plan to incur capital expenditures on leasehold improvements and to begin recording rent expense for the portion of the new corporate headquarters that we possess. Capital expenditures will continue to increase as we take possession of the remaining space over the next few years. We will continue to operate in our current corporate headquarters until the new corporate headquarters is ready for occupancy, which is expected to be in 2019. We intend to sublease our current corporate headquarters once we occupy the new corporate headquarters. However, unless we transfer our contractual obligation, we will include the committed lease payments for our current corporate headquarters in the table above.

Off-Balance Sheet Arrangements

As of December 31, 2016, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities, which would have been established for the purpose of facilitating off balance sheet arrangements or other contractually narrow or limited purposes.

Impact of Stock-Based Compensation for Restricted Stock Units

We have granted restricted stock units, or RSUs, to our employees and members of our Board of Directors under our 2008 Equity Incentive Plan, or 2008 Plan, and our 2017 Equity Incentive Plan, or 2017 Plan. We have two types of RSUs outstanding as of September 30, 2017:

- One-tier RSUs, which have a service-based vesting condition over a four-year period. These awards typically have a cliff vesting period of one year and continue to vest quarterly thereafter. We recognize compensation expense associated with one-tier RSUs ratably on a straight-line basis over the requisite service period.
- Two-tier RSUs, which have both a service-based vesting condition and a liquidity event-related performance vesting condition. These awards typically have a service-based vesting period of four years with a cliff vesting period of one year and continue to vest monthly thereafter. Upon satisfaction of the Performance Vesting Condition, these awards will vest quarterly. The Performance Vesting Condition is satisfied on the earlier of (i) an acquisition or change in control of the Company or (ii) the earlier of (a) six months after our initial public offering or (b) March 15 of the year following our initial public offering. Our last grant date for two-tier RSUs was May 2015.

As of September 30, 2017, all compensation expense related to two-tier RSUs remained unrecognized because the Performance Vesting Condition was not satisfied. At the time the Performance Vesting Condition becomes probable, we will recognize the cumulative stock-based compensation expense for the two-tier RSUs that have met their service-based vesting condition using the accelerated attribution method. If the Performance Vesting Condition had occurred on September 30, 2017, we would have recorded $415.4 million of stock-based compensation expense. As of September 30, 2017, 42.5 million two-tier RSUs were outstanding, of which 38.2 million had met their service condition. We expect to recognize approximately $9.4 million of additional stock-based compensation expense related to unvested two-tier RSUs, if the service and performance conditions are met, over the remaining service periods through 2019. See Note 1, “Description of the Business and Summary of Significant Accounting Policies” and Note 11, “Stockholders’ Equity” to our consolidated financial statements included elsewhere in this prospectus for further discussion.

Critical Accounting Policies and Judgments

Our consolidated financial statements and the related notes thereto included elsewhere in this prospectus are prepared in accordance with generally accepted accounting principles, or GAAP, in the United States. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

We believe that the accounting policies described below involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

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 Topic 606. Topic 606 supersedes the revenue recognition requirements in Accounting Standards Codification, *Revenue Recognition*, or Topic 605, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Topic 606 also includes Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, which requires the deferral of incremental costs of obtaining a contract with a customer.

We adopted the requirements of Topic 606 as of January 1, 2017, utilizing the full retrospective method of transition. As such, Topic 606 is reflected in our financial results for all periods presented in this prospectus. The adoption of Topic 606 resulted in changes to our accounting policies for revenue recognition and deferred commissions.

The impact of adopting Topic 606 on our revenue was not material to any of the periods presented. The primary impact of adopting Topic 606 relates to the deferral of incremental costs of customer contracts and the amortization of those costs over a longer period of benefit.

Revenue recognition

We generate revenue from sales of subscriptions to our platform. Subscription fees exclude sales and other indirect taxes. We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

Our subscription agreements typically have monthly or annual contractual terms, and a small percentage have multi-year contractual terms. Revenue is recognized ratably over the related contractual term generally beginning on the date that our platform is made available to a customer. Our agreements are generally non-cancelable. We typically bill in advance for monthly contracts and annually in advance for contracts with terms of one year or longer.

Deferred commissions

Sales commissions and the related payroll taxes earned by our outbound sales team, as well as commissions earned by third-party resellers, are considered to be incremental and recoverable costs of obtaining a contract with a user. These costs are deferred and then amortized over a period of benefit that we have determined to be five years. We determined the period of benefit by taking into consideration our historical customer attrition rates, the useful life of our technology, and the impact of competition in our industry. Changing the period of benefit by one year would result in a change to expense of approximately $1.0 million or less in each of the periods presented. Amortization of deferred commissions is included in sales and marketing expenses.

Common stock valuations

Since August 2015, we have granted RSUs as the only stock-based payment awards to our employees. While we stopped granting stock options in August 2015, we currently have stock options outstanding that will continue to vest through 2019.

The fair values of the common stock underlying the RSUs were determined by our Board of Directors, with input from management and contemporaneous third-party valuations, which were performed at least quarterly. If RSUs were granted a short period of time prior to the date of a valuation report, we retrospectively assessed the fair value used for financial reporting purposes after considering the fair value reflected in the subsequent valuation report and other facts and circumstances on the date of grant as discussed below.

Given the absence of a public trading market for our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities*

Issued as Compensation, or AICPA Guide, our Board of Directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- The results of contemporaneous valuations of our common stock by unrelated third parties;
- The rights, preferences, and privileges of our convertible preferred stock relative to those of our common stock;
- Market multiples of comparable public companies in our industry as indicated by their market capitalization and guideline merger and acquisition transactions;
- Our performance and market position relative to our competitors, who may change from time to time;
- Our historical financial results and estimated trends and prospects for our future performance;
- Valuations published by institutional investors that hold investments in our capital stock;
- The economic and competitive environment;
- The likelihood and timeline of achieving a liquidity event, such as an initial public offering or sale, given prevailing market conditions;
- Any adjustments necessary to recognize a lack of marketability for our common stock; and
- Precedent sales of or offers to purchase our capital stock.

In valuing our common stock, our Board of Directors determined the fair value of our common stock using both the income and market approach valuation methods. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate based on our weighted average cost of capital, and is adjusted to reflect the risks inherent in our cash flows. The market approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial forecasts to estimate the value of the subject company.

For valuations prior to August 31, 2017, the equity valuation was based on both the income and the market approach valuation methods, in addition to giving consideration to recent secondary sales of our common stock. The Option Pricing Method was selected as the principal equity allocation method. These methods were consistent with prior valuations.

For valuations as of and subsequent to August 31, 2017, we have used a hybrid method to determine the fair value of our common stock, in addition to giving consideration to recent secondary sales of our common stock. Under the hybrid method, multiple valuation approaches were used and then combined into a single probability weighted valuation. Our approaches included the use of initial public offering scenarios, a scenario assuming continued operation as a private entity, and a scenario assuming an acquisition of the company.

Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses, and cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of future events. Changes in any or all of these estimates and assumptions, or the relationships between those assumptions, impact our valuations as of each valuation date and may have a material impact on the valuation of common stock.

For valuations after the completion of this initial public offering, our Board of Directors will determine the fair value of each share of underlying common stock based on the closing price of our Class A common stock as reported on the date of the grant.

Business combinations and valuation of goodwill and other acquired intangible assets

When we acquire a business, we allocate the purchase price to the net tangible and identifiable intangible assets acquired based on their fair values. Any residual purchase price is recorded as goodwill. The estimation of the fair value of acquired assets and assumed liabilities requires management to apply significant judgment, especially with respect to intangible assets, which consist primarily of developed technologies.

These estimates are based upon a number of factors, including historical experience, market conditions, and information obtained from the management of acquired companies. To determine the fair value of acquired intangible assets, we make estimates that can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital to utilize, the cost savings expected to be derived from acquiring an asset, and the expected use of the asset. These same factors are also considered in determining the useful life of acquired intangible assets, which impacts the timing of future amortization expense.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Most prominent among the changes in the standard is the recognition of right of use assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. We will be required to recognize and measure leases existing at, or entered into after, the beginning of the earliest comparative period presented using a modified retrospective approach, with certain practical expedients available. The new standard is effective for fiscal years beginning after December 15, 2018. Early adoption by public entities is permitted. We are in the initial stage of our assessment of the new standard and are currently evaluating the timing of adoption, the quantitative impact of adoption, and the related disclosure requirements. We anticipate the adoption of this standard will result in a substantial increase in our non-current assets and liabilities recorded on the consolidated balance sheets. The adoption of the standard is not expected to have a material impact on the consolidated statement of operations. While we are assessing all potential impacts of the adoption of the standard, we currently expect the most significant impact to be the capitalization of right-to-use assets and lease liabilities for our office space and datacenter operating leases. We expect our accounting for capital leases related to infrastructure equipment to remain substantially unchanged under the new standard.

See Note 1, “Description of the Business and Summary of Significant Accounting Policies” to our consolidated financial statements included elsewhere in this prospectus for more information about other recent accounting pronouncements.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business, including interest rate, foreign currency exchange, and inflation risks.

Interest rate risk

We had cash and cash equivalents of $422.7 million as of September 30, 2017. We hold our cash and cash equivalents for working capital purposes. Our cash and cash equivalents are held in cash deposits and money market funds. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs, and the control of cash and investments. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of these instruments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Decreases in interest rates, however, would reduce future interest income.

Any borrowings under the revolving credit facility bear interest at a variable rate tied to the prime rate or the LIBOR rate. As of September 30, 2017, we had no amounts outstanding under the revolving credit facility. We do not have any other long-term debt or financial liabilities with floating interest rates that would subject us to interest rate fluctuations.

A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our financial statements.

Foreign currency exchange risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates relative to U.S. dollars, our reporting currency. Our revenue is generated in U.S. dollars, euros, British pounds sterling, Australian dollars, Canadian dollars, and Japanese yen. Our expenses are generally denominated in the currencies in which our operations are located, which are primarily the United States and, to a lesser extent, Europe and Asia. The functional currency of Dropbox International Unlimited, our international headquarters and largest international entity, is denominated in U.S. dollars. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates in ways that are unrelated to our operating performance. As exchange rates may fluctuate significantly between periods, revenue and operating expenses, when converted into U.S. dollars, may also experience significant fluctuations between periods. Historically, a majority of our revenue and operating expenses have been denominated in U.S. dollars, euros, and British pounds sterling. Although we are impacted by the exchange rate movements from a number of currencies relative to the U.S. dollar, our results of operations are particularly impacted by fluctuations in the U.S. dollar-euro and U.S. dollar-British pounds sterling exchange rate. In 2016, 23% of our sales were denominated in currencies other than U.S. dollars. Our expenses, by contrast, are primarily denominated in U.S. dollars. As a result, any increase in the value of the U.S. dollar against these foreign currencies could cause our revenue to decline relative to our costs, thereby decreasing our gross margins.

We recorded $2.1 million and $6.9 million in net foreign currency transaction gains in the nine months ended September 30, 2016 and 2017, respectively. Further, we recorded $4.6 million and $3.6 million in net foreign currency transaction losses in the years ended December 31, 2015 and 2016, respectively. A hypothetical 10% change in foreign currency rates would not have resulted in material gains or losses for both the nine months ended September 30, 2016 and 2017, or both the years ended December 31, 2015 and 2016.

To date, we have not engaged in any hedging activities. As our international operations grow, we will continue to reassess our approach to managing risks relating to fluctuations in currency rates.

Inflation risk

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

BUSINESS

Our Business

Our modern economy runs on knowledge. Today, knowledge lives in the cloud as digital content, and Dropbox is a global collaboration platform where more and more of this content is created, accessed, and shared with the world. We serve more than 500 million registered users across 180 countries.

Dropbox was founded in 2007 with a simple idea: Life would be a lot better if everyone could access their most important information anytime from any device. Over the past decade, we've largely accomplished that mission—but along the way we recognized that for most of our users, sharing and collaborating on Dropbox was even more valuable than storing files.

Our market opportunity has grown as we've expanded from keeping files in sync to keeping teams in sync. Today, Dropbox is well positioned to reimagine the way work gets done. We're focused on reducing the inordinate amount of time and energy the world wastes on "work about work"—tedious tasks like searching for content, switching between applications, and managing workflows.

We want to free up our users to spend more of their time on the work that truly matters. Our mission is to unleash the world's creative energy by designing a more enlightened way of working.

We believe the need for our platform will continue to grow as teams become more fluid and global, and content is increasingly fragmented across incompatible tools and devices. Dropbox breaks down silos by centralizing the flow of information between the products and services our users prefer, even if they're not our own.

By solving these universal problems, we've become invaluable to our users. The popularity of our platform drives viral growth, which has allowed us to scale rapidly and efficiently. We've built a thriving global business with more than 10 million paying users.

Our revenue was $603.8 million and $844.8 million in 2015 and 2016, respectively, representing a growth rate of 40%. We generated net losses of $325.9 million and $210.2 million in 2015 and 2016, respectively. We also generated positive free cash flow of $137.4 million in 2016 compared to negative free cash flow of $63.9 million in 2015.

Our Users

We're constantly inspired by the diverse ways people use Dropbox to bring their ideas to life and achieve their missions faster. Here are just a few examples:

- Nobel Prize-winning researchers sync data with collaborators to speed development of new scientific breakthroughs.
- Designers for a sustainable apparel company iterate on new designs and coordinate store openings.
- A commercial construction company shares blueprints with subcontractors on job sites and sends bids to prospective clients.
- A Fortune 500 online travel company keeps its global workforce connected with business partners around the world.
- Pro bono lawyers at a refugee assistance organization collect and share information across continents to save lives.

What Sets Us Apart

Since the beginning, we've focused on simplifying the lives of our users. In a world where business software can be frustrating to use, challenging to integrate, and expensive to sell, we take a different approach.

Simple and intuitive design

While traditional tools developed in the desktop age have struggled to keep up with evolving user demands, Dropbox was designed for the cloud era. We build simple, beautiful products that bring joy to our users and make it easier for them to do their best work. Unencumbered by legacy features, we can perfect the aspects of our platform that matter most today, such as the mobile experience and the ability to work in teams.

Open ecosystem

We know people will continue to use a wide variety of tools and platforms. That's why we've built Dropbox to work seamlessly with other products, integrating with partners from Google and Microsoft to Slack and Autodesk. More than 75% of Dropbox Business teams have linked to one or more third-party applications.

Viral, bottom-up adoption

Our 500 million registered users are our best salespeople. They've spread Dropbox to their friends and brought us into their offices. Every year, millions of individual users sign up for Dropbox at work. Bottom-up adoption within organizations has been critical to our success as users increasingly choose their own tools at work. We generate over 90% of our revenue from self-serve channels—users who purchase a subscription through our app or website.

Performance and security

Our custom-built infrastructure allows us to maintain high standards of performance, availability, and security. Dropbox is built on proprietary, block-level sync technology to achieve industry-leading performance. In 2016, IDC highlighted our sync performance as best-in-class, outperforming competitors on multiple sync tests, including upload and download speeds for large files. We designed our platform with multiple layers of redundancy to guard against data loss and deliver high availability. We also offer numerous layers of protection, from secure file data transfer and encryption to network configuration and application-level controls.

Industry Trends in Our Favor

Content is increasingly scattered

The proliferation of devices, operating systems, and applications has dramatically increased the volume and complexity of content in the workplace. Content is now routinely scattered across multiple silos, making it harder to access. According to a 2016 IDC report, more than half of companies ranging from 100 to 5,000+ employees use at least three repositories for accessing documents on a weekly basis.

The tools people use are fragmented

Content created at work tends to follow a predictable pattern: It's authored, sent out for feedback, and shared or published once it's done. At the same time, teams are organizing that content and coordinating tasks around it. But many of the tools people use today don't work well together and support only one or two steps of the content lifecycle. This requires users to constantly switch between these tools and makes it even harder to get work done.

Teams have become more fluid and global

Technology hasn't kept up with a modern workforce that's increasingly fluid and mobile. People work together on teams that span different functions, organizations, and geographies. A 2016 study by Deloitte found

that 37% of the global workforce is now mobile, 30% of full-time employees primarily work remotely, and 20% of the workforce is made up of temporary workers, contractors, and freelancers. The ability to swiftly disseminate content and its relevant context is critical to keeping teams in sync.

"Work about work" is wasteful and stifles creativity

The combination of scattered content, fragmented tools, and fluid team structures has led to decreased workplace productivity. According to a report by McKinsey & Company, knowledge workers spend approximately 60% of their time at work on tedious tasks such as searching for content, reviewing email, and re-sharing context to keep team members in the loop—what we call "work about work." This means they spend just 40% of their time doing the jobs they were hired to do.

Individual users are changing the way software is adopted and purchased

Software purchasing decisions have traditionally been made by an organization's IT department, which often deploys products that employees don't like and many refuse to adopt. As individuals increasingly choose their own tools at work, purchasing power has become more decentralized. A 2017 IDC report noted that new devices and software were being adopted at a faster rate by individual users than by IT departments.

Our Solution

Dropbox allows individuals, teams, and organizations to collaborate more effectively. Anyone can sign up for free through our website or app, and upgrade to a paid subscription plan for premium features. Our platform offers an elegant solution to the challenges described above.

Key elements of our platform

- *Unified home for content.* We provide a unified home for the world's content and the relevant context around it. To date, our users have added more than 400 billion pieces of content to Dropbox, totaling over an exabyte (more than 1,000,000,000 gigabytes) of data. When users join Dropbox, they gain access to a digital workspace that supports the full content lifecycle—they can create and organize their content, access it from anywhere, share it with internal and external collaborators, and review feedback and history.
- *Global sharing network.* We've built one of the largest collaboration platforms in the world, with more than 4.5 billion connections to shared content. We cater to the needs of dynamic, dispersed teams. The overwhelming majority of our customers use Dropbox to share and collaborate. As we continue to grow, more users benefit from frictionless sharing, and powerful network effects increase the utility and stickiness of our platform.
- *New product experiences.* The insights we glean from our community of users lead us to develop new product experiences, like Paper, Smart Sync, and Showcase. Machine learning further improves the user experience by enabling more intelligent search and better organization and utility of information. This ongoing innovation broadens the value of our platform and deepens user engagement.

These elements reinforce one another to produce a powerful flywheel effect. As users create and share more content with more people, they expand our global sharing network. This network allows us to gather insights and feedback that help us create new product experiences. And with our scale, we can instantly put these innovations in the hands of millions. This, in turn, helps attract more users and content, which further propels the flywheel.

Our Growth Strategy

Increase adoption and paid conversion

We designed Dropbox to be easy to try, use, and buy. Anyone can create an account and be up and running in minutes. We believe that our current registered user base represents a significant opportunity to increase our

revenue. We estimate that approximately 300 million of our registered users have characteristics—including specific email domains, devices, and geographies—that make them more likely than other registered users to pay over time. Substantially all of our paying users share at least one of these characteristics. We reach our users through in-product notifications on our website and across more than 400 million actively connected devices, without any external marketing spend. We define an actively connected device as a desktop, laptop, phone, or tablet on which our app has been installed, and from which our app has been launched, and made a request to our servers at least once in the most recent quarter.

Upgrade our paying users

We offer a range of paid subscription plans, from Plus and Professional for individuals to Standard, Advanced, and Enterprise for teams. We analyze usage patterns within our network and run hundreds of targeted marketing campaigns to encourage paying users to upgrade their plans. For example, we prompt individual subscribers who collaborate with others on Dropbox to purchase our Standard or Advanced plans for a better team experience. In the first three quarters of 2017, over 40% of new Dropbox Business teams included a member who was previously a Plus subscriber. We believe that a large majority of individual customers use Dropbox for work, which creates an opportunity to significantly increase conversion to Dropbox Business team offerings over time.

Apply insights to build new product experiences

As our community of users grows, we gain more insight into their needs and pain points. We translate these insights into new product experiences that support the entire content lifecycle. For example, we learned through analytics and research that our users often work with many different types of content. As a result, we added the ability to embed rich media in Paper so they can pull everything together in one place—from InVision graphics and Google slides to Spotify tracks and Vimeo clips.

Expand our ecosystem

Our open and thriving ecosystem fosters deeper relationships with our users and makes Dropbox more valuable to them over time. The scale and reach of our platform is enhanced by a number of third-party applications, developers, and technology partners. As of September 30, 2017, Dropbox was receiving over 50 billion API calls per month, and more than 500,000 developers had registered and built applications on our platform.

Our Market Opportunity

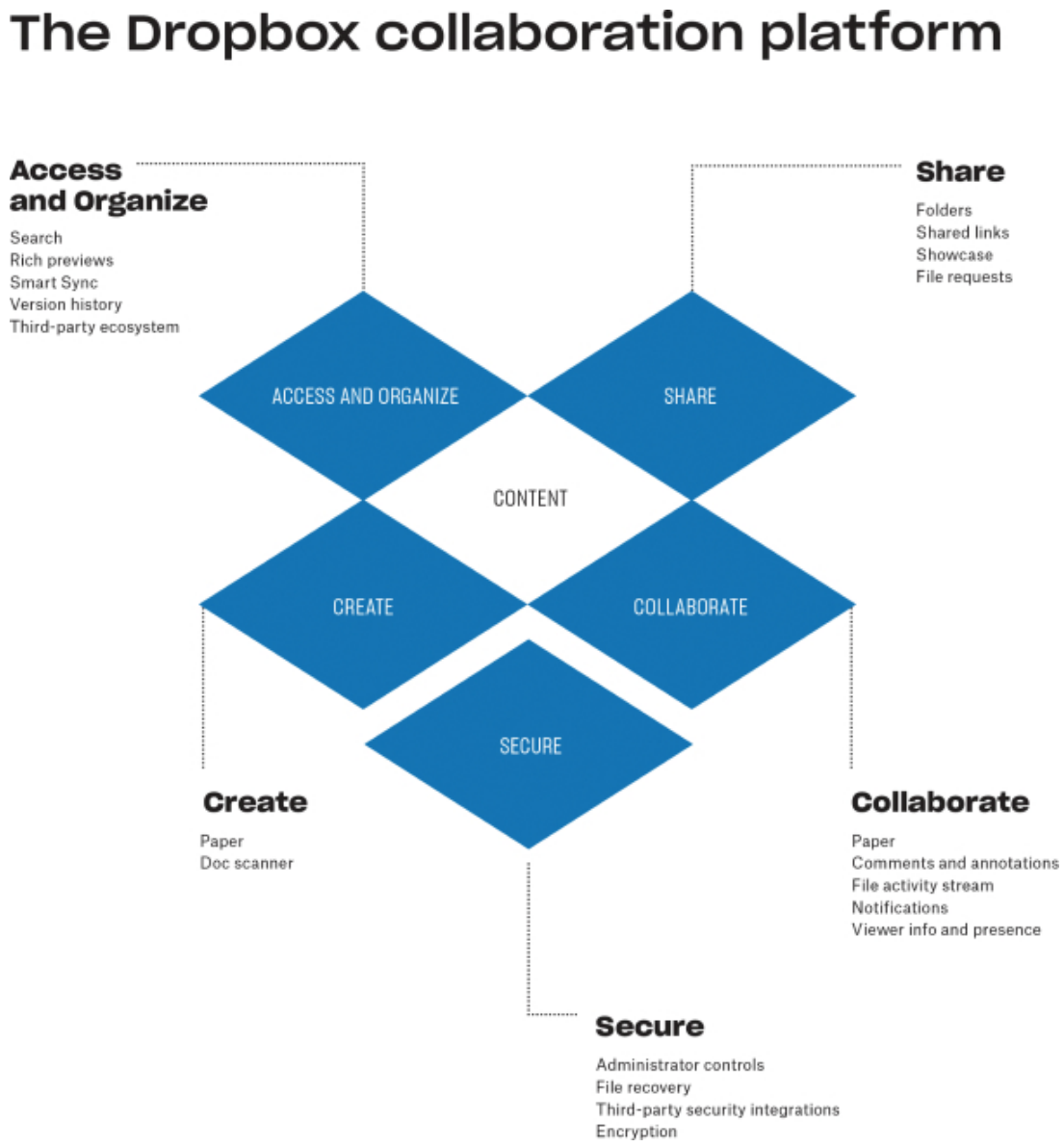
Over the past decade, Dropbox has pioneered the worldwide adoption of file sync and share software. We've since expanded our capabilities and introduced new product experiences to help our users get work done. For the second consecutive year, Gartner has named Dropbox a leader in their Magic Quadrant for Content Collaboration Platforms.

Our addressable market includes collaborative applications, content management, project and portfolio management, and public cloud storage. IDC estimates that investment in these categories will total more than $50 billion in 2019.

As one of the few large-scale collaboration platforms that serves customers of all sizes, we also have an opportunity to reach a broad population of independent knowledge and creative workers. We believe that this market hasn't traditionally been included in IT spending estimates.

Our Capabilities

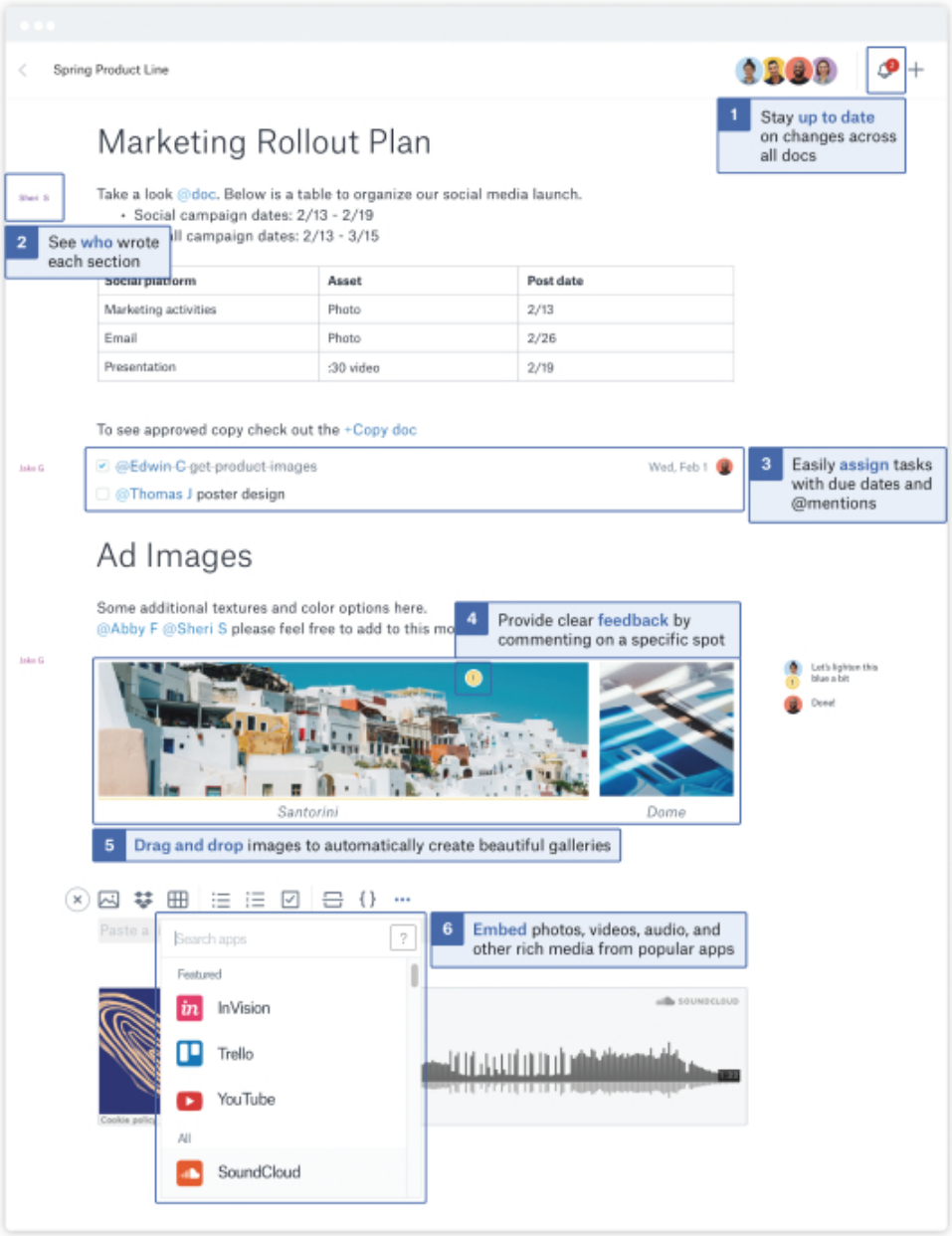
Dropbox is a digital workspace where individuals and teams can create content, access it from anywhere, and share it with collaborators. The power of our platform lies in the breadth of our capabilities and the diverse ways our users make Dropbox work for them. We monetize through a range of subscription plans. Our platform capabilities are described below:



Create

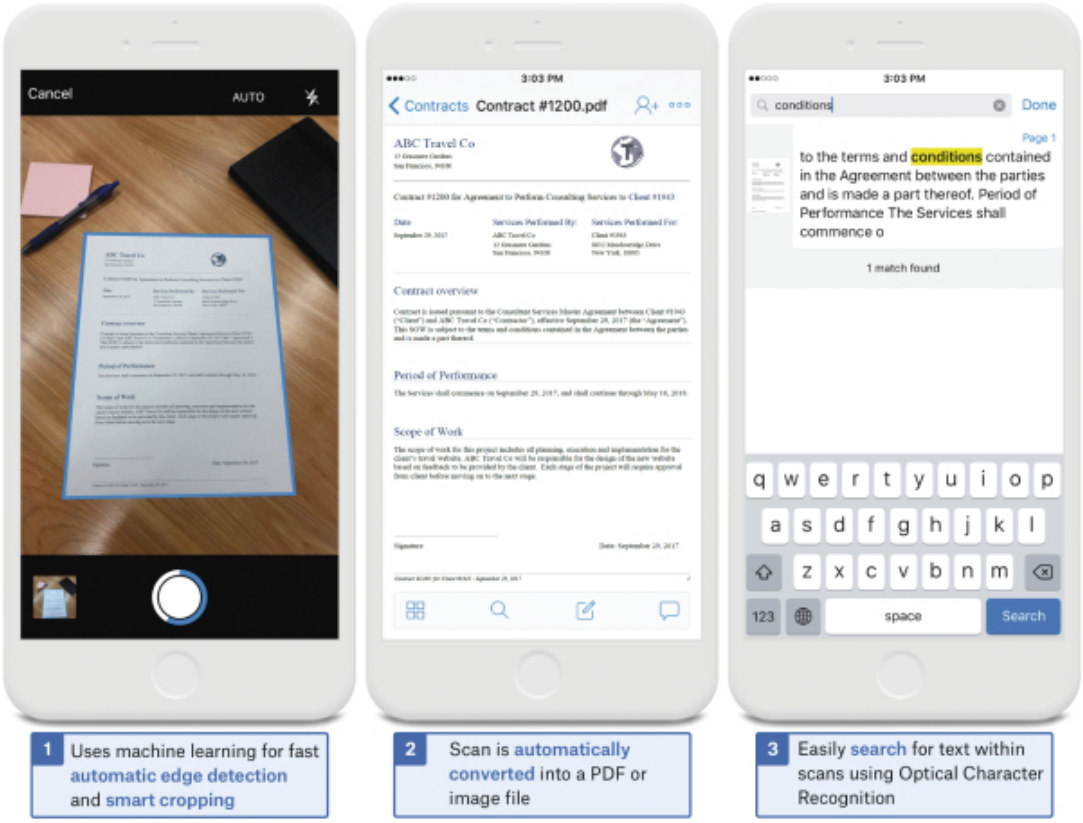
Paper. We introduced Paper in January 2017 as a collaborative surface to bring people and ideas together. With Paper, users can co-author content, tag others, assign tasks with due dates, embed and comment on files,

tables, checklists, code snippets, and rich media—all in real-time. We designed Paper to be simple and beautiful so users can focus on the most important ideas and tasks at hand.



Doc scanner. The doc scanner in our mobile app lets users create content in Dropbox from hard copies. This includes transforming everything from printed materials to whiteboard brainstorming sessions into digital documents that users can edit and share. We apply proprietary machine learning techniques to automatically detect the document being scanned, extract it from the background, fit it to a rectangular shape, remove shadows,

adjust the contrast, and save it as a PDF or image file. For Dropbox Business teams, scanned content is analyzed using Optical Character Recognition so text within these scans is searchable in Dropbox.



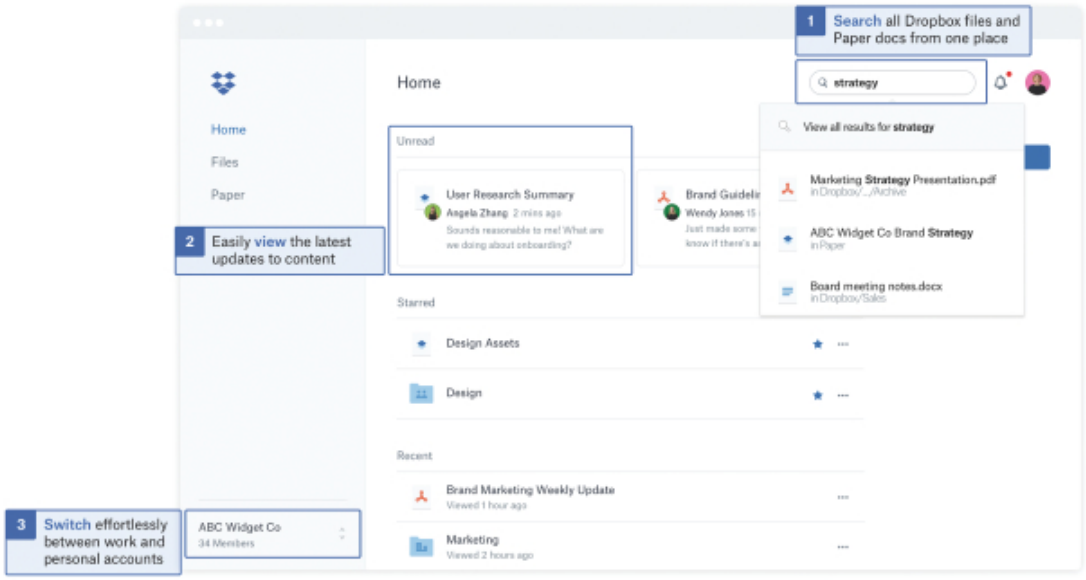
1 Uses machine learning for fast automatic edge detection and smart cropping

2 Scan is automatically converted into a PDF or image file

3 Easily search for text within scans using Optical Character Recognition

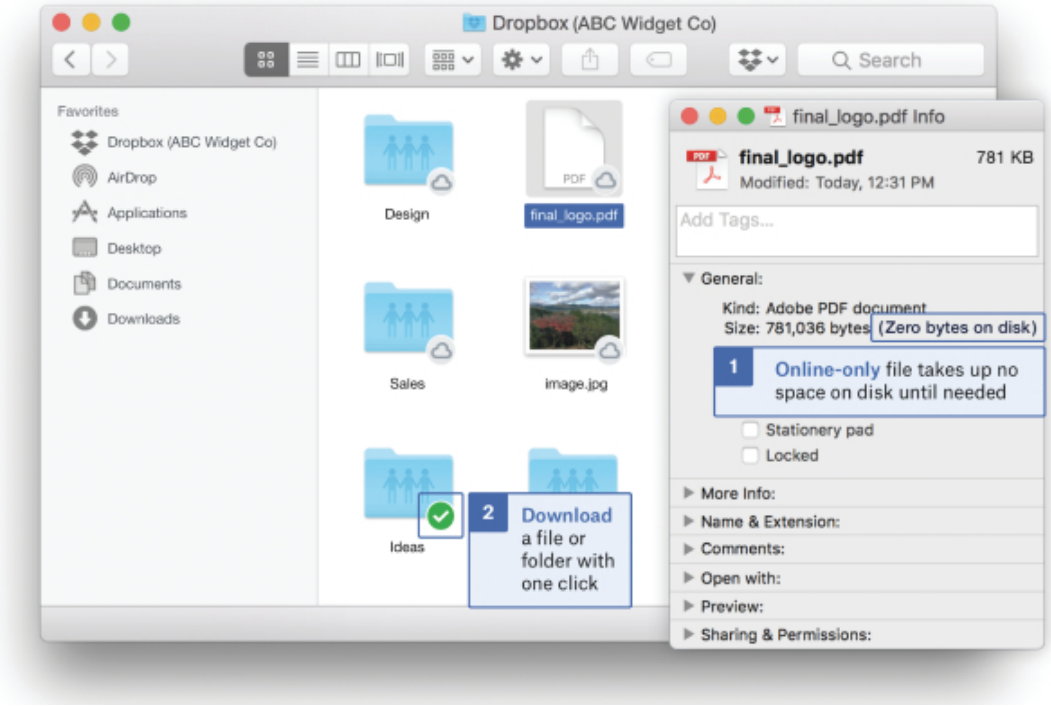
Access and organize

Search. Dropbox has powerful search capabilities that allow users to quickly find the files and folders they need. Our autocomplete technology surfaces and prioritizes content based on users' previous activity. For Dropbox Professional subscribers and Dropbox Business teams, full text search allows users to scan the entire content of their files.



Rich previews. Rich previews allow users to easily interact with files across any device without having to open different applications. Users can comment on, annotate, review, and present files, and see who viewed and edited them. We support previews of over 280 file types, and Dropbox users currently preview files tens of millions of times every day.

Smart Sync. With Smart Sync, users can access all of their content natively on their computers without taking up storage space on their local hard drives. We intelligently sync files to a user's computer as they need them, and users can control which files or folders are always synced locally. With Smart Sync, files that are only stored in the cloud appear in the local file system and can be opened directly from Windows File Explorer or Mac Finder, instead of having to navigate to our web interface. Smart Sync is available to Dropbox Professional subscribers and Dropbox Business teams.



Version history. As paying users work on files, our servers keep snapshots of all their changes. Users can see a file's complete version history so they can reference and retrieve older versions if needed. Version histories are kept between 30 to 120 days for paying users, depending on subscription plan.

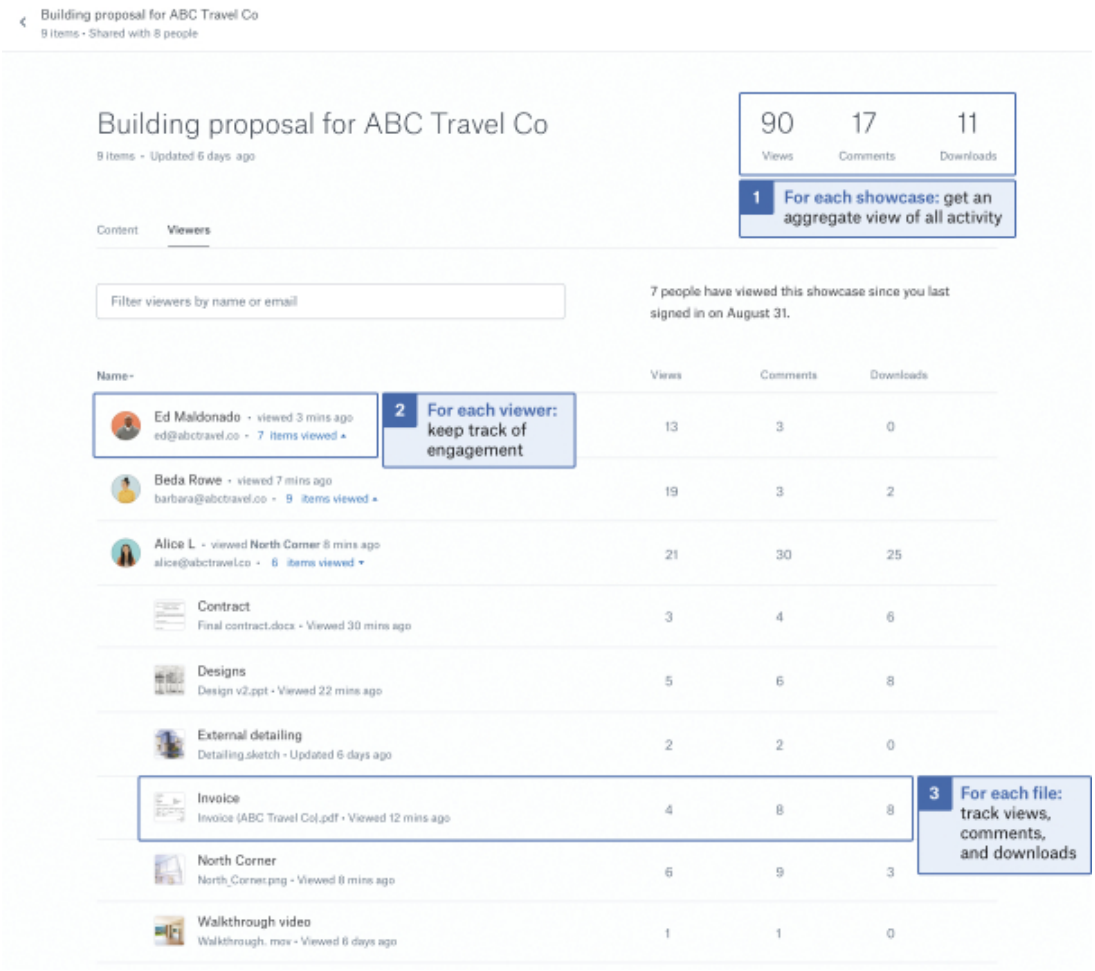
Third-party ecosystem. Our open and thriving ecosystem fosters deeper relationships with our users and developers. Developers can build applications that connect to Dropbox through our DBX Developer Platform. For example, email apps can plug into Dropbox to send attachments or shared links, and note-taking apps can allow users to save to Dropbox so they can open their notes on another device. As of September 30, 2017, Dropbox was receiving over 50 billion API calls per month and over 500,000 developers had registered and built applications on our platform. In addition, more than 75% of Dropbox Business teams have linked to one or more third-party applications.

Share

Folders. There are three types of folders in Dropbox: private, shared, and team folders. A private folder allows an individual to sync files between devices. A shared folder allows users to quickly and easily start a project space for group collaboration. A team folder, which is only available for Dropbox Business teams, is a central, administrator-managed hub where they can store and collaborate on content.

Shared links. Users can share files and folders with anyone, including non-Dropbox users, by creating a Dropbox link. Once created, the link can be sent through email, text, Facebook, Twitter, instant message, or other channels. The recipient can view the file with a rich preview or see all the files in a shared folder. Dropbox Professional subscribers and Dropbox Business teams can set passwords and expiration dates and specify whether recipients can comment on or download the files.

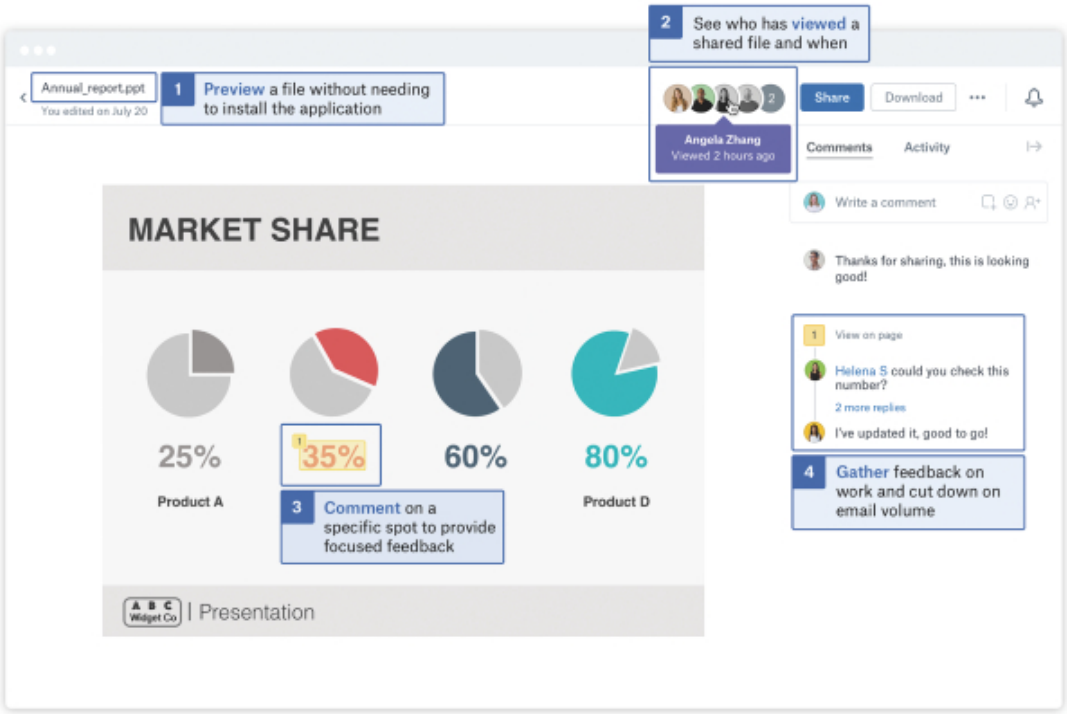
Showcase. Showcase gives users a way to present their work to clients and business partners through a customizable, professionally branded webpage. Users can display visual previews of multiple files on the same page and add relevant context with introductory text and captions and an introduction. Showcase also lets users track how recipients engage with their content, including analytics on who has viewed, commented, or downloaded content on a per-person and per-file basis.



File requests. With file requests, users can invite anyone to submit files into a specified Dropbox folder through a simple link—regardless of whether the recipient has a Dropbox account. File requests are ideal for tasks such as collecting bids from contractors or requesting submissions from coworkers and clients. All submitted files are organized into a Dropbox folder that's private to the requesting user.

Collaborate

Comments and annotations. Dropbox comments and annotations marry content with the conversations and relevant context around it. Instead of being scattered across separate silos, such as email and chat, the editing and development of content are tied to a file. Users can give feedback on specific parts of files through a rich, innovative overlay on our web and mobile platforms.



File activity stream. An activity feed lives next to every file preview on our web interface, telling users what's happening with a file. The feed shows when someone opens a file, edits a file, or shares a file.

Notifications. We use real-time notifications across all our channels—web, desktop, email, and mobile—to keep users up-to-date on what's happening with their work. Users can choose to be notified when someone opens, edits, shares, or comments on a file, or adds a file to their shared folders. These notifications keep collaborators in sync without having to open the file or doc.

Viewer information and presence. On both file previews and Paper docs, Dropbox shows users in real-time who's viewing a doc and when a doc was last viewed by other users. On desktop, the Dropbox badge is a subtle overlay to Microsoft Word, Excel, and PowerPoint that lets users know if someone opens or edits the file they're working in. The Dropbox badge gives users real-time insight into how others are interacting with their content, bringing modern collaboration features often found only in web-based documents to desktop files.

Secure

Security protections. We employ strong protections for all of the data on our platform.

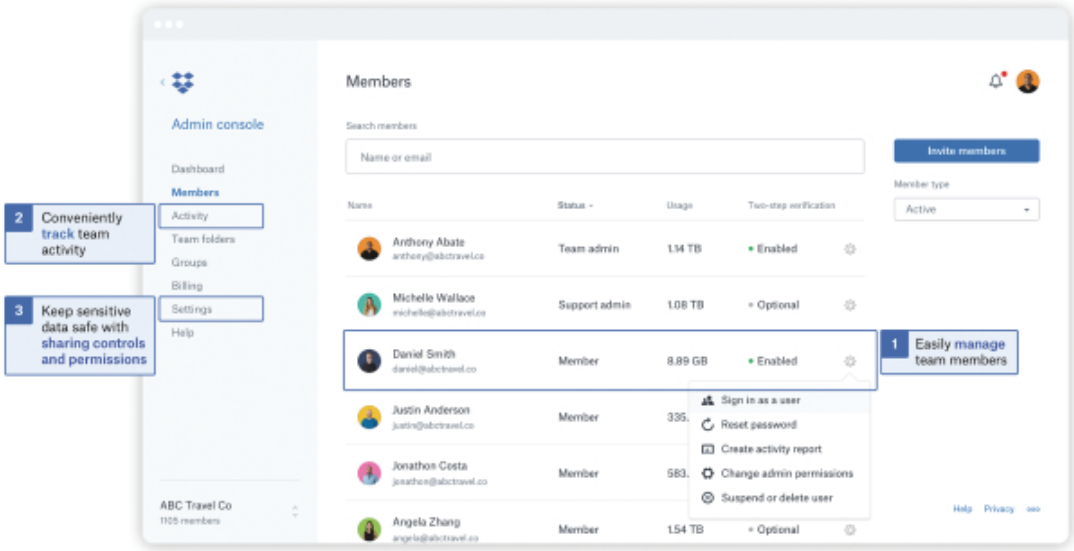
- *Encryption*. Dropbox file data at rest is encrypted using 256-bit Advanced Encryption Standard, or AES. To protect data in transit between Dropbox apps such as desktop, mobile, API, or web and our

servers, Dropbox uses Secure Sockets Layer, or SSL, and Transport Layer Security, or TLS, for data transfer, creating a secure tunnel protected by 128-bit or higher AES encryption.

- *File recovery*. Every deletion event in Dropbox is recorded, including when groups of files are deleted. Users can easily recover files through our web interface. Dropbox Plus subscribers may recover prior versions for up to 30 days after deletion, and Dropbox Professional and Dropbox Business subscribers may recover prior versions for up to 120 days after deletion.

Administrator controls. Dropbox Business team administrators have many ways to customize security settings in both global and granular ways.

- *Sharing permissions*: Team administrators can set up and monitor how their members share team folders, and can set sharing permissions on all folders, sub-folders, and links through the sharing tab.
- *Remote device wipe*: Team administrators can delete their organization's Dropbox content from a member's linked devices, which is especially useful should someone lose a device or leave the team.
- *Audit log*: Team administrators can monitor which members are sharing files and logging into Dropbox, among other events. They can review activity logs, create full reports for specific time ranges, and pull activity reports on specific members. Advanced and Enterprise team administrators have access to audit logs with file-event tracking.
- *Device approvals*: Advanced and Enterprise team administrators can manage how members access Dropbox on their devices.
- *Tiered administrator roles*: Advanced and Enterprise teams have the ability to set multiple administrator roles, each with a different set of permissions.
- *Network control*: Enterprise team administrators can restrict personal Dropbox usage on their organization's network.



Third-party security integrations. We've partnered with industry-leading third parties to enable us to provide a wide range of IT processes and satisfy industry compliance standards, including:

- *Security information and event management*: Allows Dropbox Business administrators to oversee and manage employee activity, and access sensitive data through the administrator page.
- *Data loss prevention*: Protects sensitive data like personally identifiable information and payment card industry data stored in Dropbox Business accounts.
- *eDiscovery and legal hold*: Enables secure search and the ability to collect and preserve electronically stored information in Dropbox Business accounts.
- *Digital rights management*: Provides third-party encryption for company data stored in Dropbox Business accounts.
- *Data migration and on-premises backup*: Assists in transferring large amounts of data between locations and securing sensitive information with on-site data backup.
- *Identity management*: Allows companies to keep their Dropbox Business team authenticated with an external identity provider like Active Directory.

Our Subscription Plans

We offer subscription plans to serve the varying needs of our diverse customer base, which includes individuals, teams, and organizations of all sizes.

	Individuals			Dropbox Business		
	Basic	Plus	Professional	Standard	Advanced	Enterprise
First launched	2008	2008	2017	2011	2017	2015
Number of users	1 user	1 user	1 user	3+ users	3+ users	Large deployments
Base price ($USD) per user	Free	$9.99/month $99/year	$19.99/month $199/year	$15.00/month $150/year	$25.00/month $240/year	Negotiated pricing
Advanced sharing permissions			✓	✓	✓	✓
Version history	30 days	30 days	120 days	120 days	120 days	120 days
Smart Sync			✓	✓	✓	✓
Showcase			✓		✓	✓
Team folders				✓	✓	✓
Unlimited API access				✓	✓	✓
Paper	✓	✓	✓	✓	✓	✓
Storage	2GB	1TB	1TB	2TB	As much as needed	As much as needed
Support	Basic email support	Priority email support	Priority chat support	Live chat support	Business hours phone support	24/7 phone support Assigned account success manager
Advanced admin & security features		Remote device wipe	Remote device wipe	Admin console Managed groups Access permissions Account transfer tool HIPAA support	Everything in Standard Device approval Audit log Tiered admin roles SSO integration	Everything in Advanced EMM Network control Domain insights Integration support

Our Customers

We've built a thriving global business with more than 10 million paying users. Of these subscribers, approximately 30% use Dropbox for work on a Dropbox Business team plan, and we estimate that an additional 50% use Dropbox for work on an individual plan, collectively totaling approximately 80% of paying subscribers. As of September 30, 2017, we had more than 290,000 paying Dropbox Business teams, and approximately 56%

of Fortune 500 companies had at least one Dropbox Business team within their organization. Our customer base is highly diversified, and in 2015, 2016, and the first nine months of 2017, no customer accounted for more than 1% of our revenue. Our customers include individuals, teams, and organizations of all sizes, from freelancers and small businesses to Fortune 100 companies. They work across a wide range of industries, including professional services, technology, media, education, industrials, consumer and retail, and financial services. Within companies, our platform is used by all types of teams and functions, including sales, marketing, product, design, engineering, finance, legal, and human resources.

How we support our customers

All of our users can access support through the following resources:

- *Help center*: Provides an online repository of helpful information about our platform, responses to frequently asked questions, and best practices for use.
- *Community support*: Facilitates collaboration between users on answers, solutions, and ideas about our platform in an online community.
- *Twitter support*: Provides users real-time product and service updates, and offers tips and troubleshooting information.
- *Guided troubleshooting*: Offers step-by-step instructions to resolve common questions and provides a portal to submit help requests for questions that aren't otherwise available.

We also offer additional support for our paying users as described above in "Our Subscription Plans."

Case Studies

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

Expedia

Expedia offers online travel booking for flights, hotels, car rentals, and more through its portfolio of over 200 web properties. The company encourages its more than 20,000 employees in 72 offices worldwide to use technology they know and love. This presents a unique business challenge: how does a global team work well together when their tools do not? After learning that many employees already relied on Dropbox to coordinate on projects, Expedia purchased 10,000 Dropbox Business licenses in 2015.

It was an easy transition: the platform required little or no training, and Dropbox integrated seamlessly with the wide array of platforms and apps the business ran on—a key reason why so many Expedians had already adopted Dropbox. After just one month of deployment, the number of shared Dropbox folders increased six-fold and the number of mobile devices connected to Dropbox doubled, supporting greater productivity for employees as they traveled. Expedia also saved on IT costs as their workflows moved to the cloud.

—

"A lot of times when we deploy software, we first hear about the challenges. But during our phased deployment of Dropbox Business, we mostly just heard employees saying, 'Can I get that now?'"

Chris Burgess
Vice President of Information Technology
Expedia Group


Expedia

Les Lunes

Les Lunes is a fashion and apparel company. Designers in Paris and Los Angeles, manufacturers in Shanghai, and business teams in San Francisco and New York collaborate to make clothing out of sustainable bamboo fabrics. As the company grew from three employees to 20, Les Lunes adopted Dropbox Business in 2013 to centralize their workflow.

Les Lunes' entire product development process now happens in Dropbox Paper. Designers use it to iterate on sketches in real time, while store managers comment in the same document to relay customer feedback. Employees track everything from vendor deliveries to logo approvals with Paper's task management and deadline features. To date, Les Lunes has used Paper to design 10 clothing lines and plan six new store and showroom openings. Since adopting Dropbox, Les Lunes has also saved around $200,000 a year on infrastructure, including costs associated with laptops, on-premise storage systems, security software, file servers, IT personnel, and competing SaaS solutions.

—

"Dropbox Paper is our new best friend. It's eliminated long email chains and has really enabled us to communicate better as a team—it saves us hours of work on every project."

Tobe Sheldon
Regional Manager
Les Lunes

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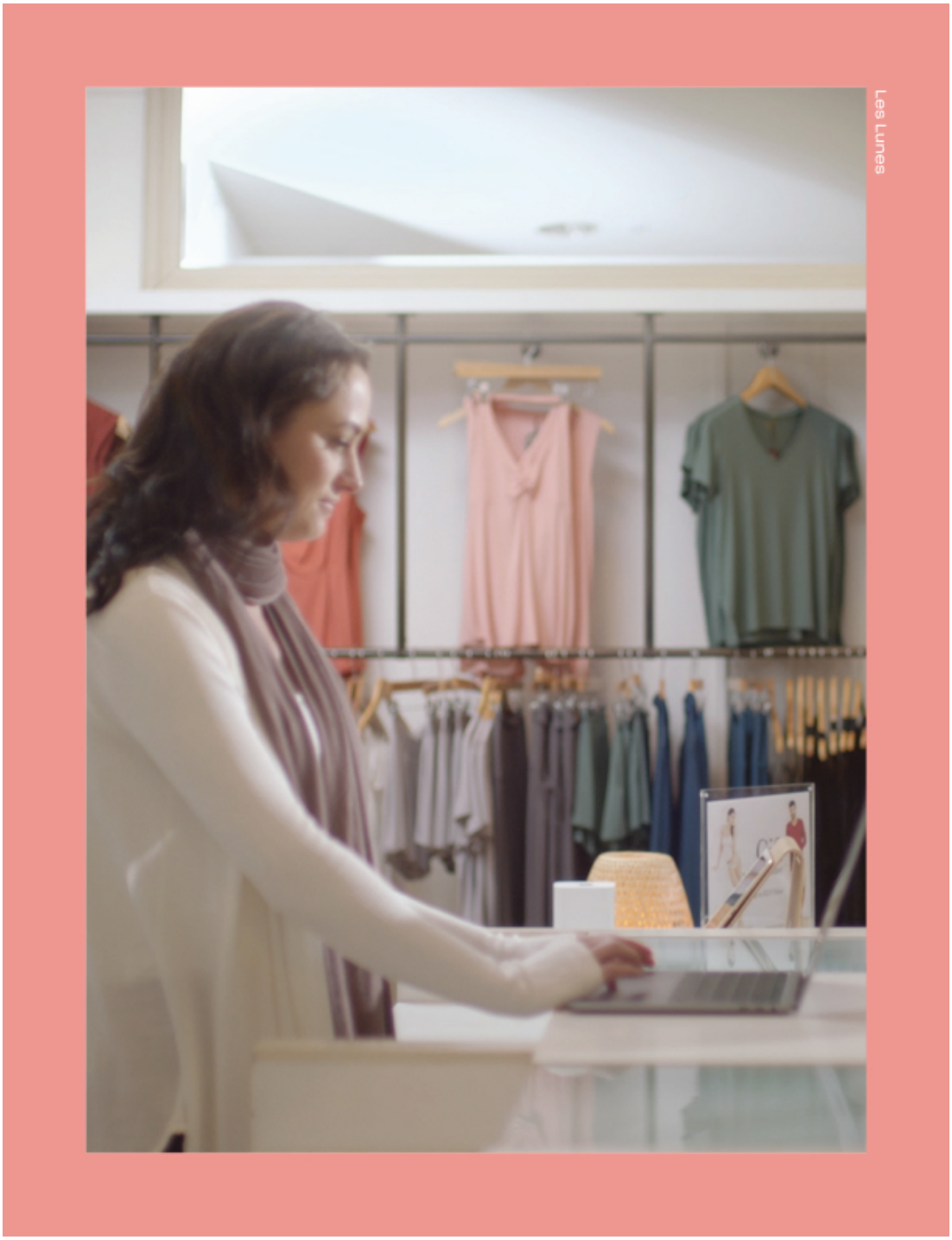

Brandt

Brandt is a large mechanical, electrical, and plumbing contractor that services facilities like schools and hospitals across Texas. Before adopting Dropbox, Brandt's field technicians relied on paperwork, scanners, printers, and fax machines to communicate with their company headquarters and customers. In 2014, Brandt purchased 120 Dropbox Business licenses and deployed them on tablets for technicians on job sites to update forms and work orders in shared Dropbox folders. Brandt also integrated its own digital signature app with Dropbox to make the process even easier. Signed forms save automatically to the appropriate Dropbox shared folder, which notifies the approving supervisor.

Brandt has since expanded its deployment to 250 Dropbox Business licenses, and estimates that each field technician saves up to one hour per service call on document processing. With 120 technicians each completing two service calls per day on average, Brandt calculates savings of $400,000 per year—or more than three times the annual cost of the company's Dropbox Business subscription.

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"Our technicians are more efficient, our customers are getting what they need more quickly, and we are delivering to the bottom line in ways that were unforeseeable when we began this process."

Jim Stagg
Vice President of Service
Brandt


Brandt

Maple Hill Creamery

Maple Hill Creamery is the pioneer in organic 100% grass-fed dairy products with top-selling items in stores across the U.S. As the company grew to include 150 organic dairy farms across the state of New York, and remote teams across the country, they needed a more sustainable and centralized way to share information than email and personal Dropbox accounts. In 2015, Maple Hill upgraded to Dropbox Business—a decision they now describe as "priceless."

By creating shared folders with each of their team members and departments, Maple Hill manages contracts, organic certificates, and other key documents without having to track down email attachments. Salespeople use shared folders to access product summaries, distributor profiles, and other marketing assets. With Dropbox badge, employees keep tabs on milk flow as production from 150 farms is updated to reflect expected volumes in Excel spreadsheets. By making it easy to coordinate with distributors and eliminating the need to maintain file servers, Dropbox has helped Maple Hill keep IT costs low as they've expanded into the dairy aisles of more than 6,000 stores.

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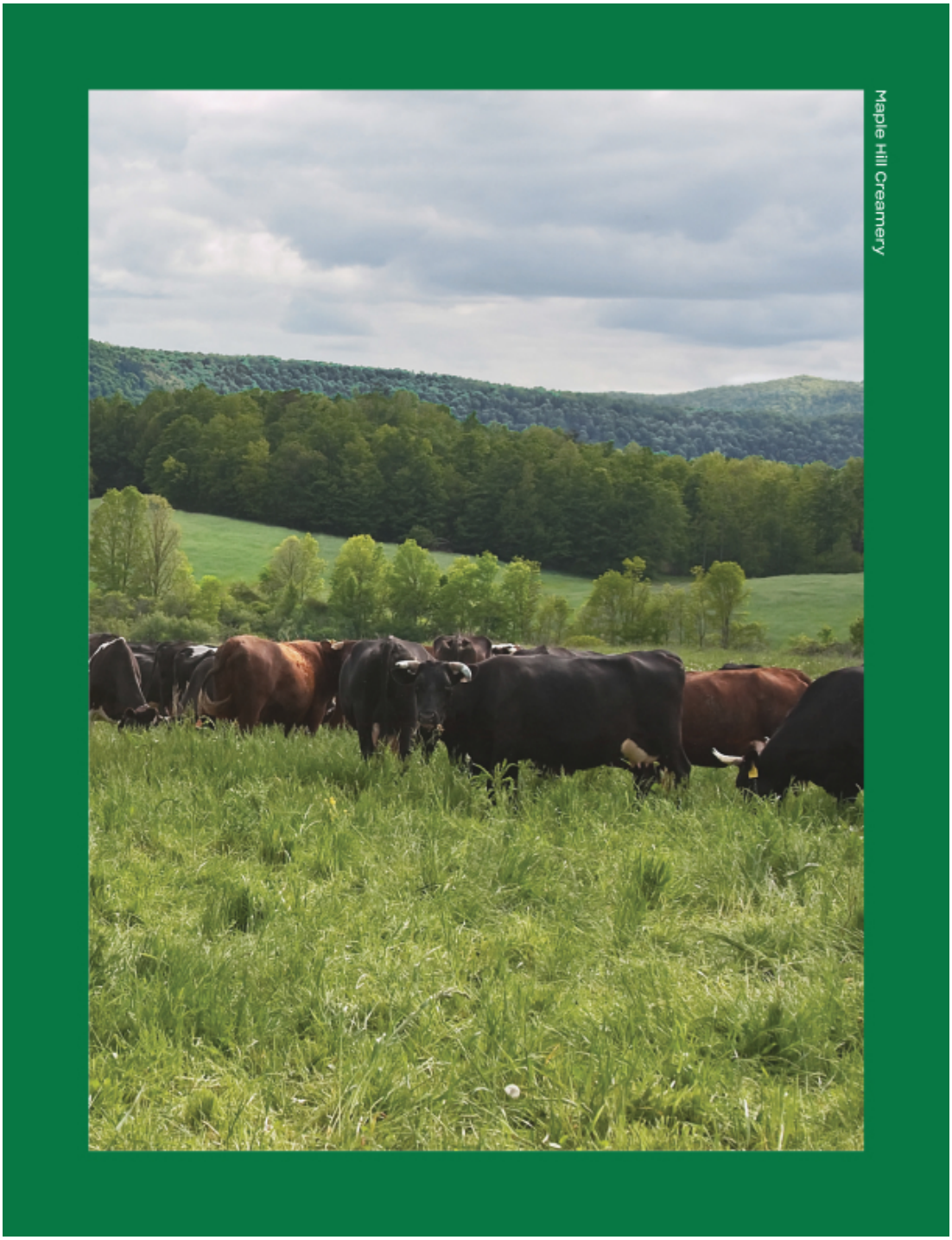
"We're able to do things you could do in the past only with a full-fledged IT department. So Dropbox keeps us very small and nimble."

Tim Joseph
Founder


Maple Hill Creamery

Our Sales and Marketing Approach

As users share content and collaborate on our platform, they introduce and invite new users, driving viral growth. We generate 90% of our revenue from self-serve channels, which reduces customer acquisition costs.

We've developed an efficient marketing function that's focused on building brand awareness and reinforcing our self-serve model. Our goal is to rapidly demonstrate the value of our platform to our users in order to convert them to paying users and upgrade them to our premium offerings. We reach them through in-product prompts and notifications, time-limited trials of paid subscription plans, email, and lifecycle marketing. In the third quarter of 2017, over 400 million devices—including computers, phones, and tablets—were actively connected to the Dropbox platform, representing a large number of touchpoints to communicate with our users.

We complement our self-serve strategy with a focused outbound sales effort targeted at organizations with existing organic adoption of Dropbox. Once prospects are identified, our sales team works to broaden adoption of our platform into wider-scale deployments. We also acquire some users through paid marketing and distribution partnerships in which hardware manufacturers pre-install our software on their devices.

Our Technology Infrastructure and Operations

Our users trust us with their most important content, and we focus on providing them with a secure and easy-to-use platform. More than 90% of our users' data is stored on our own custom-built infrastructure, which has been designed from the ground up to be reliable and secure, and to provide annual data durability of at least 99.999999999%. We have datacenter co-location facilities in California, Texas, and Virginia.

We also utilize Amazon Web Services, or AWS, for the remainder of our users' storage needs and to help deliver our services. These AWS datacenters are located in the United States and Europe, which allows us to localize where content is stored. Our technology infrastructure, combined with select use of AWS resources, provides us with a distributed and scalable architecture on a global scale.

We designed our platform with multiple layers of redundancy to guard against data loss and deliver high availability. Incremental backups are performed hourly and full backups are performed daily. In addition, as a default, redundant copies of content are stored independently in at least two separate geographic regions and replicated reliably within each region.

Our Research and Development Approach

We invest substantial resources in research and development to enhance our platform, develop new products and features, and improve our infrastructure.

Our research and development organization consists of world-class engineering, product, and design teams. As of September 30, 2017, we had more than 840 professionals across these teams, representing approximately 45% of our full-time employees. They have a diverse set of skills and industry experience, including expertise in massively distributed systems and user-centric application engineering.

Our engineering, product, and design teams work together to bring our products to life, from conception and validation to implementation. We continually improve our existing products, update them to work with the latest platforms and technologies, and launch new and innovative products and features.

Our Values

Since our founding, we've focused on building a culture of innovation and teamwork. As our company grew, we developed five core values that are critical to our success. Our values are a compass and part of everyday life for Dropboxers. Each one guides how we treat each other and our users.

- ***Be worthy of trust***

  Take care of each other and our users, and keep their best interests at heart. Millions of people and businesses trust us to safeguard their most important information. We strive to be as transparent as possible with them and each other.

- ***Sweat the details***

  Obsess over quality and strive to master your craft. We believe that truly insightful solutions emerge from a deep understanding of problems and a dedication to iteration. We push ourselves (and each other) to get to the root of problems, and we don't accept sloppy solutions or band-aids.

- ***Aim higher***

  Set audacious goals. We believe in taking risks and being willing to disrupt ourselves, so we don't squander an opportunity to build something much bigger. With the density of incredible talent at Dropbox and the size of the opportunity in front of us, we owe it to each other to push limits.

- ***We, not I***

  We're a village, and as members, we each need to do our part for the village to thrive. We tackle a never-ending stream of people, product, and business challenges, many of which are far too hard to be solved by a single person or team. We believe in people really knowing each other and in putting the welfare of the company and our users before ourselves.

- 

  Surprise and delight each other and our users. Cupcake is about adding an authentic, human touch to everything we do. But more than that, it's about finding creative ways to make our users (and each other) smile—whether it's our quirky illustrations, or bringing a roving ice cream cart to the office to celebrate a product launch. We believe that the magic we create together as Dropboxers translates into magic for our users.

Our Employees

As of September 30, 2017, we had 1,864 full-time employees. We also engage contractors and consultants. None of our employees are represented by a labor union. We have not experienced any work stoppages, and we believe that our employee relations are strong.

Our Commitment to Security and Privacy

Trust is the foundation of our relationship with our users, and we take significant measures every day to protect their privacy and security.

Security

Our sophisticated infrastructure is designed to protect our users' content while it is transferred, stored, and processed. We offer multiple layers of protection, including secure file data transfer, encryption, network configuration, and application-level controls. For Dropbox Business teams, our tools also empower

administrators with control and visibility features that allow them to customize our platform to their organizations' needs. Our information security policies and management framework are designed to build a culture of security, and we continually assess risks and improve the security, confidentiality, integrity, and availability of our systems.

We voluntarily engage third-party security auditors to test our systems and controls at least annually against the most widely recognized security standards and regulations. Our Dropbox Trust Program consists of key infrastructure processes such as change management, access control, security management, and human resource management. Our program also serves as an Information Security Management System, or ISMS, as prescribed by the International Organization for Standardization, or ISO, and the International Electrotechnical Commission 27001:2013 international information security standard. It also qualifies as a Business Continuity Management System, or BCMS, as prescribed by the ISO 22301:2012 international business continuity standard.

The ISO has developed a series of standards for information security and related areas. We've received the following ISO certifications:

- ISO 27001 (Information Security Management)
- ISO 27017 (Cloud Security)
- ISO 27018 (Cloud Privacy and Data Protection)
- ISO 22301 (Business Continuity Management)

We've also completed a SOC 1, SOC 2, and SOC 3 examination. Service Organization Controls, or SOC, are standards established by the American Institute of Certified Public Accountants for reporting on internal control environments implemented within an organization. Our datacenter facilities and services providers also regularly undergo ISO 27001, SOC 1, and/or SOC 2 audits to verify their security practices. The ISO 27001 security standard specifies the requirements for establishing, implementing, operating, monitoring, reviewing, maintaining, and improving a documented Information Security Management System within the context of the organization's overall business risks. This standard addresses confidentiality, access control, vulnerability, and risk assessment.

In addition, we have CSA STAR Level 1 and Level 2 certifications from the Cloud Security Alliance, or CSA, a security assurance program for cloud services. CSA Security, Trust & Assurance Registry, or STAR, is a free, publicly-accessible registry that offers a security assurance program for cloud services, helping users assess the security posture of cloud providers they currently use or are considering contracting with. CSA STAR Level 2 Certification requires a third-party independent assessment of our security controls based on the requirements of ISO 27001 and the CSA Cloud Controls Matrix, or CCM, v.3.0.1, a set of criteria that measures the capability levels of cloud services. The CSA STAR Level 1 Self-Assessment is a rigorous survey based on CSA's Consensus Assessments Initiative Questionnaire, which aligns with the CCM, and provides answers to almost 300 questions a cloud customer or a cloud security auditor may ask. We're also listed in the UK Digital Marketplace for government cloud services procurement under the current framework, known as G-Cloud 9.

Dropbox supports HIPAA and HITECH compliance. We sign business associate agreements with our customers who require them in order to comply with the Health Insurance Portability and Accountability Act, or HIPAA, and the Health Information Technology for Economic and Clinical Health Act, or HITECH. We also offer a HIPAA assessment report performed by an independent third party.

Privacy

We're committed to keeping user data private. Our privacy policy details how users' information is protected and the steps we take to protect it. Dropbox also has terms and guidelines for third-party developers to create applications that connect to Dropbox while respecting user privacy. Dropbox is certified under the EU-U.S. and Swiss-U.S. Privacy Shield and is working towards compliance with the EU General Data Protection Regulation, or GDPR, framework.

We believe in transparency with our users and have adopted guiding principles regarding how we handle requests from government and law enforcement agencies seeking information about our users and their content. These guiding principles are:

- *Be transparent*
  - We believe that online services should be allowed to publish the number and types of government requests they receive, and to notify individuals when information about them has been requested. We'll continue to publish detailed information about these requests and advocate for the right to provide more information.
- *Fight overly broad requests*
  - We believe that government data requests should be limited in the information they seek and narrowly tailored to specific people and legitimate investigations. We'll resist blanket and overly broad requests.
- *Provide trusted services*
  - We believe that governments should never install backdoors into online services or compromise infrastructure to obtain user data. We'll continue to work to protect our systems and to change laws to make it clear that this type of activity is illegal.
- *Protect all users*
  - We believe that laws that give people different protections based on where they live or their citizenship are antiquated and don't reflect the global nature of online services. We're committed to providing the same level of protection to all of our users. That means that we use our guiding principles to scrutinize all the requests we receive, regardless of the origin of the request or user.

Our Competition

The market for content collaboration platforms is competitive and rapidly changing. Certain features of our platform compete in the cloud storage market with products offered by Amazon, Apple, Google, and Microsoft, and in the content collaboration market with products offered by Atlassian, Google, and Microsoft. We compete with Box on a more limited basis in the cloud storage market for deployments by large enterprises. We also compete with smaller private companies that offer point solutions in the cloud storage market or the content collaboration market.

We believe that the principal competitive factors in our markets include the following:

- user-centric design;
- ease of adoption and use;
- scale of user network;
- features and platform experience;
- performance;
- brand;
- security and privacy;
- accessibility across several devices, operating systems, and applications;
- third-party integration;
- customer support;

- continued innovation; and
- pricing.

We believe we compete favorably across these factors and are largely unhindered by legacy constraints. However, some of our competitors may have greater name recognition, longer operating histories, more varied services, the ability to bundle a broader range of products and services, larger marketing budgets, established marketing relationships, access to larger user bases, major distribution agreements with hardware manufacturers and resellers, and greater financial, technical, and other resources.

Intellectual Property

We believe that our intellectual property rights are valuable and important to our business. We rely on patents, patent applications, trademarks, copyrights, trade secrets, know-how license agreements, confidentiality procedures, non-disclosure agreements, employee disclosure and invention assignment agreements, and other contractual rights to establish and protect our proprietary rights. In addition, from time to time we've purchased patents, inbound licenses, trademarks, domain names, and patent applications from third parties.

We have over 550 issued patents and more than 550 pending patent applications in the United States and abroad. These patents and patent applications seek to protect our proprietary inventions relevant to our business. In addition, we have a large number of inbound licenses to key patents in the file collaboration, storage, syncing, and sharing markets.

We have trademark rights in our name, our logo, and other brand indicia, and have trademark registrations for select marks in the United States and many other jurisdictions around the world. We also have registered domain names for websites that we use in our business, such as www.dropbox.com, and similar variations.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged. In addition, the laws of various foreign countries where our products are distributed may not protect our intellectual property rights to the same extent as laws in the United States.

Legal Proceedings

We are currently involved in, and may in the future be involved in, legal proceedings, claims, and government investigations in the ordinary course of business, including legal proceedings with third parties asserting infringement of their intellectual property rights. For example, in April 2015, Synchronoss Technologies, Inc., a public company that provides cloud-based products, filed a patent infringement lawsuit against us in the United States District Court for the District of New Jersey, claiming three counts of patent infringement and seeking injunctive relief. The case was subsequently transferred to the United States District Court for the Northern District of California. We do not currently believe that this matter is likely to have a material adverse impact on our consolidated results of operations, cash flows, or our financial position, and we intend to vigorously defend this lawsuit, and believe we have valid defenses to the claims. However, any litigation is inherently uncertain, and any judgment or injunctive relief entered against us or any adverse settlement could materially and adversely impact our business, results of operations, financial condition, and prospects.

Future litigation may be necessary, among other things, to defend ourselves or our users by determining the scope, enforceability, and validity of third-party proprietary rights or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Our Facilities

Our corporate headquarters is located in San Francisco, California, pursuant to operating leases that expire in 2027. We lease additional offices in San Francisco and around the world, including in Austin, Texas; Dublin, Ireland; London, United Kingdom; New York, New York; Seattle, Washington; Sydney, Australia; and Tokyo, Japan. We have datacenter co-location facilities in California, Texas, and Virginia. We believe that these facilities are generally suitable to meet our needs.

MANAGEMENT

Executive Officers and Directors

The following table provides information regarding our executive officers and directors as of December 31, 2017:

Name	Age	Position
Executive officers:		
Andrew W. Houston	34	Chief Executive Officer, Co-Founder, and Chairman
Arash Ferdowsi	32	Co-Founder and Director
Quentin J. Clark	46	Senior Vice President of Engineering, Product, and Design
Ajay V. Vashee	34	Chief Financial Officer
Bart E. Volkmer	43	General Counsel
Dennis M. Woodside	48	Chief Operating Officer
Non-executive directors:		
Donald W. Blair	59	Director
Paul E. Jacobs	55	Director
Robert J. Mylod, Jr.	51	Director
Condoleezza Rice	63	Director
R. Bryan Schreier	39	Director
Margaret C. Whitman	61	Director

Executive officers

Andrew W. Houston. Mr. Houston is one of our co-founders and has served as a member of our Board of Directors and our Chief Executive Officer since June 2007. Mr. Houston holds a B.S. in Computer Science from the Massachusetts Institute of Technology.

Mr. Houston was selected to serve on our Board of Directors because of the perspective and experience he brings as our Chief Executive Officer and as one of our co-founders.

Arash Ferdowsi. Mr. Ferdowsi is one of our co-founders and has served as a member of our Board of Directors since June 2007. From June 2007 to October 2016, Mr. Ferdowsi served as our Chief Technology Officer. Mr. Ferdowsi attended the Massachusetts Institute of Technology.

Mr. Ferdowsi was selected to serve on our Board of Directors because of the perspective and experience he brings as one of our co-founders.

Quentin J. Clark. Mr. Clark has served as our Senior Vice President of Engineering, Product, and Design since September 2017. From November 2014 to September 2016, Mr. Clark served as Executive Vice President for SAP America, Inc., a developer of business software solutions, as its Chief Business Officer from October 2015 to September 2016, and as its Chief Technology Officer from November 2014 to October 2015. Prior to joining SAP, Mr. Clark served at Microsoft Corporation, a global technology company, and as a Corporate Vice President of enterprise business units since 2011, and held various engineering and product leadership roles at Microsoft since 1994. Mr. Clark holds a B.S. in Physics from the University of Massachusetts Amherst.

Ajay V. Vashee. Mr. Vashee has served as our Chief Financial Officer since September 2016. From February 2015 to September 2016, Mr. Vashee served as our Head of Corporate Development. From April 2012 to February 2015, Mr. Vashee served as our Head of Finance. Mr. Vashee holds a B.A. in Economics-Political Science from Columbia University.

Bart E. Volkmer. Mr. Volkmer has served as our General Counsel since June 2016. From August 2011 to June 2016, Mr. Volkmer served as our Head of Litigation & Regulatory. Mr. Volkmer holds a J.D. from Santa Clara University School of Law and a B.A. in English from Creighton University.

Dennis M. Woodside. Mr. Woodside has served as our Chief Operating Officer since April 2014. From May 2012 to April 2014, Mr. Woodside served as Chief Executive Officer for Motorola Mobility LLC, a consumer electronics and telecommunications company now owned by Lenovo Group Ltd. From March 2009 to September 2011, Mr. Woodside served as President, Americas & Senior Vice President for Google Inc., a global technology company. Mr. Woodside holds a J.D. from Stanford Law School and a B.S. in Industrial Relations from Cornell University.

Non-executive directors

Donald W. Blair. Mr. Blair has served as a member of our Board of Directors since December 2017. From November 1999 to October 2015, Mr. Blair served as Executive Vice President and Chief Financial Officer for NIKE, Inc., or NIKE, a global footwear and apparel company. Prior to joining NIKE, for fifteen years, Mr. Blair served in a number of senior executive-level corporate and operating unit financial assignments for PepsiCo, Inc., or PepsiCo, a food and beverage company, including Chief Financial Officer for PepsiCo Japan (based in Tokyo) and Pepsi-Cola International's Asia Division (based in Hong Kong). Mr. Blair currently serves as a member of the board of directors for Corning Incorporated, a global manufacturing company. Mr. Blair holds an M.B.A. and a B.S. in Economics from the University of Pennsylvania.

Mr. Blair was selected to serve on our Board of Directors because of his extensive financial expertise, and business management and governance experience.

Paul E. Jacobs, Ph.D. Dr. Jacobs has served as a member of our Board of Directors since April 2016. Dr. Jacobs has served as the Executive Chairman for Qualcomm Inc., a semiconductor and telecommunications equipment company, since March 2014 and as the Chairman of its board of directors since March 2009. From July 2005 to March 2017, Dr. Jacobs served as Chief Executive Officer for Qualcomm Inc. Dr. Jacobs also currently serves as a member of the board of directors for a number of private companies. Dr. Jacobs holds a Ph.D. in Electrical Engineering and Computer Science, a M.S. in Electrical Engineering, and a B.S. in Electrical Engineering and Computer Science from the University of California, Berkeley.

Dr. Jacobs was selected to serve on our Board of Directors because of his extensive business, operations, and management experience.

Robert J. Mylod Jr. Mr. Mylod has served as a member of our Board of Directors since September 2014. Mr. Mylod has served as Managing Partner for Annox Capital Management, a venture capital firm that he founded, since January 2013. Mr. Mylod served as Head of Worldwide Strategy & Planning and Vice Chairman for The Priceline Group Inc., an online travel services provider, from January 2009 to March 2011 and as its Chief Financial Officer and Vice Chairman from November 2000 to January 2009. Mr. Mylod currently serves as the Chairman of the board of directors for Redfin Corporation, a real estate company that provides web-based real estate database and brokerage services, and as a member of the board of directors for The Priceline Group, Inc. and a number of private companies. Mr. Mylod holds an M.B.A. from the University of Chicago Booth School of Business and an A.B. in English from the University of Michigan.

Mr. Mylod was selected to serve on our Board of Directors because of his financial expertise and extensive business, operations, and management experience.

Condoleezza Rice, Ph.D. Dr. Rice has served as a member of our Board of Directors since April 2014. Since September 2010, Dr. Rice has served as the Denning Professor of Global Business and the Economy for the Stanford Graduate School of Business. Since March 2009, Dr. Rice has served as a Senior Fellow of Public

Policy for the Hoover Institution, Stanford University, as a Senior Fellow for the Freeman Spogli Institute for International Studies, Stanford University, and as a Professor of Political Science for Stanford University. Dr. Rice has served as a partner at RiceHadleyGates LLC, an international strategic consulting firm that Dr. Rice founded, since November 2009. From January 2005 to January 2009, Dr. Rice served as the Secretary of State of the United States of America. From January 2001 to January 2005, Dr. Rice served as Chief National Security Advisor to President George W. Bush. Beginning in 1981, she served in various roles at Stanford University, including serving as Provost from 1993-1999. Dr. Rice previously served as a member of the board of directors of Charles Schwab Corporation, a bank and brokerage firm, Chevron Corporation, a multinational energy corporation, Transamerica Corporation, a life insurance and investment company, and KiOR, Inc., a renewable fuels company. Dr. Rice currently serves as an advisor for a number of other public companies, and as a member of the board directors for a number of private companies, including C3IoT and Makena Capital Management, LLC. Dr. Rice holds a Ph.D. in Political Science from the University of Denver, an M.A. in Political Science from the University of Notre Dame and a B.A in Political Science from the University of Denver.

Dr. Rice was selected to serve on our Board of Directors because of her deep global expertise and business experience from her prior roles as a director of multiple public companies and her background in policymaking, education, and innovation.

R. Bryan Schreier. Mr. Schreier has served as a member of our Board of Directors since July 2009. Since March 2008, Mr. Schreier has served as a partner at Sequoia Capital, a venture capital firm. Mr. Schreier currently serves as a member of the board of directors for a number of private companies. Mr. Schreier holds a B.A. in Computer Science from Princeton University.

Mr. Schreier was selected to serve on our Board of Directors because of his financial and managerial experience and because he represents our largest stockholder.

Margaret C. Whitman. Ms. Whitman has served as a member of our Board of Directors since September 2017. Since February 2018, Ms. Whitman has served as Chief Executive Officer for NewTV, a mobile media company. From June 2017 to January 2018, Ms. Whitman served as Chief Executive Officer for Hewlett Packard Enterprise Company, or HPE, a multinational enterprise information technology company, and as its President and Chief Executive Officer from November 2015 to June 2017. From July 2014 to November 2015, Ms. Whitman served as President, Chief Executive Officer, and Chairman for Hewlett-Packard Company (now known as HP Inc.), the former parent of Hewlett Packard Enterprise Company, and as its President and Chief Executive Officer from September 2011 to November 2015. Prior to joining HP Inc., Ms. Whitman was the Republican Party's nominee for the 2010 gubernatorial race in California. From March 2011 to September 2011, Ms. Whitman served as a part-time strategic advisor to Kleiner Perkins Caufield & Byers, a private equity firm. From 1998 to 2008, Ms. Whitman served as President and Chief Executive Officer of eBay Inc., an online marketplace and payments company. Ms. Whitman also currently serves as a member of the board of directors for The Procter & Gamble Company, a consumer goods company, Hewlett Packard Enterprise Company, and DXC Technology Company, an information technology and consulting services company. Ms. Whitman previously served as a member of the board of directors for HP Inc. and for a number of private companies. Ms. Whitman holds an M.B.A from Harvard Business School and an A.B. in Economics from Princeton University.

Ms. Whitman was selected to serve on our Board of Directors because of her extensive leadership, strategy, risk management, and consumer industry experience.

Code of Business Conduct and Ethics

Our Board of Directors has adopted a code of business conduct and ethics that applies to all of our employees, officers, and directors, including our Chief Executive Officer, Chief Financial Officer, and other executive and senior financial officers. The full text of our code of business conduct and ethics will be posted on

the investor relations page on our website. We intend to disclose any amendments to our code of business conduct and ethics, or waivers of its requirements, on our website or in filings under the Exchange Act.

Board of Directors

Our business and affairs are managed under the direction of our Board of Directors. Our Board of Directors consists of eight directors, of whom qualify as "independent" under the listing standards of the . Pursuant to our current certificate of incorporation and amended and restated voting agreement, our current directors were elected as follows:

- Messrs. Ferdowsi, Houston, Blair, Jacobs, and Mylod and Mses. Rice and Whitman were elected as the designees nominated by holders of our common stock, excluding the common stock issued upon conversion of our convertible preferred stock; and
- Mr. Schreier was elected as the preferred stock designee nominated by entities affiliated with Sequoia Capital.

Our amended and restated voting agreement will terminate and the provisions of our current certificate of incorporation by which our directors were elected will be amended and restated in connection with this offering. After this offering, the number of directors will be fixed by our Board of Directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws that will become effective immediately prior to the completion of this offering. Each of our current directors will continue to serve as a director until the election and qualification of his or her successor, or until his or her earlier death, resignation or removal.

Classified Board of Directors

We intend to adopt an amended and restated certificate of incorporation that will become effective immediately prior to the completion of this offering. Our amended and restated certificate of incorporation will provide that, immediately after the completion of this offering, our Board of Directors will be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our current directors will be divided among the three classes as follows:

- the Class I directors will be , , and , and their terms will expire at the annual meeting of stockholders to be held in 2019;
- the Class II directors will be , , and , and their terms will expire at the annual meeting of stockholders to be held in 2020; and
- the Class III directors will be , , and , and their terms will expire at the annual meeting of stockholders to be held in 2021.

Each director's term will continue until the election and qualification of his or her successor, or his or her earlier death, resignation, or removal. Any increase or decrease 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 our directors.

This classification of our Board of Directors may have the effect of delaying or preventing changes in control of our company.

Director Independence

Our Board of Directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our Board of Directors

has determined that , , and do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the listing standards of the . 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 capital stock by each non-employee director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Lead Independent Director

Our Board of Directors intends to adopt corporate governance guidelines that will provide that one of our independent directors should serve as our Lead Independent Director at any time when our Chief Executive Officer serves as the Chairman of our Board of Directors or if the Chairman is not otherwise independent. Because Andrew W. Houston is our Chairman and is not an "independent" director as defined in the listing standards of , our Board of Directors has appointed to serve as our Lead Independent Director. As Lead Independent Director, will preside over periodic meetings of our independent directors, serve as a liaison between our Chairman and our independent directors, and perform such additional duties as our Board of Directors may otherwise determine and delegate.

Committees of the Board of Directors

Our Board of Directors has established an audit committee, a compensation committee, and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our Board of Directors is described below. Members will serve on these committees until their resignation or until as otherwise determined by our Board of Directors.

Audit committee

Following the completion of this offering, our audit committee will consist of , , and , with serving as Chairperson, each of whom will meet the requirements for independence under the listing standards of the and SEC rules and regulations. Each member of our audit committee also meets the financial literacy and sophistication requirements of the listing standards of the . In addition, our Board of Directors has determined that is an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act. Following the completion of this offering, our audit committee will be responsible for, among other things:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent registered public accounting firm, our interim and year-end operating results;
- reviewing our financial statements and our critical accounting policies and estimates;
- reviewing the adequacy and effectiveness of our internal controls;
- developing procedures for employees to submit concerns anonymously about questionable accounting, internal accounting controls, or audit matters;
- reviewing our policies on risk assessment and risk management;

- reviewing related party transactions; and
- pre-approving all audit and all permissible non-audit services, other than de minimis 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 rules and regulations of the SEC and the listing standards of the .

Compensation committee

Following the completion of this offering, our compensation committee will consist of , , and , with serving as Chairperson, each of whom will meet the requirements for independence under the listing standards of the and SEC rules and regulations. Each member of our compensation committee will also be a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act, or Rule 16b-3. Following the completion of this offering, our compensation committee will be responsible for, among other things:

- reviewing, approving, and determining, or making recommendations to our Board of Directors regarding, the compensation of our executive officers;
- administering our equity compensation plans;
- reviewing, approving, and making recommendations to our Board of Directors regarding incentive compensation and equity compensation plans;
- establishing and reviewing general policies relating to compensation and benefits of our employees; and
- making recommendations regarding non-employee director compensation to our full Board of Directors.

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

Nominating and corporate governance committee

Following the completion of this offering, our nominating and corporate governance committee will consist of , , and , with serving as Chairperson, each of whom will meet the requirements for independence under the listing standards of the and SEC rules and regulations. Following the completion of this offering, our nominating and corporate governance committee will be responsible for, among other things:

- identifying, evaluating, and selecting, or making recommendations to our Board of Directors regarding, nominees for election to our Board of Directors and its committees;
- evaluating the performance of our Board of Directors and of individual directors;
- considering and making recommendations to our Board of Directors regarding the composition of our Board of Directors and its committees;
- reviewing developments in corporate governance practices;
- evaluating the adequacy of our corporate governance practices and reporting;
- approving our committee charters;
- overseeing compliance with our code of business conduct and ethics;
- contributing to succession planning;

- reviewing actual and potential conflicts of interest of our directors and officers other than related party transactions reviewed by our audit committee; and
- developing and making recommendations to our Board of Directors regarding corporate governance guidelines and matters.

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 .

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the Board of Directors or compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our Board of Directors or compensation committee.

Non-Employee Director Compensation

Our employee directors, Messrs. Houston and Ferdowsi, have not received any compensation as directors.

The following table provides information regarding compensation of our non-employee directors for service as directors, for the year ended December 31, 2017. In 2017, we did not pay any compensation to any person who served as a non-employee member of our Board of Directors who is affiliated with our greater than 5% stockholders.

Name	Stock awards($)(1)	Total($)
Donald W. Blair(2)	—	—
Paul E. Jacobs	—	—
Robert J. Mylod, Jr.	—	—
Condoleezza Rice	—	—
Margaret C. Whitman(3)	908,800	908,800
R. Bryan Schreier	—	—

(1) The amounts reported represent the aggregate grant-date fair value of the RSUs awarded to the director in 2017, calculated in accordance with ASC Topic 718. The assumptions used in calculating the grant-date fair value of the RSUs reported in this column are set forth in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Judgments.”

(2) Mr. Blair became a member of our Board of Directors in December 2017.

(3) Ms. Whitman became a member of our Board of Directors in September 2017.

The following table lists all outstanding equity awards held by non-employee directors as of December 31, 2017:

Name	Date of grant	Number of shares underlying unvested stock awards(1)
Donald W. Blair(2)	—	—
Paul E. Jacobs	5/24/16(3)	40,000
Robert J. Mylod, Jr.	10/27/14(4)	36,650
	5/24/16(5)	80,000
Condoleezza Rice	7/29/14(6)	36,650
	5/24/16(7)	80,000
Margaret C. Whitman	9/8/17(8)	80,000
R. Bryan Schreier	—	—

(1) As further described in the footnotes below, the RSUs granted prior to August 1, 2015, which we refer to as two-tier RSUs, will generally vest upon the satisfaction of a service-based vesting condition and the occurrence of the

Performance Vesting Condition. The Performance Vesting Condition occurs on the earlier of (i) an acquisition or change in control of the Company or (ii) the earlier of (a) six months after our initial public offering or (b) March 15 of the year following our initial public offering. Our Board of Directors intends to accelerate the Performance Vesting Condition such that it will occur upon the effectiveness of our registration statement of which this prospectus forms a part.

(2) Mr. Blair became a member of our Board of Directors in December 2017.

(3) 50% of the shares of our Class B common stock underlying the RSUs vested on each of May 1, 2017 and the remainder will vest on May 1, 2018, subject to continued service through such vesting date; provided, however, that as a result of amendments approved by our Board of Directors on September 8, 2017 applicable to all RSUs, or the September 2017 RSU Amendment, the May 1, 2018 vesting date is being accelerated to February 15, 2018.

(4) The service condition was satisfied as to 100% of the shares of Class B common stock underlying the RSUs on September 1, 2016. The Performance Vesting Condition has not been satisfied.

(5) 100% of the shares of our Class B common stock underlying the RSUs vest on September 1, 2018, subject to continued service through such vesting date; provided, however, that as a result of the September 2017 RSU Amendment, the September 1, 2018 vesting date is being accelerated to August 15, 2018.

(6) The service condition was satisfied as to 100% of the shares of Class B common stock underlying the RSUs on May 15, 2016. The Performance Vesting Condition has not been satisfied.

(7) 100% of the shares of our Class B common stock underlying the RSUs vest on May 15, 2018, subject to continued service through such vesting date.

(8) Ms. Whitman became a member of our Board of Directors in September 2017. 50% of the shares of our Class B common stock underlying the RSUs vest on each of August 15, 2018 and August 15, 2019, subject to continued service through each such vesting date.

Prior to this offering, we did not have a formal policy with respect to compensation payable to our non-employee directors for service as directors. From time to time, we have granted equity awards to certain non-employee directors to entice them to join our Board of Directors and for their continued service on our Board of Directors. We also have reimbursed our directors for expenses associated with attending meetings of our Board of Directors and committees of our Board of Directors. We anticipate adopting a formal compensation policy for our non-employee directors to provide cash and equity compensation to them following the completion of this offering.

EXECUTIVE COMPENSATION

Summary Compensation Table

Our named executive officers, consisting of our principal executive officer and the next two most highly compensated executive officers, as of December 31, 2017, were:

- Andrew W. Houston, our Chief Executive Officer and co-founder;
- Arash Ferdowsi, our co-founder; and
- Quentin J. Clark, our Senior Vice President of Engineering, Product, and Design.

The amounts below represent the estimated compensation paid to our named executive officers for 2017.

2017 Summary Compensation Table

Name and principal position	Year	Salary($)	Bonus($)	Stock awards($)	Option awards ($)	Non-equity incentive plan compensation ($)(1)	Non-qualified deferred compensation earnings ($)	All other compensation ($)	Total($)
Andrew W. Houston *Chief Executive Officer and Co-Founder*	2017	400,000	—	109,569,500(2)	—	284,700	—	3,000	110,257,200
Arash Ferdowsi *Co-Founder*	2017	400,000	—	46,655,400(2)	—	284,700	—	3,000	47,343,100
Quentin J. Clark(3) *Senior Vice President of Engineering, Product, and Design*	2017	130,513	340,000(4)	34,080,000(5)	—	91,260	—	16,136(6)	34,657,909

(1) The amounts reported represent the estimated amounts payable in 2017 under our 2017 Cash Bonus Plan, as described in greater detail under "—Non-Equity Incentive Plan Compensation." The determination of actual amounts paid for 2017 is not yet complete, and the amounts reported reflect the current estimates only.

(2) The amounts reported represent the aggregate grant-date fair value of restricted stock awards, or RSAs, calculated in accordance with ASC Topic 718. The RSAs are eligible to vest based on the achievement of certain stock price goals measured over a consecutive thirty-day trading period during a performance period. We calculated the grant date fair value based on multiple stock price paths developed through the use of a Monte Carlo simulation. The assumptions used in calculating the grant-date fair value of the RSAs reported in this column are set forth in Note 18, "Subsequent Events (unaudited)" to our consolidated financial statements included elsewhere in this prospectus. See "—Co-Founder Restricted Stock Awards" for additional information.

(3) Mr. Clark joined us in September 2017 and therefore his salary and non-equity incentive plan compensation set forth in the table above were prorated for the portion of 2017 in which he was employed with us.

(4) Amount represents a one-time signing bonus paid in connection with Mr. Clark's hiring in 2017. Mr. Clark must repay the bonus if, before the first anniversary of his employment start date, his employment ends voluntarily or involuntarily under certain specified circumstances.

(5) The amounts reported represent the aggregate grant-date fair value of RSUs calculated in accordance with ASC Topic 718. The assumptions used in calculating the grant-date fair value of the RSUs reported in this column are set forth in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Judgments."

(6) Amount represents matching 401(k) contributions of $3,000 and taxi reimbursements (to and from work) of $13,136.

Non-Equity Incentive Plan Compensation

Each of our named executive officers is eligible to participate in our 2017 Cash Bonus Plan, or the 2017 Bonus Plan, under which he is eligible to receive cash bonus amounts based on our achievements of key company performance metrics.

Under the 2017 Bonus Plan, a cash bonus pool under our 2017 Bonus Plan will be established if we achieve certain corporate financial performance measures based on revenue and free cash flow. Our Board of Directors

retains the discretion to increase or decrease the cash bonus pool under the 2017 Bonus Plan based on our achievements of those corporate financial performance measures in 2017. In addition, the actual bonus amount payable under the 2017 Bonus Plan may be modified based on individual performance for 2017.

Currently, our Board of Directors is reviewing achievements of our corporate financial performance measures and individual performance and determining the bonus amounts for each named executive officer based on his target bonus amount, which is described under "—Executive Employment Agreement." Mr. Clark's amount will be pro-rated based on the length of his service with us in 2017. The actual bonus amounts payable to our named executive officers under the 2017 Bonus Plan will be set forth in the "2017 Summary Compensation Table" above once determined.

Outstanding Equity Awards at 2017 Year-End

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of December 31, 2017.

		Stock awards	
Name	Grant date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested ($)(1)
Andrew W. Houston	12/12/17(2)	15,500,000	—
Arash Ferdowsi	12/12/17(2)	6,600,000	—
Quentin J. Clark	9/8/17(3)	3,000,000	

(1) The market price for our Class A common stock is based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

(2) This award represents RSAs granted to each of Messrs. Houston and Ferdowsi pursuant to a stand-alone restricted stock award agreement. The shares underlying the RSAs are Class A common stock. The RSAs vest over a period of up to ten years upon achievement of service-based, market-based, and liquidity event-related performance vesting conditions. See "—Co-Founder Restricted Stock Awards" for additional information.

(3) This award represents RSUs granted to Mr. Clark pursuant to our 2017 Plan. 25% of the shares of our Class A common stock underlying the RSUs vest on August 15, 2018, and an additional 3/48th of the total number of shares of our Class A common stock underlying the RSUs vests in equal quarterly installments, each subject to continued service through each such vesting date.

Co-Founder Restricted Stock Awards

In December 2017, our Board of Directors approved a grant to our co-founders, Messrs. Houston and Ferdowsi, of RSAs with respect to 22.1 million shares of Class A common stock in the aggregate, or, collectively, the Co-Founder Grants, of which 15.5 million RSAs were granted to Mr. Houston, our co-founder and Chief Executive Officer, and 6.6 million RSAs were granted to Mr. Ferdowsi, our co-founder and Director. The Co-Founder Grants vest upon achievement of certain stock price goals, as described below.

In determining the terms and conditions of these Co-Founder Grants, the Board of Directors considered that neither co-founder had received an equity award since founding the Company and wanted to provide a meaningful incentive to the co-founders to continue to drive the growth of the business following the completion of this offering. The Board of Directors thought it was important for the Co-Founder Grants to not simply vest based on the passage of time while our co-founders provide service to the Company. Rather, the Co-Founder Grants will vest only if the Company achieves certain stock price goals, which if achieved, would allow our other stockholders to benefit tremendously from such increases in our stock price.

The Co-Founder Grants are eligible to vest over the ten-year period following the closing of this offering. The Co-Founder Grants are comprised of nine tranches that are eligible to vest based on the achievement of stock

price goals, or each, a Stock Price Target, measured over a consecutive thirty-day trading period during the performance period as follows:

	Company Stock Price Target*	Shares Eligible to Vest for Mr. Houston	Shares Eligible to Vest for Mr. Ferdowsi
1.	$ 20.00	3,100,000	1,320,000
2.	$ 25.00	1,550,000	660,000
3.	$ 30.00	1,550,000	660,000
4.	$ 35.00	1,550,000	660,000
5.	$ 40.00	1,550,000	660,000
6.	$ 45.00	1,550,000	660,000
7.	$ 50.00	1,550,000	660,000
8.	$ 55.00	1,550,000	660,000
9.	$ 60.00	1,550,000	660,000

Measurement of the Company's stock price for purposes of achievement of the Stock Price Targets will not commence until the later of the expiration of the lock-up period following the completion of this offering, or January 1, 2019. In addition, the Stock Price Targets will be adjusted to reflect any stock splits, stock dividends, combinations, reorganizations, reclassifications, or similar event.

During the first four years of the performance period, no more than 20% of the shares subject to each Co-Founder Grant would be eligible to vest in any calendar year. This ensures that to fully vest in the Co-Founder Grants, that any increase in our stock price must be sustained over a long period of time and not allow any short-term, unsustained increases in our stock price to result in a vesting event for either co-founder.

Further, the co-founders will only vest in the awards if they continue as the Chief Executive Officer or Executive Chairman, with respect to Mr. Houston, and as a member of the senior management team, with respect to Mr. Ferdowsi, or the Executive Service Requirement, at the time a Stock Price Target is achieved. Upon a co-founder's no longer satisfying the Executive Service Requirement, any portion of the Co-Founder Grant for which a Stock Price Target has not been achieved would terminate and be cancelled. By requiring that each continue in a senior executive role with the Company as a condition to vesting, the Board of Directors sought to ensure that each must be providing significant contributions to the Company that drive any future growth that would allow the Co-Founder Grants to vest.

Lastly, the Board of Directors considered the impact these grants would have on the co-founders' voting control of the Company. The Board of Directors determined that it was in the Company's and our stockholders' best interests to issue the Co-Founder Grants because the receipt of the Co-Founder Grants would not materially impact the voting control of the Company, but would still provide the co-founders with meaningful incentives as described above, and thereby align their interests with those of our other stockholders.

In the event of an acquisition of the Company following the closing of this offering, but before the end of the performance period, the Co-Founder Grants may be eligible to vest in additional tranche(s) of shares if the per share deal price in the acquisition causes a Stock Price Target that has not previously been achieved to be satisfied, in which case the tranche(s) of shares corresponding to that Stock Price Target will vest. Additionally, if the acquisition price falls between a Stock Price Target that has been achieved and one that has not, then a portion of that tranche of shares will vest based on a linear interpolation between each of these Stock Price Targets.

Executive Employment Arrangements

Andrew W. Houston

Prior to the completion of this offering, we intend to enter into an employment letter with Andrew W. Houston, our Chief Executive Officer and one of our co-founders. The employment letter is not expected to have

a specific term and will provide that Mr. Houston is an at-will employee. Mr. Houston's current annual base salary is $, and he is eligible for an annual target cash incentive payment equal to % of his annual base salary.

Arash Ferdowsi

Prior to the completion of this offering, we intend to enter into an employment letter with Arash Ferdowsi, one of our co-founders. The employment letter is not expected to have a specific term and will provide that Mr. Ferdowsi is an at-will employee. Mr. Ferdowsi's current annual base salary is $, and he is eligible for an annual target cash incentive payment equal to % of his annual base salary.

Quentin J. Clark

Prior to the completion of this offering, we intend to enter into an employment letter with Quentin J. Clark, our Senior Vice President of Engineering, Product, and Design. The employment letter is not expected to have a specific term and will provide that Mr. Clark is an at-will employee. Mr. Clark's current annual base salary is $, and he is eligible for an annual target cash incentive payment equal to % of his annual base salary.

Potential Payments upon Termination or Change in Control

Prior to the completion of this offering, we anticipate entering into arrangements with our executive officers, including our named executive officers, which provide for payments and benefits on termination or change in control.

Employee Benefits and Stock Plans

2018 Equity Incentive Plan

Prior to the completion of this offering, our Board of Directors intends to adopt, and we expect our stockholders will approve, our 2018 Plan. We expect that our 2018 Plan will be effective on the business day immediately prior to the effective date of our registration statement related to this offering. Our 2018 Plan will provide for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, or Code, to our employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units, and performance shares to our employees, directors, and consultants.

Authorized shares. A total of shares of our Class A common stock will be reserved for issuance pursuant to our 2018 Plan. In addition, the shares reserved for issuance under our 2018 Plan also will include (i) shares that were reserved but unissued under our 2017 Plan as of immediately prior to its termination, plus (ii) shares subject to awards under our 2008 Plan or 2017 Plan (each, a "Prior Plan") that, on or after the termination of the 2017 Plan, expire or terminate and shares previously issued pursuant to our Prior Plans, as applicable, that, on or after the termination of the 2017 Plan, are forfeited or repurchased by us (provided that the maximum number of shares that may be added to our 2018 Plan from the Prior Plans is shares). The number of shares of our Class A common stock available for issuance under our 2018 Plan will also include an annual increase on the first day of each fiscal year beginning on January 1, 2019, equal to the least of:

- shares of our Class A common stock;
- percent (%) of the outstanding shares of our capital stock as of the last day of the immediately preceding fiscal year; or
- such other amount as our Board of Directors may determine.

If an award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an exchange program, or, with respect to restricted stock, restricted stock units, performance units, or

performance shares, is forfeited to or repurchased due to failure to vest, the unpurchased shares (or for awards other than stock options or stock appreciation rights, the forfeited or repurchased shares) will become available for future grant or sale under the 2018 Plan. With respect to stock appreciation rights, only the net shares actually issued will cease to be available under the 2018 Plan and all remaining shares under stock appreciation rights will remain available for future grant or sale under the 2018 Plan. Shares that have actually been issued under the 2018 Plan under any award will not be returned to the 2018 Plan; provided, however, that if shares issued pursuant to awards of restricted stock, restricted stock units, performance shares, or performance units are repurchased or forfeited, such shares will become available for future grant under the 2018 Plan. Shares used to pay the exercise price of an award or satisfy the tax withholding obligations related to an award will become available for future grant or sale under the 2018 Plan. To the extent an award is paid out in cash rather than shares, such cash payment will not result in a reduction in the number of shares available for issuance under the 2018 Plan.

Plan administration. Our Board of Directors or one or more committees appointed by our Board of Directors will administer our 2018 Plan. Our compensation committee is expected to administer our 2018 Plan. In addition, if we determine it is desirable to qualify transactions under our 2018 Plan as exempt under Rule 16b-3 of the Exchange Act, such transactions will be structured to satisfy the requirements for exemption under Rule 16b-3. Subject to the provisions of our 2018 Plan, the administrator has the power to administer our 2018 Plan and make all determinations deemed necessary or advisable for administering the 2018 Plan, including but not limited to, the power to determine the fair market value of our Class A common stock, select the service providers to whom awards may be granted, determine the number of shares covered by each award, approve forms of award agreements for use under the 2018 Plan, determine the terms and conditions of awards (including, but not limited to, the exercise price, the times or times at which the awards may be exercised, any vesting acceleration or waiver or forfeiture restrictions, and any restriction or limitation regarding any award or the shares relating thereto), construe and interpret the terms of our 2018 Plan and awards granted under it, to prescribe, amend, and rescind rules relating to our 2018 Plan, including creating sub-plans, and to modify or amend each award, including but not limited to the discretionary authority to extend the post-termination exercisability period of awards (provided that no option or stock appreciation right will be extended past its original maximum term), and to allow a participant to defer the receipt of payment of cash or the delivery of shares that would otherwise be due to such participant under an award. The administrator also has the authority to allow participants the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator and to institute an exchange program by which outstanding awards may be surrendered or cancelled in exchange for awards of the same type which may have a higher or lower exercise price and/or different terms, awards of a different type and/or cash, or by which the exercise price of an outstanding award is increased or reduced. The administrator's decisions, interpretations, and other actions are final and binding on all participants.

Stock options. Stock options may be granted under our 2018 Plan. The exercise price of options granted under our 2018 Plan must at least be equal to the fair market value of our Class A common stock on the date of grant. The term of an option may not exceed ten years. With respect to any participant who owns more than 10% of the voting power of all classes of our outstanding stock, the term of an incentive stock option granted to such participant must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares, or other property acceptable to the administrator, as well as other types of consideration permitted by applicable law. After the termination of service of an employee, director, or consultant, he or she may exercise his or her option for the period of time stated in his or her option agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the option will remain exercisable for three months following the termination of service. An option may not be exercised later than the expiration of its term. Subject to the provisions of our 2018 Plan, the administrator determines the other terms of options.

Stock appreciation rights. Stock appreciation rights may be granted under our 2018 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our Class A common stock between the exercise date and the date of grant. Stock appreciation rights may not have a term exceeding ten years. After the termination of service of an employee, director, or consultant, he or she may exercise his or her stock appreciation right for the period of time stated in his or her stock appreciation rights agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the stock appreciation rights will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the stock appreciation rights will remain exercisable for three months following the termination of service. However, in no event may a stock appreciation right be exercised later than the expiration of its term. Subject to the provisions of our 2018 Plan, the administrator determines the other terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or with shares of our Class A common stock, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

Restricted stock. Restricted stock may be granted under our 2018 Plan. Restricted stock awards are grants of shares of our Class A common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director, or consultant and, subject to the provisions of our 2018 Plan, will determine the terms and conditions of such awards. The administrator may impose whatever conditions to vesting it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us); provided, however, that the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

RSUs. RSUs may be granted under our 2018 Plan. Each RSU represents an amount equal to the fair market value of one share of our Class A common stock. Subject to the provisions of our 2018 Plan, the administrator determines the terms and conditions of RSUs, including the vesting criteria and the form and timing of payment. The administrator may set vesting criteria based upon the achievement of company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the administrator in its discretion. The administrator, in its sole discretion, may pay earned restricted stock units in the form of cash, in shares, or in some combination thereof. Notwithstanding the foregoing, the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed.

Performance units and performance shares. Performance units and performance shares may be granted under our 2018 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish performance objectives or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. The administrator may set performance objectives based on the achievement of company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the administrator in its discretion. After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance criteria or other vesting provisions for such performance units or performance shares. Performance units shall have an initial dollar value established by the administrator on or prior to the grant date. Performance shares shall have an initial value equal to the fair market value of our Class A common stock on the grant date. The administrator, in its sole discretion, may pay earned performance units or performance shares in the form of cash, in shares, or in some combination thereof.

Outside directors. Our 2018 Plan provides that all outside (non-employee) directors will be eligible to receive all types of awards (except for incentive stock options) available for issuance under our 2018 Plan. Prior to the completion of this offering, we intend to implement a formal policy pursuant to which our outside directors will be eligible to receive equity awards under our 2018 Plan. In order to provide a maximum limit on the awards that can be made to our outside directors, our 2018 Plan provides that in any given fiscal year, an outside director will not be granted awards having a grant-date fair value greater than $, but this limit is increased to $ in connection with his or her initial service (in each case, excluding awards granted to him or her as a consultant or employee). The grant-date fair values will be determined according to GAAP. The maximum limits do not reflect the intended size of any potential grants or a commitment to make grants to our outside directors under our 2018 Plan in the future.

Non-transferability of awards. Unless the administrator provides otherwise, our 2018 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime. If the administrator makes an award transferrable, such award will contain such additional terms and conditions as the administrator deems appropriate.

Certain adjustments. In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under our 2018 Plan, the administrator will adjust the number and class of shares that may be delivered under our 2018 Plan and/or the number, class, and price of shares covered by each outstanding award, and the numerical share limits set forth in our 2018 Plan.

Dissolution or liquidation. In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or change in control. Our 2018 Plan provides that in the event of a merger or change in control, as defined under our 2018 Plan, each outstanding award will be treated as the administrator determines, without a requirement to obtain a participant's consent. The administrator is not required to treat all awards, all awards held by a participant, or all awards of the same type, similarly.

In the event that a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period prior to the transaction, unless specifically provided for otherwise under the applicable award agreement or other written agreement with the participant. The award will then terminate upon the expiration of the specified period of time. If an option or stock appreciation right is not assumed or substituted, the administrator will notify the participant in writing or electronically that such option or stock appreciation right will be exercisable for a period of time determined by the administrator in its sole discretion and the option or stock appreciation right will terminate upon the expiration of such period.

If an outside director's awards are assumed or substituted for in a merger or change in control and the service of such outside director is terminated on or following a change in control, other than pursuant to a voluntary resignation, his or her options and stock appreciation rights, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock and restricted stock units will lapse and all performance goals or other vesting requirements for his or her performance shares and units will be deemed achieved at 100% of target levels, and all other terms and conditions met.

Clawback. Awards will be subject to any clawback policy of ours, and the administrator also may specify in an award agreement that the participant's rights, payments, and/or benefits with respect to an award will be subject to reduction, cancellation, forfeiture, and/or recoupment upon the occurrence of certain specified events. Our Board of Directors may require a participant to forfeit, return, or reimburse us all or a portion of the award

and/or shares issued under the award, any amounts paid under the award, and any payments or proceeds paid or provided upon disposition of the shares issued under the award in order to comply with such clawback policy or applicable laws.

Amendment; termination. The administrator has the authority to amend, suspend, or terminate our 2018 Plan provided such action does not impair the existing rights of any participant. Our 2018 Plan automatically will terminate in 2028, unless we terminate it sooner.

2018 Employee Stock Purchase Plan

Prior to the effectiveness of this offering, our Board of Directors intends to adopt, and we expect our stockholders will approve, our Employee Stock Purchase Plan, or the ESPP. Our ESPP will be effective on the business day immediately prior to the effective date of the registration statement of which this prospectus forms a part. However, no offering period or purchase period under the ESPP will begin unless and until determined by our Board of Directors.

Authorized shares. A total of shares of our Class A common stock will be available for sale under our ESPP. The number of shares of our Class A common stock that will be available for sale under our ESPP also includes an annual increase on the first day of each fiscal year beginning on January 1, 2019, equal to the least of:

- shares of our Class A common stock;
- percent (%) of the outstanding shares of our capital stock as of the last day of the immediately preceding fiscal year; or
- such other amount as the administrator may determine.

Plan administration. Our Board of Directors, or a committee appointed by our Board of Directors will administer our ESPP, and have full but non-exclusive authority to interpret the terms of our ESPP and determine eligibility to participate, subject to the conditions of our ESPP, as described below. We expect our compensation committee to administer our ESPP. The administrator will have full and exclusive discretionary authority to construe, interpret, and apply the terms of the ESPP, to delegate ministerial duties to any of our employees, to designate separate offerings under the ESPP, to designate our subsidiaries and affiliates as participating in the ESPP, to determine eligibility, to adjudicate all disputed claims filed under the ESPP and to establish procedures that it deems necessary or advisable for the administration of the ESPP, including, but not limited to, adopting such procedures, sub-plans, and appendices to the enrollment agreement as are necessary or appropriate to permit participation in the ESPP by employees who are foreign nationals or employed outside the U.S. The administrator's findings, decisions, and determinations are final and binding on all participants to the full extent permitted by law.

Eligibility. Generally, all of our employees will be eligible to participate if they are customarily employed by us, or any participating subsidiary, for at least 20 hours per week and more than five months in any calendar year. The administrator, in its discretion, may, prior to an enrollment date for all options granted on such enrollment date in an offering, determine that an employee who (i) has not completed at least two years of service (or a lesser period of time determined by the administrator) since his or her last hire date, (ii) customarily works not more than 20 hours per week (or a lesser period of time determined by the administrator), (iii) customarily works not more than five months per calendar year (or a lesser period of time determined by the administrator), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, and (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to disclosure requirements under Section 16(a) of the Exchange Act, is or is not eligible to participate in such offering period.

However, an employee may not be granted rights to purchase shares of our Class A common stock under our ESPP if such employee:

- immediately after the grant would own capital stock possessing 5% or more of the total combined voting power or value of all classes of our capital stock; or
- hold rights to purchase shares of our Class A common stock under all of our employee stock purchase plans that accrue at a rate that exceeds $25,000 worth of shares of our Class A common stock for each calendar year.

Offering periods; purchase periods. Our ESPP includes a component that allows us to make offerings intended to qualify under Section 423 of the Code and a component that allows us to make offerings not intended to qualify under Section 423 of the Code to designated companies, as described in our ESPP. No offerings have been authorized to date by our Board of Directors under the ESPP. If our Board of Directors authorizes an offering period under the ESPP, our Board of Directors is authorized to establish the duration of offering periods and purchase periods, including the starting and ending dates of offering periods and purchase periods, provided that no offering period may have a duration exceeding 27 months.

Contributions. Our ESPP permits participants to purchase shares of our Class A common stock through contributions (in the form of payroll deductions or otherwise to the extent permitted by the administrator) of up to % of their eligible compensation. A participant may purchase a maximum of shares of our Class A common stock during a purchase period.

Exercise of purchase right. If our Board of Directors authorizes an offering and purchase period under the ESPP, amounts contributed and accumulated by the participant during any offering period will be used to purchase shares of our Class A common stock at the end of each purchase period established by our Board of Directors. The purchase price of the shares will be % of the lower of the fair market value of our Class A common stock on the first trading day of each offering period or on the exercise date. Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares of our Class A common stock. Participation ends automatically upon termination of employment with us.

Non-transferability. A participant may not transfer rights granted under our ESPP. If our compensation committee permits the transfer of rights, it may only be done by will, the laws of descent and distribution, or as otherwise provided under our ESPP.

Merger or change in control. Our ESPP provides that in the event of a merger or change in control, as defined under our ESPP, a successor corporation may assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase right, the offering period then in progress will be shortened, and a new exercise date will be set that will be before the date of the proposed merger or change in control. The administrator will notify each participant that the exercise date has been changed and that the participant's option will be exercised automatically on the new exercise date unless prior to such date the participant has withdrawn from the offering period.

Amendment; termination. The administrator has the authority to amend, suspend, or terminate our ESPP, except that, subject to certain exceptions described in our ESPP, no such action may adversely affect any outstanding rights to purchase shares of our Class A common stock under our ESPP. Our ESPP automatically will terminate in 2038, unless we terminate it sooner.

2017 Equity Incentive Plan

Our Board of Directors and stockholders adopted our 2017 Plan on March 8, 2017. Our 2017 Plan allows for the grant of incentive stock options to our employees, and for the grant of nonqualified stock options and restricted stock awards, RSUs, and stock appreciation rights to employees, officers, directors, and certain of our consultants.

Authorized shares. Our 2017 Plan will be terminated immediately prior to the effectiveness of our 2018 Plan, and accordingly, no shares will be available for issuance under the 2017 Plan following its termination. Our 2017 Plan will continue to govern outstanding awards granted thereunder. As of September 30, 2017, shares of our Class A common stock were reserved for future issuance under our 2017 Plan and RSUs covering 22,883,109 shares of our Class A common stock remained outstanding under our 2017 Plan.

Plan administration. Our Board of Directors or one or more committees appointed by our Board of Directors may administer our 2017 Plan. Our compensation committee currently administers our 2017 Plan. Subject to the provisions of our 2017 Plan, the administrator has the power to construe and interpret our 2017 Plan and any agreement thereunder and to determine the form and terms of awards (including the participants), the number of shares subject to each award, the exercise price (if any), the fair market value of a share of our Class A common stock, if such stock is not publicly-traded, listed, or admitted to trading on a national securities exchange, nor reported in any newspaper or other source, the vesting, exercisability, and payment of awards granted under our 2017 Plan, whether an award has been earned, and whether awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other awards. The administrator may correct, prescribe, amend, expand, modify, rescind, or terminate rules and regulations relating to our 2017 Plan. The administrator may, at any time, authorize the issuance of new awards in exchange for the surrender and cancellation of any or all outstanding awards with the consent of a participant. The administrator may also buy out an award previously granted for cash, shares, or other consideration as the administrator and the participant may agree.

Options. Stock options may be granted under our 2017 Plan. The exercise price per share of all options must equal at least the fair market value per share of our Class A common stock on the date of grant, unless otherwise expressly determined in writing by the administrator on the grant date. The term of an option may not exceed ten years. An incentive stock option granted to a participant who owns more than 10% of the total combined voting power of all classes of our stock on the date of grant, or any parent or subsidiary corporations, may not have a term in excess of five years and must have an exercise price of at least 110% of the fair market value per share of our common stock on the grant date. The methods of payment of the exercise price of an option include cash (by check) or shares or certain other property or other consideration acceptable to the administrator and otherwise permitted under our 2017 Plan. After a participant's termination of service for reasons other than for death, disability, or cause, the participant generally may exercise his or her options, to the extent vested as of such date of termination, for three months after termination. After a participant's termination of service for death or disability, the option generally will remain exercisable, to the extent vested as of such date of termination, for 12 months after such termination. In no event may an option be exercised later than the expiration of its term. After a participant's termination of service for cause, the option generally will expire on the date of such termination.

Restricted stock. Restricted stock awards may be granted under our 2017 Plan. Restricted stock awards are offers by us to sell to an eligible person shares that are subject to certain specified restrictions, including restrictions on transferability and forfeiture provisions. Restricted stock awards will be entitled to receive all dividends or other distributions paid with respect to such shares, unless the administrator provides otherwise at the time of the award.

RSUs. RSUs may be granted under our 2017 Plan. RSUs are awards covering a number of shares that may be settled in cash, or by issue of those shares at a date in the future. No purchase price shall apply to an RSU settled in shares. The administrator may permit an RSU holder to defer payment under an RSU to a date or dates after the RSU is earned subject to certain restrictions set forth in our 2017 Plan. The administrator may permit holders of RSUs to receive dividend equivalent payments on outstanding RSUs if and when dividends are paid to stockholders in accordance with the terms of our 2017 Plan.

Stock appreciation rights. Stock appreciation rights may be granted under our 2017 Plan. Stock appreciation rights allow the participant to receive the appreciation in the fair market value of Class A common stock between the exercise date and the date of grant. Subject to the provisions of our 2017 Plan, the administrator determines

the terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or shares. The per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right must equal at least the fair market value per share of our Class A common stock on the date of grant. The term of a stock appreciation right may not exceed 10 years from the date the stock appreciation right is signed. The administrator will determine the period of time after a participant's termination of service during which the participant may exercise his or her stock appreciation right, subject to the same terms and conditions as applicable to options as described above.

Transferability or assignability of awards. Our 2017 Plan generally does not allow for the transfer or assignment of awards, other than by will or by the laws of descent and distribution and, with respect to nonqualified options, by instrument to an inter vivos or testamentary trust in which the options are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift to "family member," and awards under our 2017 Plan may not be made subject to execution, attachment, or similar process. An award under our 2017 Plan generally is only exercisable by the participant or the participant's legal representative during the participant's lifetime.

Certain adjustments. In the event of certain changes in our capitalization, the administrator will proportionally adjust the number of shares that may be delivered under our 2017 Plan and/or the number and price of shares covered by each outstanding award subject to any required action by our Board of Directors or stockholders.

Dissolution or liquidation. In the event of our proposed liquidation or dissolution, our Board of Directors may terminate any and all outstanding awards followed by the payment of creditors and the distribution of any remaining funds to the our stockholders.

Acquisition or other combination. If we are subject to an acquisition, consolidation, or merger, or similar conversion event, outstanding awards under our 2017 Plan shall be subject to the agreement evidencing such transaction. The agreement may provide for the continuation, assumption, or substitution of outstanding awards by us (if we are the surviving corporation) or the successor or acquiring entity (if any), or the full or partial exercisability or vesting and accelerated expiration of awards, or the settlement of the full value of outstanding awards in cash, cash equivalents, or securities of the successor or its parent followed by the cancellation of such awards. If an outstanding award is not continued, assumed, or substituted, the award will terminate and cease to be outstanding immediately following the occurrence of the applicable transaction.

Amendment; termination. Our Board of Directors may terminate or amend our 2017 Plan at any time, provided that such amendment does not impair the rights under outstanding options without the participant's written consent. As noted above, prior to the adoption of our 2018 Plan in connection with this offering, our 2017 Plan will be terminated and no further awards will be granted thereunder. All outstanding awards will continue to be governed by their existing terms.

2008 Equity Incentive Plan, As Amended

Our Board of Directors and stockholders adopted our 2008 Plan in January 2008. Our 2008 Plan was most recently amended in November 2016. Our 2008 Plan was terminated in connection with our adoption of our 2017 Plan. As of September 30, 2017, options to purchase 7,484,830 shares of our Class B common stock remained outstanding under our 2008 Plan at a weighted-average exercise price of approximately $7.03 per share and RSUs covering 61,577,921 shares of our Class B common stock remained outstanding under our 2008 Plan. Awards granted under the 2008 Plan generally are subject to terms similar to those described above with respect to options and RSUs granted under the 2017 Plan. Our 2008 Plan provides that if there is (i) a dissolution or liquidation of the Company, (ii) any reorganization, consolidation, merger, or similar transaction or series of related transactions resulting in a significant change in our voting securities as described in our 2008 Plan, or (iii) a sale of all or substantially all of our assets followed by the distribution of the proceeds to our stockholders,

any or all outstanding awards may be assumed, converted, replaced, or substituted by the successor or acquiring corporation (if any). If a successor or acquiring corporation refuses to assume, convert, replace, or substitute awards, vesting of awards will accelerate and options will become exercisable in full prior to the consummation of event on such terms as determined by the administrator, and all options that are not exercised prior to the consummation of the transaction and all other awards will terminate. Our 2008 Plan generally does not allow for the transfer or assignment of awards, other than by will or by the laws of descent and distribution and, with respect to nonqualified options, by instrument to an inter vivos or testamentary trust in which the options are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift to "immediate family," and awards may not be made subject to execution, attachment, or similar process. An award is only exercisable by the participant or the participant's legal representative during the participant's lifetime. Our Board of Directors may amend our 2008 Plan at any time, provided that such amendment does not impair the rights under outstanding awards without the participant's written consent.

Cash Bonus Plan

Our Board of Directors has adopted a cash bonus plan, or our Cash Bonus Plan, that allows us to financially incentivize and reward our employees, including our executive officers, based upon our performance and their individual contributions to our success.

Our Cash Bonus Plan is administered by our Compensation Committee. Our compensation committee has the discretionary authority to interpret and administer our Cash Bonus Plan, including all terms defined therein, and to adopt rules and regulations to implement our Cash Bonus Plan, as it deems necessary. Our Compensation Committee has delegated to our Chief Financial Officer and our Vice President of People the day-to-day implementation and interpretation of our Cash Bonus Plan, including the approval of individual payouts under our Cash Bonus Plan to employees other than our executive management team. However, approval of our Compensation Committee is required for any material amendments to our Cash Bonus Plan, approval of the aggregate payout under our Cash Bonus Plan, and approval of individual payouts under the Plan to the executive management team.

Unless otherwise determined by our Compensation Committee, all of our employees, including our named executive officers, who (i) are employed by us before November 1 of the applicable calendar year and (ii) not covered by any other performance bonus, commission, or incentive plan, are eligible to participate in our Cash Bonus Plan. Participation in our Cash Bonus Plan is effective on the later of January 1 or the applicable subsequent calendar year or the day (prior to November 1) that the eligible employee commences as a full-time/part-time regular employee of ours.

Our Cash Bonus Plan features annual performance periods. For each performance period, our Compensation Committee, in its sole discretion, will establish a bonus pool, which may be established before, during or after the applicable performance period. Our Compensation Committee may, in its sole discretion and at any time, increase, reduce, or eliminate the amount allocated to the bonus pool. Actual awards will be paid from the bonus pool subject to the terms and conditions set forth in our Cash Bonus Plan.

Our Compensation Committee will, in its sole discretion, determine the performance goals applicable to any award. The goals may be based on any such factors our Compensation Committee determines relevant, and may be on an individual, divisional, business unit, or company-wide basis. Performance goals may be measured over the period of time determined by our Compensation Committee in its sole discretion. A performance period may be divided into one or more shorter periods if, for example, but not by way of limitation, our Compensation Committee desires to measure some performance criteria over 12 months and other criteria over fewer months. The performance goals may differ from eligible employee to eligible employee and from award to award. Failure to meet the goals will result in a failure to earn the award, except as provided in our Cash Bonus Plan. As determined by our Compensation Committee, the performance goals may be based on GAAP or non-GAAP results and any actual results may be adjusted by our Compensation Committee for one-time items, unbudgeted

or unexpected items, acquisition-related activities, or changes in applicable accounting rules when determining whether the performance goals have been met. Our Compensation Committee retains the sole discretion to make or not make any such equitable adjustments.

An eligible employee's bonus target is the percentage of his or her "eligible earnings" to be paid out at 100% performance achievement, determined by his or her position and communicated at the time of hire or as amended in writing. The bonus may be weighted based on individual performance to measurable objectives and company performance. The bonus can provide for payout above target for performance in excess of the individual performance factors and/or company performance factors. "Eligible earnings" means base salary as of December 31 of the applicable performance period, prorated for hire date and leaves of absence (proration based on the number of days in the performance period, as permitted by applicable law) that occur in the performance period. Eligible earnings exclude Company payments that are in addition to base salary, including, but not limited to, overtime, payments for moving or relocation allowances, or other wages (including but not limited to bonuses or commissions).

Bonuses are earned on the date of payment and not sooner, either in whole or in part. Bonuses will be paid in cash. Bonuses will be paid as soon as practicable after we determine our financial results for the performance period, which generally occurs in the fiscal quarter immediately following the end of the performance period. Achieved bonuses, if any, will be paid before March 15 of such succeeding calendar year. Unless otherwise determined by the plan administrator, an eligible employee must be employed by us through the date the bonus is paid.

We reserve the right, in our sole discretion, to modify or terminate the Cash Bonus Plan in total or in part, at any time. Any such change must be in writing and approved by the compensation committee. However, no modification or termination shall apply retroactively as to cause a forfeiture of an earned bonus.

401(k) plan

We maintain a tax-qualified 401(k) retirement plan for all U.S. employees who satisfy certain eligibility requirements, including requirements relating to age and length of service. Under our 401(k) plan, employees may elect to defer up to all eligible compensation, subject to applicable annual Internal Revenue Code limits. We match a portion of contributions made by our employees, including executives. We intend for our 401(k) plan to qualify under Section 401(a) and 501(a) of the Code so that contributions by employees to our 401(k) plan, and income earned on those contributions, are not taxable to employees until withdrawn from our 401(k) plan.

CERTAIN RELATIONSHIPS, RELATED PARTY TRANSACTIONS, AND OTHER TRANSACTIONS

In addition to the compensation arrangements, including employment, termination of employment, and change in control arrangements, discussed in the sections titled “Management” and “Executive Compensation”, the following is a description of each transaction since January 1, 2015, and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds $120,000; and
- any of our directors, executive officers, or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Amended and Restated Investors’ Rights Agreement

We are party to our Amended and Restated Investors’ Rights Agreement, or IRA, dated as of January 30, 2014, which provides, among other things, that certain holders of our capital stock, including entities affiliated with each of Sequoia Capital, Accel, and T. Rowe Price, be covered by a registration statement that we are otherwise filing. R. Bryan Schreier, a member of our Board of Directors, is affiliated with Sequoia Capital. See the section titled “Description of Capital Stock—Registration Rights” for additional information regarding these registration rights.

Right of First Refusal

Pursuant to certain of our bylaws, equity compensation plans, and certain agreements with our stockholders, including our Amended and Restated Right of First Refusal and Co-Sale Agreement, dated January 30, 2014, we or our assignees have a right to purchase shares of our capital stock which stockholders propose to sell to other parties. This right will terminate immediately prior to the completion of this offering.

Amended and Restated Voting and Drag-Along Agreement

We are party to our Amended and Restated Voting and Drag-Along Agreement, or Voting Agreement, dated as of April 21, 2016, under which certain holders of our capital stock, including entities affiliated with each of Sequoia Capital, Accel, and T. Rowe Price, have agreed to vote their shares of our capital stock on certain matters, including with respect to the election of directors. R. Bryan Schreier, a member of our Board of Directors, is affiliated with Sequoia Capital. Immediately prior to the completion of this offering, the Voting Agreement will terminate and none of our stockholders will have any special rights regarding the election or designation of members of our Board of Directors.

Commercial Arrangement

We previously had a commercial relationship with Hewlett-Packard Company, of which Margaret Whitman served as the Chief Executive Officer from September 2011 to November 2015. During 2015, we made payments of $37.3 million for capital leases and commercial products and services provided by the Hewlett-Packard Company.

We also have a commercial relationship with HPE, of which Margaret Whitman served as Chief Executive Officer from November 2015 to January 2018. These commercial relationships include infrastructure equipment under capital leases, the purchase of commercial products and other services, and a multi-year subscription agreement for access to the Dropbox platform. During 2016, we received payments of $1.0 million for services rendered to HPE. During 2015, 2016, and the first nine months of 2017, we made payments of $10.9 million, $79.7 million, and $63.2 million, respectively, for capital leases and commercial products and services provided by HPE.

Employment Arrangement

Sheila Vashee, who is the wife of Ajay Vashee, our Chief Financial Officer, was employed by us in a non-executive capacity. Her total compensation received in 2015, 2016, and the first nine months of 2017, which is comprised of a base salary and bonus, as applicable, was $234,228, $249,064, and $349,888, respectively, and was in line with similar roles at the Company. Additionally, we granted Ms. Vashee equity awards covering 69,979 shares of our Class B common stock during this time.

Dropbox Charitable Foundation

During 2016, two of our controlling stockholders formed the Dropbox Charitable Foundation, a Delaware non-stock corporation, or the Foundation. The primary purpose of the Foundation is to engage in charitable and educational activities within the meaning of Section 501(c)(3) of the Code. The Foundation is governed by a board of directors, a majority of which are independent. Both stockholders made contributions to the Foundation during 2016, comprised entirely of shares of Dropbox common stock. As of December 31, 2016, we had not made any contributions to the Foundation. We have not consolidated the Foundation in the accompanying consolidated financial statements, as we do not have control of the entity.

During the second quarter of 2017, we incurred $9.4 million of expense for a non-cash charitable contribution, whereby we donated Class B common shares to initially fund the Foundation. Additionally, during the first nine months of 2017, we made cash contributions of $823,978 to the Foundation.

Executive and Director Compensation

We have granted stock options and RSUs to our executive officers and certain of our directors. See the sections titled “Executive Compensation—Outstanding Equity Awards at 2017 Year-End” and “Management—Non-Employee Director Compensation” for a description of these stock options and RSUs.

Other than as described above under this section titled “Certain Relationships and Related Party Transactions,” since January 1, 2015, we have not entered into any transactions, nor are there any currently proposed transactions, between us and a related party where the amount involved exceeds, or would exceed, $120,000, and in which any related person had or will have a direct or indirect material interest. We believe the terms of the transactions described above were comparable to terms we could have obtained in arm’s-length dealings with unrelated third parties.

From time to time, we do business with other companies affiliated with certain holders of our capital stock. We believe that all such arrangements have been entered into in the ordinary course of business and have been conducted on an arm’s-length basis.

Limitation of Liability and Indemnification of Officers and Directors

We expect to adopt an amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

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

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission, or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, we expect to adopt amended and restated bylaws, which will become effective immediately prior to the completion of this offering, and which will provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise. Our amended and restated bylaws are expected to provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust, or other enterprise. Our amended and restated bylaws will also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit, or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our amended and restated certificate of incorporation, amended and restated bylaws, and in indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive 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 executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees, or other agents or is or was serving at our request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our Board of Directors.

The underwriting agreement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in

the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Policies and Procedures for Related Party Transactions

Following the completion of this offering, our audit committee will have the primary responsibility for reviewing and approving or disapproving "related party transactions," which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest. Upon completion of this offering, our policy regarding transactions between us and related persons will provide that a related person is defined as a director, executive officer, nominee for director, or greater than 5% beneficial owner of our common stock, in each case since the beginning of the most recently completed year, and any of their immediate family members. Our audit committee charter that will be in effect upon completion of this offering will provide that our audit committee shall review and approve or disapprove any related party transactions.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our capital stock as of September 30, 2017, and as adjusted to reflect the sale of our common stock offered by us and the selling stockholders in this offering assuming no exercise of the underwriters' option to purchase additional shares of our common stock from us and the selling stockholders, for:

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

We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Securities Act.

We have based our calculation of the percentage of beneficial ownership prior to this offering on 13,892,885 shares of our Class A common stock (including the Capital Stock Conversions) and 538,851,747 shares of our Class B common stock (including the Capital Stock Conversions and the RSU Settlement) outstanding as of September 30, 2017. We have based our calculation of the percentage of beneficial ownership after this offering on shares of our Class A common stock issued by us in our initial public offering and shares of Class A common stock outstanding immediately after the completion of this offering, assuming that the underwriters will not exercise their option to purchase up to an additional shares of our Class A common stock from us and the selling stockholders in full. We have deemed shares of our common stock subject to stock options that are currently exercisable or exercisable within 60 days of September 30, 2017, or issuable pursuant to RSUs which are subject to vesting and settlement conditions expected to occur within 60 days of September 30, 2017, to be outstanding and to be beneficially owned by the person holding the stock option or RSU for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Dropbox, Inc., 333 Brannan Street, San Francisco, California 94107.

Name of beneficial owner	Shares beneficially owned prior to this offering						Shares beneficially owned after this offering					
	Class A shares	%	Class B shares†	%	% of total outstanding	% of total voting power before offering#	Class A shares	%	Class B shares†	%	% of total outstanding	% of total voting power after offering#
Named executive officers and directors:												
Andrew W. Houston(1)	—		127,145,188									
Arash Ferdowsi(2)	—		51,406,082									
Quentin J. Clark	—		—									
Donald W. Blair	—		—									
Paul E. Jacobs(3)	—		299,067									
Robert J. Mylod, Jr.(4)	184,049		—									
Condoleezza Rice	—		—									
R. Bryan Schreier(5)	—		—									
Margaret C. Whitman(6)												
All executive officers and directors as a group (12 persons)(7)	184,049		182,498,973									
Greater than 5% stockholders:												
Entities affiliated with Sequoia Capital(8)	—		130,757,184									
Entities affiliated with Accel(9)	—		28,128,867									
Entities affiliated with T. Rowe Price	9,009,694		10,580,662									
Entities affiliated with Cloud Sky	1,047,054		837,643									
Scottish Mortgage Investment Trust	1,105,000		2,173,913									

† The Class B common stock is convertible at any time by the holder into shares of Class A common stock on a share-for-share basis, such that each holder of Class B common stock beneficially owns an equivalent number of Class A common stock.

Percentage total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. Each holder of Class B common stock shall be entitled to votes per share of Class B common stock and each holder of Class A common stock shall be entitled to one vote per share of Class A common stock on all matters submitted to our stockholders for a vote. The Class A common stock and Class B common stock vote together as a single class on all matters submitted to a vote of our stockholders, except as may otherwise be required by law.

* Represents beneficial ownership of less than one percent (1%) of the outstanding shares of our common stock.

(1) Consists of (i) 13,172,325 shares of Class B common stock held by the Houston Remainder Trust dated 12/30/2010, for which Mr. Houston serves as trustee, (ii) 113,222,113 shares of Class B common stock held by the Andrew W. Houston Revocable Trust dated 9/7/2011, for which Mr. Houston serves as trustee, and (iii) 750,750 shares of Class B common stock held by the Houston 2012 Irrevocable Children's Trust dated 4/12/2012, for which Mr. Houston serves as trustee.

(2) Consists of (i) 4,351,205 shares of Class B common stock held by the Arash Ferdowsi Remainder Trust dated 3/21/2011, for which Mr. Ferdowsi serves as trustee and (ii) 47,054,877 shares of Class B common stock held by the Arash Ferdowsi Revocable Trust dated 4/20/2012, for which Mr. Ferdowsi serves as trustee.

(3) Consists of (i) 259,067 shares of Class B common stock held by the Paul E. Jacobs Trust dated November 7, 2014, for which Mr. Jacobs serves as trustee and (ii) 40,000 shares of Class B common stock held by Mr. Jacobs.

(4) Consists of 184,049 shares of Class B common stock held by Annox Capital, LLC, or Annox, which will convert into an equivalent number of shares of Class A common stock in connection with the Capital Stock Conversion. Mr. Mylod, a member of our Board of Directors, is the managing member of Annox and has sole voting and investment control over the shares held by Annox.

(5) Excludes shares listed in footnote 9 below, which are held by entities affiliated with Sequoia Capital. Mr. Schreier, one of our directors, is a non-managing member of SC XII LLC.

(6) Margaret Whitman was elected to the Board of Directors in September 2017.

(7) Consists of (i) 135,200 shares of Class B common stock subject to options that are immediately exercisable within 60 days of September 30, 2017 and (ii) 369,432 shares of Class B common stock underlying RSUs that will vest within 60 days of September 30, 2017.

(8) Consists of (i) 114,268,720 shares of Class B common stock held by Sequoia Capital XII, L.P., or SC XII, (ii) 12,212,722 shares of Class B common stock held by Sequoia Capital XII Principals Fund, LLC, or SC XII PF, and (iii) 4,275,742 shares of Class B common stock held by Sequoia Technology Partners XII, L.P., or STP XII. SC XII Management, LLC, or SC XII LLC, is the general partner of each of SC XII and STP XII, and the managing member of SC XII PF. As a result, and by virtue of the relationships described in this footnote, SC XII LLC may be deemed to share beneficial ownership of the shares held by SC XII, SC XII PF, and STP XII. The address for these entities is 2800 Sand Hill Road #101, Menlo Park, California 94025.

(9) Consists of (i) 2,453,503 shares of Class B common stock held by Accel Investors 2008 L.L.C., or AI 2008, (ii) 22,159 shares of Class B common stock held by Accel Investors 2010 L.L.C., or AI 2010, (iii) 15,748 shares of Class B common stock held by Accel Investors 2013 L.L.C., or AI 2013, (iv) 148,283 shares of Class B common stock held by Accel XI L.P., or Accel XI, (v) 11,140 shares of Class B common stock held by Accel XI Strategic Partners L.P., or Accel XI Strategic, (vi) 23,683,466 shares of Class B common stock held by Accel X L.P., or Accel X, and (vii) 1,794,568 shares of Class B common stock held by Accel X Strategic Partners L.P., or Accel X Strategic, and together with AI 2008, AI 2010, AI 2013, Accel XI, Accel XI Strategic, and Accel X, the Accel Entities. Accel X Associates L.L.C., or Accel X Associates, is the general partner of Accel X and Accel X Strategic and has the sole voting and investment power. Andrew G. Braccia, Kevin E. Frosy, Sameer K. Gandhi, Ping Li, Tracy L. Sedlock, and Richard P. Wong are the managing members of Accel X Associates, AI 2008, and AI 2010 and share voting and investment powers over such shares. Accel XI Associates L.L.C., or Accel XI Associates, is the general partner of Accel XI and Accel Strategic and has the sole voting and investment power. Andrew G. Braccia, Sameer K. Gandhi, Ping Li, Tracy L. Sedlock, and Richard P. Wong are the managing members of Accel XI Associates and AI 2013 and share voting and investment powers over such shares. The address for these entities and individuals is 428 University Ave., Palo Alto, California 94301.

DESCRIPTION OF CAPITAL STOCK

General

The following description summarizes certain important terms of our capital stock, as they are expected to be in effect immediately prior to the completion of this offering. We expect to adopt an amended and restated certificate of incorporation and amended and restated bylaws that will become effective immediately prior to the completion of this offering, and this description summarizes the provisions that are expected to be included in such documents. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this section titled "Description of Capital Stock," you should refer to our amended and restated certificate of incorporation, amended and restated bylaws and amended and restated investors' rights agreement, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.

Immediately following the completion of this offering, our authorized capital stock will consist of shares of capital stock, $0.00001 par value per share, of which:

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

Assuming the conversion of all outstanding shares of our convertible preferred stock into shares of our Class B common stock, which will occur immediately prior to the completion of this offering, as of September 30, 2017, there were 13,892,885 shares of our Class A common stock outstanding (including the Capital Stock Conversions), held by stockholders of record, and 538,851,747 shares of our Class B common stock outstanding (including the Capital Stock Conversions and the RSU Settlement), held by stockholders of record. Pursuant to our amended and restated certificate of incorporation, our Board of Directors will have the authority, without stockholder approval except as required by the listing standards of , to issue additional shares of our capital stock.

Common Stock

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our Board of Directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our Board of Directors may determine. See the section titled "Dividend Policy" for additional information.

Voting Rights

Holders of our Class B common stock are entitled to votes for each share held and holders of our Class A common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. The holders of our Class A common stock and Class B common stock vote together as a single class, unless otherwise required by law. Delaware law could require either holders of our Class A common stock or our Class B common stock to vote separately as a single class in the following circumstances:

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

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

Stockholders do not have the ability to cumulate votes for the election of directors. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect at the closing of our initial public offering will provide for a classified Board of Directors consisting of three classes of approximately equal size, each serving staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of stockholders, with the directors in the other classes continuing for the remainder of their respective three year terms.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights, and is not subject to conversion, redemption, or sinking fund provisions.

Right to Receive Liquidation Distributions

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

Conversion of Class B Common Stock

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. Following the completion of this offering, shares of Class B common stock will automatically convert into shares of Class A common stock upon sale or transfer (other than with respect to certain estate planning transfers). In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon (i) a date on or after the one year anniversary of the closing of our initial public offering that is specified by affirmative vote of the holders of a majority of the then outstanding shares of Class B common stock, (ii) the date on which the outstanding shares of Class B common stock represent less than five percent of the aggregate number of shares of the then outstanding Class A common stock and Class B common stock, or (iii) the death of both of our co-founders.

Additionally, pursuant to transfer agreements with certain of our stockholders, 3,914,934 shares of our Class B common stock will automatically convert into an equivalent number of shares of Class A common stock immediately prior to the completion of this offering.

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 in this offering will be fully paid and non-assessable.

Preferred Stock

Our Board of Directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. Our Board of

Directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our Board of Directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in control of our company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Options

As of September 30, 2017, we had outstanding options to purchase an aggregate of 7,484,830 shares of our Class B common stock, with a weighted-average exercise price of $7.03 per share, under our equity compensation plans.

RSUs

As of September 30, 2017, we had outstanding 61,577,921 shares of our Class B common stock subject to RSUs under our 2008 Plan and 22,883,109 shares of our Class A common stock subject to RSUs under our 2008 Plan and 2017 Plan. RSUs granted on and after August 1, 2015, which we refer to as one-tier RSUs, generally vest upon the satisfaction of a service-based vesting condition. The service-based vesting condition generally is satisfied over a four-year period. 25% of the one-tier RSUs vest upon completion of one year of service measured from the vesting commencement date, and as to the balance in successive equal quarterly installments, subject to continued service through each such vesting date. Our RSUs granted prior to August 1, 2015, which we refer to as two-tier RSUs, generally vest upon the satisfaction of both a service-based vesting condition and the Performance Vesting Condition occurring before these two-tier RSUs expire. The service-based vesting condition generally is satisfied over a four-year period. 25% of the two-tier RSUs service-based vesting condition is satisfied upon completion of one year of service measured from the vesting commencement date, and the balance generally vests in successive equal monthly installments prior to the occurrence of the Performance Vesting Condition and in successive equal quarterly installments after the occurrence of the Performance Vesting Condition, but, in all cases, subject to continued service through each applicable vesting date. The Performance Vesting Condition occurs on the earlier of (i) an acquisition or change in control of us or (ii) the earlier of (a) six months after our initial public offering or (b) March 15 of the year following our initial public offering. As a result of the September 2017 RSU Amendment, all RSUs were amended to provide that the quarterly dates for satisfying the service-based vesting condition shall be February 15, May 15, August 15, or November 15, each of which we refer to as a New Quarterly Date. This amendment will result in a partial acceleration of any RSUs that were scheduled to satisfy the service-based vesting condition on a date following a New Quarterly Date but before the next New Quarterly Date, such that these RSUs now will satisfy the service-based vesting condition on the first of those New Quarterly Dates. For one-tier RSUs, this amendment will be effective as of February 15, 2018, and for two-tier RSUs, this amendment will be effective as of the satisfaction of the Performance Vesting Condition. In addition, as a result of the September 2017 RSU Amendment, any two-tier RSUs that are scheduled to satisfy the service-based vesting condition on the first day of any month now will satisfy this condition on the 15th day of the prior month until the date that the Performance Vesting Condition is satisfied. Our Board of Directors intends to accelerate the Performance Vesting Condition associated with the two-tier RSUs to occur upon the effectiveness of the registration statement of which this prospectus forms a part. All other significant terms of the two-tier RSUs will remain unchanged.

Registration Rights

After the completion of this offering, certain holders of our Class B common stock will be entitled to rights with respect to the registration of their shares under the Securities Act. These registration rights are contained in our IRA. We and certain holders of our preferred stock are parties to the IRA. Immediately prior to the

completion of this offering, each share of outstanding preferred stock will convert automatically into one share of Class B common stock. The registration rights set forth in the IRA will expire five years following the completion of this offering, or, with respect to any particular stockholder, when such stockholder is able to sell all of its shares on any one day pursuant to Rule 144 of the Securities Act or a similar exemption. We will pay the registration expenses (other than underwriting discounts, selling commissions, and transfer taxes) of the holders of the shares registered pursuant to the registrations described below. 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. We expect that our stockholders will waive their rights under the IRA (i) to notice of this offering and (ii) to include their registrable shares in this offering. In addition, in connection with this offering, we expect that each stockholder that has registration rights will agree not to sell or otherwise dispose of any securities without the prior written consent of the company and the underwriters for a period of 180 days after the date of this prospectus, subject to certain terms and conditions and early release of certain holders in specified circumstances. See the section titled “Shares Eligible for Future Sale—Lock-Up and Market Standoff Agreements” for additional information regarding such restrictions.

Demand Registration Rights

After the completion of this offering, the holders of up to shares of our Class B common stock will be entitled to certain demand registration rights. At any time beginning six months after the effective date of this offering, the holders of at least 40% of these shares then outstanding can request that we register the offer and sale of their shares, or such request must cover securities in which the anticipated aggregate public offering price, before payment of underwriting discounts and commissions, is at least $10,000,000. We are obligated to effect only two such registrations. If we determine that it would be seriously detrimental to us and our stockholders to effect such a demand registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 120 days.

Piggyback Registration Rights

After the completion of this offering, if we propose to register the offer and sale of our Class A common stock under the Securities Act, in connection with the public offering of such Class A common stock, the holders of up to shares of our Class B common stock will be entitled to certain “piggyback” registration rights allowing the holders 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 (1) a registration in which the only Class A common stock being registered is Class A common stock issuable upon conversion of debt securities that are also being registered, (2) a registration related to any employee benefit plan or a corporate reorganization or other transaction covered by Rule 145 promulgated under the Securities Act, or (3) a registration on any registration form which does not permit secondary sales or does not include substantially the same information as would be required to be included in a registration statement covering the public offering of our Class A common stock, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration.

S-3 Registration Rights

After the completion of this offering, the holders of up to shares of our Class B common stock will be entitled to certain Form S-3 registration rights. The holders of at least 40% of these shares then outstanding may make a written request that we register the offer and sale of their shares on a registration statement on Form S-3 if we are eligible to file a registration statement on Form S-3 so long as the request covers securities the anticipated aggregate public offering price of which, before payment of underwriting discounts and commissions, is at least $3,000,000. These stockholders may make an unlimited number of requests for registration on Form S-3; however, we will not be required to effect a registration on Form S-3 if we have effected two such registrations within the 12-month period preceding the date of the request. Additionally, if we determine that it would be seriously detrimental to the Company and our stockholders to effect such a registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 120 days.

Anti-Takeover Provisions

Certain provisions of Delaware law, our amended and restated certificate of incorporation, and our amended and restated bylaws, which are summarized below, may have the effect of delaying, deferring, or discouraging another person from acquiring control of us. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We will be governed by the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- the transaction was approved by the board of directors prior to the time that the stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include mergers, asset sales, and other transactions resulting in financial benefit to a stockholder and an "interested stockholder" as a person who, together with affiliates and associates, owns, or, within three years, did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring, or preventing changes in control of our company.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaw Provisions

Our amended and restated certificate of incorporation and our amended and restated bylaws will include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our Board of Directors or management team, including the following:

Dual class stock. As described above in "—Common Stock—Voting Rights," our amended and restated certificate of incorporation provides for a dual class common stock structure, which will provide our pre-offering investors, which includes our executive officers, employees, directors, and their affiliates, with significant influence over 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.

Issuance of undesignated preferred stock. As discussed above under "—Preferred Stock," our Board of Directors will have the ability to designate and issue preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.

Board of Directors vacancies. Our amended and restated certificate of incorporation and amended and restated bylaws will authorize only our Board of Directors to fill vacant directorships, including newly created

seats. In addition, the number of directors constituting our Board of Directors will be permitted to be set only by a resolution adopted by a majority vote of our entire Board of Directors. These provisions would prevent a stockholder from increasing the size of our Board of Directors and then gaining control of our Board of Directors by filling the resulting vacancies with its own nominees. This will make it more difficult to change the composition of our Board of Directors and will promote continuity of management.

Classified Board of Directors. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that our Board of Directors is classified into three classes of directors. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified Board of Directors. See the section titled "Management—Classified Board of Directors."

Stockholder action; special meeting of stockholders. Our amended and restated certificate of incorporation will provide that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our amended and restated bylaws will further provide that special meetings of our stockholders may be called only by a majority of our Board of Directors, the Chairman of our Board of Directors, or our Chief Executive Officer, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance notice requirements for stockholder proposals and director nominations. Our amended and restated bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws will also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

No cumulative voting. The Delaware General Corporation Law provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

Directors removed only for cause. Our amended and restated certificate of incorporation will provide that stockholders may remove directors only for cause.

Amendment of charter and bylaws provisions. Any amendment of the above provisions in our amended and restated certificate of incorporation and Bylaws would require approval by holders of at least two-thirds of the voting power of our then outstanding capital stock.

Issuance of undesignated preferred stock. Our Board of Directors will have the authority, without further action by our stockholders, to issue up to shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our Board of Directors. The existence of authorized but unissued shares of preferred stock would enable our Board of Directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest, or other means.

Exclusive Forum

Our amended and restated bylaws will provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (3) any action asserting a claim against us or any of our directors or officers arising pursuant to any provision of the Delaware General Corporation Law, or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court's having jurisdiction over indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in our shares of capital stock shall be deemed to have notice of and consented to this provision. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers. Our amended and restated bylaws will also 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.

Transfer Agent and Registrar

Upon completion of this offering, the transfer agent and registrar for our Class A common stock will be . The transfer agent and registrar's address is .

Limitations of Liability and Indemnification

See the section titled "Certain Relationships and Related Party Transactions—Limitation of Liability and Indemnification of Officers and Directors."

Listing

We intend to apply for the listing of our Class A common stock on under the symbol "DBX".

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock, and we cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares of our Class A common stock will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the completion of this offering, based on the number of shares of our capital stock outstanding as of September 30, 2017, we will have a total of shares of our Class A common stock outstanding and shares of our Class B common stock outstanding. Of these outstanding shares, all shares of our Class A common stock sold in this offering will be freely tradable, except that any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the Rule 144 limitations described below.

The remaining outstanding shares of our common stock will be deemed "restricted securities" as defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. As a result of the lock-up and market standoff agreements described below and the provisions of our IRA described under the section titled "Description of Capital Stock—Registration Rights," and subject to the provisions of Rule 144 or Rule 701, shares of our Class A common stock will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all shares of our Class A common stock sold in this offering will be immediately available for sale in the public market; and
- beginning 181 days after the date of this prospectus (subject to the terms of the lock-up and market standoff agreements described below) additional shares will become eligible for sale in the public market, of which shares will be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below.

Lock-Up and Market Standoff Agreements

Our executive officers, directors, and certain other holders of our capital stock and securities convertible into or exchangeable for our capital stock have agreed or will agree that, subject to certain exceptions, for a period of 180 days after the date of this prospectus, or lock-up period, we and they will not, without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our capital stock; provided that if (i) at least 120 days have elapsed since the date of this prospectus, (ii) we have publicly released our earnings results for the quarterly period during which this offering occurred, and (iii) such lock-up period is scheduled to end during or within five trading days prior to a broadly applicable period during which trading in our securities would not be permitted under our insider trading policy, or a blackout period, such lock-up period will end ten trading days prior to the commencement of such blackout period. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC may, in their discretion, release any of the securities subject to these lock-up agreements at any time. In addition, our executive officers, directors, and holders of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us under which they have agreed that, subject to certain exceptions, for a period of 180 days after the date of this prospectus, they will not, without our prior written consent, dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our common stock.

In addition, we will enter into a lock-up agreement with the underwriters under which we will agree not to sell any of our stock for 180 days following the date of this prospectus, subject to certain exceptions including, but not limited to, our issuance of shares of common stock or certain other securities in connection with our acquisition of the securities, business, technology, property, or other assets of another person or entity or pursuant to an employee benefit plan that we assumed in connection with such acquisition, or our joint ventures, commercial relationships and other strategic transactions, provided that the aggregate number of shares of Class A common stock (including with respect to securities to be granted pursuant to any assumed employee benefit plans covered by a registration statement on Form S-8) issued pursuant to this exception will not exceed % of the total number of shares of Class A common stock outstanding immediately following this offering, and provided that each recipient executes and delivers a lock-up agreement with substantially the same restrictions to which our executive officers, directors, and certain other holders of our capital stock and securities convertible into or exchangeable for our capital stock are subject.

Rule 144

In general, Rule 144 provides that once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares of our Class A common stock proposed to be sold for at least six months is entitled to sell those shares without complying with the manner of sale, volume limitation, or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

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

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

Sales of Class A common stock made in reliance upon Rule 144 by our affiliates or persons selling shares of our Class A common stock on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

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

Registration Rights

Pursuant to our IRA, after the completion of this offering, the holders of up to shares of our Class B common stock, or certain transferees, will be entitled to certain rights with respect to the registration of the offer

and sale of those shares, as converted into an equivalent number of shares of our Class A common stock upon such offer and sale, under the Securities Act. See the section titled "Description of Capital Stock—Registration Rights" for a description of these registration rights. If the offer and sale of these shares of our Class A common stock are registered, the shares will be freely tradable without restriction under the Securities Act, subject to the Rule 144 limitations applicable to affiliates, and a large number of shares may be sold into the public market.

Registration Statement

We intend to file a registration statement on Form S-8 under the Securities Act promptly after the completion of this offering to register shares of our common stock subject to RSUs and options outstanding, as well as reserved for future issuance, under our equity compensation plans. The registration statement on Form S-8 is expected to become effective immediately upon filing, and shares of our common stock covered by the registration statement will then become eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates, vesting restrictions, and any applicable market standoff agreements and lock-up agreements. See the section titled "Executive Compensation—Employee Benefit and Stock Plans" for a description of our equity compensation plans.

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 certain non-U.S. holders (as defined below) of the ownership and disposition of our Class A common stock but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, administrative rulings, and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. No ruling from the Internal Revenue Service, or the IRS, has been, or will be, sought with respect to the tax consequences discussed herein, and there can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any position taken by the IRS would not be sustained.

This summary does not address the tax considerations arising under the laws of any non-U.S., state, or local jurisdiction, or under U.S. federal gift and estate tax laws, except to the limited extent set forth below. In addition, this discussion does not address the application of the Medicare contribution tax on net investment income or any tax considerations applicable to a non-U.S. holder's particular circumstances or non-U.S. holders that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions (except to the extent specifically set forth below), regulated investment companies, or real estate investment trusts;
- persons subject to the alternative minimum tax;
- tax-exempt organizations or governmental organizations;
- controlled foreign corporations, passive foreign investment companies, or corporations that accumulate earnings to avoid U.S. federal income tax;
- brokers or dealers in securities or currencies;
- traders in securities or other persons that elect to use a mark-to-market method of accounting for their holdings in our stock;
- U.S. expatriates or certain former citizens or long-term residents of the United States;
- partnerships or entities classified as partnerships for U.S. federal income tax purposes or other pass-through entities (and investors therein);
- persons who hold our Class A common stock as a position in a hedging transaction, "straddle," "conversion transaction," or other risk reduction transaction or integrated investment;
- persons who hold or receive our Class A common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons who do not hold our Class A common stock as a capital asset within the meaning of Section 1221 of the Code;
- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code;
- persons that own, or are deemed to own, more than five percent of our Class A common stock (except to the extent specifically set forth below); or
- persons that own, or are deemed to own, our Class B common stock.

In addition, if a partnership or entity classified as a partnership for U.S. federal income tax purposes holds our Class A common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold our Class A common stock, and partners in such partnerships, should consult their tax advisors.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences of the acquisition, ownership, and disposition of our common stock arising under the U.S. federal estate or gift tax rules, under the laws of any state, local, non-U.S., or other taxing jurisdiction, or under any applicable tax treaty.

Non-U.S. Holder Defined

For purposes of this discussion, you are a non-U.S. holder if you are a holder of our common stock that is not a partnership (or entity or arrangement treated as a partnership for U.S. federal income tax purposes) and is not any of the following:

- an individual who is a citizen or resident of the United States (for U.S. federal income tax purposes);
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof or other entity treated as such for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more "U.S. persons" (within the meaning of Section 7701(a)(3) of the Code) who have the authority to control all substantial decisions of the trust or (y) which has made a valid election to be treated as a U.S. person.

Distributions

As described in the section titled "Dividend Policy," we have never declared or paid cash dividends on our capital stock and do not anticipate paying any dividends on our capital stock in the foreseeable future. However, if we do make distributions on our Class A common stock, those payments will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce your basis in our Class A common stock, but not below zero, and then will be treated as gain from the sale of stock as described below under "—Gain on Disposition of Our Class A Common Stock."

Except as otherwise described below in the discussions of effectively connected income (in the next paragraph), backup withholding and FATCA, any dividend paid to you generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, you must provide us with an IRS Form W-8BEN, IRS Form W-8BEN-E, or other appropriate version of IRS Form W-8, including any required attachments and your taxpayer identification number, certifying qualification for the reduced rate; additionally you will be required to update such Forms and certifications from time to time as required by law. A non-U.S. holder of shares of our Class A common stock eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. 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 paying agent, either directly or through other intermediaries. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under an applicable income tax treaty.

Dividends received by you that are effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a permanent establishment maintained by you in the United States) are generally exempt from such withholding tax. In order to obtain this exemption, you must provide us with an IRS Form W-8ECI or other applicable IRS Form W-8, including any required attachments

and your taxpayer identification number; additionally you will be required to update such forms and certifications from time to time as required by law. Such effectively connected dividends, although not subject to withholding tax, are includable on your U.S. income tax return and generally taxed to you at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. If you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty. You should consult your tax advisor regarding any applicable tax treaties that may provide for different rules.

Gain on Disposition of Our Class A Common Stock

Except as otherwise described below in the discussions of backup withholding and FATCA, you generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our Class A common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment maintained by you in the United States);
- you are a non-resident alien individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs, and other conditions 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 your disposition of, or your holding period for, our Class A common stock, and, in the case where shares of our Class A common stock are regularly traded on an established securities market, you own, or are treated as owning, more than 5% of our Class A common stock at any time during the foregoing period.

Generally, a corporation is a "United States real property holding corporation" if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for United States federal income tax purposes). We believe that we are not currently and will not become a USRPHC for U.S. federal income tax purposes, and the remainder of this discussion assumes this is the case. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our Class A common stock is regularly traded on an established securities market, such Class A common stock will be treated as U.S. real property interests only if you actually or constructively hold more than 5% of such regularly traded Class A common stock at any time during the shorter of the five-year period preceding your disposition of, or your holding period for, our Class A common stock. No assurance can be provided that our Class A common stock will be regularly traded on an established securities market at all times for purposes of the rules described above.

If you are a non-U.S. holder described in the first bullet above, you will generally be required to pay tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates (and a corporate non-U.S. holder described in the first bullet above also may be subject to the branch profits tax at a 30% rate), unless otherwise provided by an applicable income tax treaty. If you are a non-U.S. holder described in the second bullet above, you will generally be required to pay a flat 30% tax (or such lower rate specified by an applicable income tax treaty) on the gain derived from the sale, which gain may be offset by U.S. source capital losses for the year (provided you have timely filed U.S. federal income tax returns with respect to such losses). You should consult your tax advisor with respect to whether any applicable income tax or other treaties may provide for different rules.

Federal Estate Tax

Our Class A common stock beneficially owned by an individual who is not a citizen or resident of the United States (as defined for U.S. federal estate tax purposes) at the time of their death will generally be includable in the decedent's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. A similar report will be sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends or of proceeds on the disposition of stock made to you may be subject to information reporting and backup withholding at a current rate of 28% unless you establish an exemption, for example, by properly certifying your non-U.S. status on an IRS Form W-8BEN, IRS Form W-8BEN-E, or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we our paying agent has actual knowledge, or reason to know, that you are a United States person as defined under the Code.

Backup withholding is not an additional tax; rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

FATCA

The Foreign Account Tax Compliance Act and the rules and regulations promulgated thereunder, or collectively, FATCA, generally impose withholding tax at a rate of 30% on dividends on and gross proceeds from the sale or other disposition of our Class A common stock paid to "foreign financial institutions" (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 the 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 otherwise establishes an exemption. FATCA also generally imposes a U.S. federal withholding tax of 30% on dividends on and gross proceeds from the sale or other disposition of our Class A common stock paid to a "non-financial foreign entities" (as specially defined under these rules) unless such entity provides the withholding agent with a certification identifying certain substantial direct and indirect U.S. owners of the entity, certifies that there are none, or otherwise establishes and certifies to an exemption. The withholding provisions under FATCA generally apply to dividends on our Class A common stock, and under current transition rules, are expected to apply with respect to the gross proceeds from the sale or other disposition of our Class A common stock on or after January 1, 2019. An intergovernmental agreement between the United States and your country of tax residence may modify the requirements described in this paragraph. If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "—Distributions," the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Non-U.S. holders should consult their own tax advisors regarding the possible implications of FATCA on their investment in our Class A common stock.

Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state, and local, and non-U.S. tax consequences of purchasing, holding, and disposing of our common stock, including the consequences of any proposed change in applicable laws.

UNDERWRITING (CONFLICTS OF INTEREST)

We, the selling stockholders 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.

Underwriters	Number of shares
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 and the selling stockholders 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 tables show the per share and total underwriting discounts and commissions to be paid to the underwriters by us and the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by us

	No exercise	Full exercise
Per share	$	$
Total	$	$

Paid by the selling stockholders

	No exercise	Full exercise
Per share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the 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.

Our executive officers, directors, and certain other holders of our capital stock and securities convertible into or exchangeable for our capital stock have agreed or will agree that, subject to certain exceptions, for a period of 180 days after the date of this prospectus, or lock-up period, they will not, without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our capital stock; provided that if (i) at least 120 days

have elapsed since the date of this prospectus, (ii) we have publicly released our earnings results for the quarterly period during which this offering occurred, and (iii) such lock-up period is scheduled to end during or within five trading days prior to a blackout period, such lock-up period will end ten trading days prior to the commencement of such blackout period. In addition, we will enter into a lock-up agreement with the underwriters under which we will agree not to sell any of our stock for 180 days following the date of this prospectus, subject to certain exceptions including, but not limited to, our issuance of shares of common stock or certain other securities in connection with our acquisition of the securities, business, technology, property, or other assets of another person or entity or pursuant to an employee benefit plan that we assumed in connection with such acquisition, or our joint ventures, commercial relationships, and other strategic transactions, provided that the aggregate number of shares of Class A common stock (including with respect to securities to be granted pursuant to any assumed employee benefit plans covered by a registration statement on Form S-8) issued pursuant to this exception will not exceed % of the total number of shares of Class A common stock outstanding immediately following this offering, and provided that each recipient executes and delivers a lock-up agreement with substantially the same restrictions to which our executive officers, directors, and certain holders of our capital stock and securities convertible into or exchangeable for our capital stock are subject. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC may, in their discretion, release any of the securities subject to these lock-up agreements at any time. See “Shares Available for Future Sale” for a discussion of certain transfer restrictions, including market standoff agreements between us and each of our executive officers, directors, and holders of our capital stock and securities convertible into or exchangeable for our capital stock.

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

We intend to file an application to list our Class A common stock on the under the symbol “DBX”.

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

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

We and the selling stockholders estimate that their share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $.

We and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933. In addition, we and the selling stockholders have agreed to reimburse the underwriters for certain expenses in connection with this offering in the amount up to $.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses. In 2014, we entered into a revolving credit agreement with affiliates of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, under which these underwriters and their respective affiliates have been, and may be in the future, paid customary fees. For additional information on our revolving credit facility, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

In September 2011, affiliates of Goldman Sachs & Co. LLC, one of the underwriters, purchased an aggregate of 2,755,799 shares of our Series B Preferred Stock, all of which shares will automatically convert into an aggregate of 2,755,799 shares of Class B common stock in connection with this offering.

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 the issuer (directly, as collateral securing other obligations or otherwise), and/or persons and entities with relationships with the issuer. 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.

Affiliates of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, an underwriter in this offering, will receive at least 5% of the net proceeds of this offering in connection with the repayment of $ that is expected to be outstanding immediately prior to the completion of this offering under our revolving credit facility. See “Use of Proceeds.” Accordingly, this offering is being made in compliance with the requirements of FINRA Rule 5121. This rule requires, among other things, that a “qualified independent underwriter” has participated in the preparation of, and has exercised the usual standards of “due diligence” with respect to, the registration statement. has agreed to act as qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act. will not receive any additional fees for serving as qualified independent underwriter in connection with this offering. We

have agreed to indemnify against liabilities incurred in connection with acting as qualified independent underwriter, including liabilities under the Securities Act. Pursuant to FINRA Rule 5121, Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC will not confirm sales of securities to any account over which it exercises discretionary authority without the prior written approval of the customer.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of shares of Class A common stock which are the subject of the offering contemplated by this prospectus may be made to the public in that Relevant Member State other than:

(a) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive), per Relevant Member State, subject to obtaining the prior consent of the underwriters; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares of our Class A common stock shall result in a requirement for us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any shares of our Class A common stock or to whom any offer is made will be deemed to have represented, warranted, and agreed to and with each of the underwriters and us 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.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares of our Class A 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 the shares of our Class A common stock to be offered so as to enable an investor to decide to purchase or subscribe for the shares of our Class A common stock, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

In the United Kingdom, this prospectus in relation to the shares of Class A common stock described herein is being directed only at persons who are "qualified investors" (as defined in the Prospectus Directive) who are (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 Order 2005, or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it would otherwise be lawful to distribute it, all such persons together being referred to as "Relevant Persons." The shares of Class A common stock described herein are only available to, and any invitation, offer, or agreement to subscribe, purchase, or otherwise acquire such shares of Class A common stock will be engaged in only with, Relevant Persons. This prospectus and its contents are confidential and should not be distributed, published, or reproduced (in whole or in part), or disclosed by any recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this prospectus or its contents.

Canada

The shares of Class A common stock 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 shares of Class A common stock must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares of Class A common stock 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 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 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 of Class A common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of Class A common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong within the meaning of 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 of Class A common stock may not be circulated or distributed, nor may the shares of Class A common stock be offered or sold or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of Class A common stock are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures, and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months

after that corporation or that trust has acquired the shares of Class A common stock under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

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

Switzerland

The shares of Class A common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares of Class A common stock or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, or the shares of Class A common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares of Class A common stock will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of shares of Class A common stock has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the shares of Class A common stock.

Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority, or DFSA. This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Centre, or DIFC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold, directly or indirectly, to the public in the DIFC.

United Arab Emirates

The shares of Class A common stock have not been, and are not being, publicly offered, sold, promoted, or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority, or the Dubai Financial Services Authority.

Australia

This prospectus:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth), or the Corporations Act;
- has not been, and will not be, lodged with the Australian Securities and Investments Commission, or ASIC, as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Corporations Act.

The shares of Class A common stock may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the shares of Class A common stock may be issued, and no draft or definitive offering memorandum, advertisement, or other offering material relating to any shares of Class A common stock may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the shares of Class A common stock, you represent and warrant to us that you are an Exempt Investor.

As any offer of shares of Class A common stock under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the shares of Class A common stock you undertake to us that you will not, for a period of 12 months from the date of issue of the shares of Class A common stock, offer, transfer, assign, or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bermuda

The shares of Class A common stock may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market

Authority, or CMA, pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended, or the CMA Regulations. The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorized financial adviser.

British Virgin Islands

This prospectus has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the shares of Class A common stock for the purposes of the Securities and Investment Business Act, 2010, or SIBA, or the Public Issuers Code of the British Virgin Islands.

The shares of Class A common stock may be offered to persons located in the British Virgin Islands who are "qualified investors" for the purposes of SIBA. Qualified investors include (i) certain entities which are regulated by the Financial Services Commission in the British Virgin Islands, including banks, insurance companies, licensees under SIBA, and public, professional, and private mutual funds; (ii) a company, any securities of which are listed on a recognised exchange; and (iii) persons defined as "professional investors" under SIBA, which is any person (a) whose ordinary business involves, whether for that person's own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property of the Company; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of US$1,000,000 and that he consents to being treated as a professional investor.

China

This prospectus does not constitute a public offer of shares of Class A common stock, whether by sale or subscription, in the People's Republic of China, or the PRC. The shares of Class A common stock are not being offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the shares of Class A common stock or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

Korea

The shares of Class A common stock have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder, or the FSCMA, and the shares of Class A common stock have been and will be offered in Korea as a private placement under the FSCMA. None of the shares of Class A common stock may be offered, sold, or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the FETL. Furthermore, the purchaser of the shares of Class A common stock shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the shares of Class A common stock. By the purchase of the shares of Class A common stock, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the shares of Class A common stock pursuant to the applicable laws and regulations of Korea.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the shares of Class A common stock has been or will be registered with the Securities Commission of Malaysia, or

Commission, for the Commission's approval pursuant to the Capital Markets and Services Act 2007. 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 of Class A common stock may not be circulated or distributed, nor may the shares of Class A common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the shares of Class A common stock, as principal, if the offer is on terms that the shares of Class A common stock may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the shares of Class A common stock is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, or invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Taiwan

The shares of Class A common stock have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued, or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding, or otherwise intermediate the offering and sale of the shares of Class A common stock in Taiwan.

South Africa

Due to restrictions under the securities laws of South Africa, the shares of Class A common stock are not offered, and the offer shall not be transferred, sold, renounced, or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

(i) the offer, transfer, sale, renunciation, or delivery is to:

(a) persons whose ordinary business is to deal in securities, as principal or agent;

(b) the South African Public Investment Corporation;

(c) persons or entities regulated by the Reserve Bank of South Africa;

(d) authorised financial service providers under South African law;

(e) financial institutions recognised as such under South African law;

(f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d), or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or

(g) any combination of the person in (a) to (f); or

(ii) the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No “offer to the public” (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted), or the South African Companies Act) in South Africa is being made in connection with the issue of the shares of Class A common stock. Accordingly, this document does not, nor is it intended to, constitute a “registered prospectus” (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the shares of Class A common stock in South Africa constitutes an offer of the shares of Class A common stock in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from “offers to the public” set out in section 96(1)(a) of the South African Companies Act. Accordingly, this document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act, or such persons being referred to as SA Relevant Persons. Any investment or investment activity to which this document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

LEGAL MATTERS

Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, California, which has acted as our counsel in connection with this offering, will pass upon the validity of the shares of our Class A common stock being offered by this prospectus. The underwriters have been represented by Simpson Thacher & Bartlett LLP, Palo Alto, California.

EXPERTS

The consolidated financial statements of Dropbox, Inc. at December 31, 2015 and 2016, and for each of the two years in the period ended December 31, 2016, appearing in this prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our Class A common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document is not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. 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, proxy statements, and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements, and other information with the SEC. These periodic reports, proxy statements, and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.dropbox.com. Upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

DROPBOX, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Dropbox, Inc.

We have audited the accompanying consolidated balance sheets of Dropbox, Inc. as of December 31, 2015 and 2016, and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dropbox, Inc. at December 31, 2015 and 2016, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

San Francisco, California
October 10, 2017

DROPBOX, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except for par value)

	As of December 31,		As of September 30,	Pro forma stockholders' equity as of September 30,
	2015	2016	2017	2017
			(unaudited)	
Assets				
Current assets:				
Cash and cash equivalents	$ 356.9	$ 352.7	$ 422.7	
Trade and other receivables, net	14.4	13.2	26.2	
Prepaid expenses and other current assets	54.1	47.5	41.4	
Total current assets	425.4	413.4	490.3	
Property and equipment, net	437.6	444.0	345.0	
Intangible assets, net	33.0	24.2	17.5	
Goodwill	96.1	96.0	98.7	
Other assets	18.4	26.6	35.0	
Total assets	$1,010.5	$1,004.2	$ 986.5	
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	$ 17.3	$ 15.5	$ 14.8	
Accrued and other current liabilities	118.2	97.9	123.7	
Accrued compensation and benefits	5.7	41.3	45.5	
Capital lease obligation(1)	123.0	127.6	105.9	
Deferred revenue	266.9	353.0	405.9	
Total current liabilities	531.1	635.3	695.8	
Capital lease obligation, non-current(1)	181.2	129.6	72.7	
Deferred rent, non-current	37.3	47.5	45.3	
Other non-current liabilities	75.3	69.0	63.7	
Total liabilities	824.9	881.4	877.5	
Commitments and contingencies (Note 10)				
Stockholders' equity:				
Convertible preferred stock, $0.00001 par value; 226.8 shares authorized as of December 31, 2015 and 2016 and September 30, 2017 (unaudited); 221.4 shares issued and outstanding as of December 31, 2015 and 2016 and September 30, 2017 (unaudited); no shares authorized, issued and outstanding pro forma (unaudited); liquidation preference of 624.7 as of December 31, 2015 and 2016 and September 30, 2017 (unaudited)	615.3	615.3	615.3	$ —
Common stock $0.00001 par value; 1,500.0 shares authorized; Class A common stock - 800.0 shares authorized; 8.3 shares issued and outstanding as of December 31, 2015 and 2016; 9.6 shares issued and outstanding as of September 30, 2017 (unaudited); 13.9 shares issued and outstanding pro forma (unaudited); Class B common stock - 700.0 shares authorized, 272.8, 272.5 and 283.6 shares issued and outstanding as of December 31, 2015 and 2016 and September 30, 2017 (unaudited), respectively; 538.9 shares issued and outstanding pro forma (unaudited)	—	—	—	—
Additional paid-in capital	297.3	446.0	501.4	1,532.1
Accumulated deficit	(727.3)	(937.5)	(1,012.0)	(1,427.4)
Accumulated other comprehensive income (loss)	0.3	(1.0)	4.3	4.3
Total stockholders' equity	185.6	122.8	109.0	$ 109.0
Total liabilities and stockholders' equity	$1,010.5	$1,004.2	$ 986.5	

(1) Includes amounts attributable to related party transactions. See Note 15 for further details.

See accompanying Notes to Consolidated Financial Statements.

DROPBOX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
			(Unaudited)	
Revenue	$ 603.8	$ 844.8	$ 606.8	$ 801.3
Cost of revenue[1]	407.4	390.6	301.3	277.2
Gross profit	196.4	454.2	305.5	524.1
Operating expenses[1]:				
Research and development	201.6	289.7	215.6	276.3
Sales and marketing	193.1	250.6	186.7	211.1
General and administrative	107.9	107.4	76.5	113.1
Total operating expenses	502.6	647.7	478.8	600.5
Loss from operations	(306.2)	(193.5)	(173.3)	(76.4)
Interest expense, net	(15.2)	(16.4)	(12.7)	(9.4)
Other income (expense), net	(4.2)	4.9	8.3	13.0
Loss before income taxes	(325.6)	(205.0)	(177.7)	(72.8)
Provision for income taxes	(0.3)	(5.2)	(3.4)	(1.2)
Net loss	$ (325.9)	$ (210.2)	$ (181.1)	$ (74.0)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.18)	$ (0.74)	$ (0.64)	$ (0.25)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	276.8	283.7	282.3	293.2
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		$ (0.39)		$ (0.13)
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		535.4		551.2

(1) Includes stock-based compensation as follows:

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
			(Unaudited)	
Cost of revenue	$ 2.6	$ 8.2	$ 5.9	$ 9.3
Research and development	36.1	72.7	52.8	66.4
Sales and marketing	19.8	44.6	37.7	22.9
General and administrative	7.6	22.1	17.2	18.6

See accompanying Notes to Consolidated Financial Statements.

DROPBOX, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions)

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
			(Unaudited)	
Net loss	$(325.9)	$(210.2)	$(181.1)	$(74.0)
Other comprehensive income (loss):				
Change in cumulative foreign currency translation adjustments	0.1	(1.3)	0.1	5.3
Comprehensive loss	$(325.8)	$(211.5)	$(181.0)	$(68.7)

See accompanying Notes to Consolidated Financial Statements.

DROPBOX, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Convertible preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2014	221.4	$ 615.3	281.2	$ —	$ 192.3	$ (399.7)	$ 0.2	$ 408.1
Cumulative-effect adjustment from adoption of Topic 606	—	—	—	—	—	(1.7)	—	(1.7)
Vesting of early exercised stock options	—	—	—	—	2.2	—	—	2.2
Issuance of common stock, options and awards related to acquisitions	—	—	1.1	—	35.2	—	—	35.2
Exercise of stock options and awards	—	—	0.6	—	2.8	—	—	2.8
Repurchase of unvested common stock (related to early exercised stock options)	—	—	(1.8)	—	(1.3)	—	—	(1.3)
Stock-based compensation	—	—	—	—	66.1	—	—	66.1
Other comprehensive income	—	—	—	—	—	—	0.1	0.1
Net loss	—	—	—	—	—	(325.9)	—	(325.9)
Balance at December 31, 2015	221.4	615.3	281.1	—	297.3	(727.3)	0.3	185.6
Vesting of early exercised stock options	—	—	—	—	0.5	—	—	0.5
Issuance of common stock, options and awards related to acquisitions	—	—	0.1	—	0.7	—	—	0.7
Repurchase of unvested common stock (related to early exercised stock options)	—	—	(0.4)	—	(0.1)	—	—	(0.1)
Stock-based compensation	—	—	—	—	147.6	—	—	147.6
Other comprehensive loss	—	—	—	—	—	—	(1.3)	(1.3)
Net loss	—	—	—	—	—	(210.2)	—	(210.2)
Balance at December 31, 2016	221.4	615.3	280.8	—	446.0	(937.5)	(1.0)	122.8
Cumulative-effect adjustment from adoption of ASU 2016-09 (unaudited)	—	—	—	—	0.5	(0.5)	—	—
Release of restricted stock units (unaudited)	—	—	18.5	—	—	—	—	—
Shares repurchased for tax withholdings on release of restricted stock (unaudited)	—	—	(6.8)	—	(72.2)	—	—	(72.2)
Donation of common stock to charitable foundation (unaudited)	—	—	0.9	—	9.4	—	—	9.4
Exercise of stock options and awards (unaudited)	—	—	0.2	—	0.5	—	—	0.5
Repurchase of unvested common stock (related to early exercised stock options) (unaudited)	—	—	(0.4)	—	—	—	—	—
Stock-based compensation (unaudited)	—	—	—	—	117.2	—	—	117.2
Other comprehensive income (unaudited)	—	—	—	—	—	—	5.3	5.3
Net loss (unaudited)	—	—	—	—	—	(74.0)	—	(74.0)
Balance at September 30, 2017 (unaudited)	221.4	$ 615.3	293.2	$ —	$ 501.4	$ (1,012.0)	$ 4.3	$ 109.0

See accompanying Notes to Consolidated Financial Statements.

DROPBOX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
			(Unaudited)	
Cash flow from operating activities				
Net loss	$(325.9)	$(210.2)	(181.1)	$ (74.0)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	149.6	191.6	143.7	138.9
Stock-based compensation	66.1	147.6	113.6	117.2
Amortization of deferred commissions	0.6	3.7	2.4	5.5
Donation of common stock to charitable foundation	—	—	—	9.4
Other	0.8	1.1	(1.9)	(1.8)
Changes in operating assets and liabilities:				
Trade and other receivables, net	(9.9)	1.0	3.4	(11.6)
Prepaid expenses and other current assets	(1.8)	—	8.6	0.6
Other assets	2.5	(7.8)	(10.2)	(4.2)
Accounts payable	9.2	5.5	0.3	(0.1)
Accrued and other current liabilities	21.7	(12.4)	(5.0)	26.0
Accrued compensation and benefits	(9.0)	35.6	28.3	4.2
Deferred revenue	82.0	87.6	70.4	52.5
Non-current liabilities	28.9	9.3	14.2	(3.4)
Net cash provided by operating activities	14.8	252.6	186.7	259.2
Cash flow from investing activities				
Capital expenditures	(78.7)	(115.2)	(111.6)	(12.0)
Purchase of intangible assets	(4.6)	(8.5)	(8.5)	(0.8)
Cash received from equipment rebates	—	3.6	3.6	1.9
Business acquisitions, net of cash acquired	(2.3)	—	—	—
Cash received from sales of equipment	—	2.1	1.8	—
Net cash used in investing activities	(85.6)	(118.0)	(114.7)	(10.9)
Cash flow from financing activities				
Principal payments on capital lease obligations(1)	(101.2)	(137.9)	(103.1)	(102.3)
Principal payments against note payable	—	(3.8)	(2.8)	(2.9)
Principal payments against financing lease obligation	(1.8)	(1.6)	(1.1)	(1.6)
Proceeds from sale-leaseback agreement	—	8.8	8.8	—
Proceeds from issuance of note payable	11.9	—	—	—
Fees paid for revolving credit facility	—	—	—	(2.6)
Shares repurchased for tax withholdings on release of restricted stock	—	—	—	(72.2)
Proceeds from issuance of common stock, net of repurchases	1.5	—	—	0.5
Net cash used in financing activities	(89.6)	(134.5)	(98.2)	(181.1)
Effect of exchange rate changes on cash and cash equivalents	(0.9)	(4.3)	0.4	2.8
Change in cash, cash equivalents, and restricted cash	(161.3)	(4.2)	(25.8)	70.0
Cash, cash equivalents, and restricted cash—beginning of period	518.2	356.9	356.9	352.7
Cash, cash equivalents, and restricted cash—end of period	$ 356.9	$ 352.7	$ 331.1	$ 422.7
Supplemental cash flow data:				
Cash paid during the period for:				
Interest	$ 13.2	$ 14.9	$ 11.4	$ 9.4
Income taxes	$ 0.2	$ 1.5	$ 0.8	$ 3.4
Non-cash investing and financing activities:				
Property and equipment received and accrued in accounts payable and accrued liabilities	$ 23.8	$ 7.6	$ 1.5	$ 4.2
Property and equipment acquired under capital leases	$ 226.3	$ 92.2	$ 90.6	$ 18.4
Fair value of shares issued related to acquisitions of businesses and other assets	$ 35.2	$ 0.7	$ 0.7	$ —

(1) Includes amounts attributable to related party transactions. See Note 15 for further details.

See accompanying Notes to Consolidated Financial Statements.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information as of September 30, 2017, and for the nine months ended September 30, 2016 and 2017, is unaudited)

(Amounts in tables are in millions except per share data, or as otherwise noted)

Note 1. Description of the Business and Summary of Significant Accounting Policies

Business

Dropbox, Inc. (the "Company" or "Dropbox") is a global collaboration platform. Dropbox was incorporated in May 2007 as Evenflow, Inc., a Delaware corporation, and changed its name to Dropbox, Inc. in October 2009. The Company is headquartered in San Francisco, California.

Basis of presentation and consolidation

The accompanying consolidated financial statements have been prepared in accordance with the United States of America generally accepted accounting principles ("GAAP"). The accompanying consolidated financial statements include the accounts of Dropbox and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

On January 1, 2017, the Company adopted the requirements of Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (*Topic 606*) as discussed further in *Recently adopted accounting pronouncements* below ("Topic 606"). Topic 606 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. Topic 606 also includes Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, which requires the deferral of incremental costs of obtaining a contract with a customer. Collectively, references to Topic 606 used herein refer to both Topic 606 and Subtopic 340-40. The Company adopted Topic 606 with retrospective application to the beginning of the earliest period presented.

Unaudited interim financial information

The accompanying interim consolidated balance sheet as of September 30, 2017, the related interim consolidated statements of operations, comprehensive loss, and cash flows for the nine months ended September 30, 2016 and 2017, the consolidated statement of stockholders' equity for the nine months ended September 30, 2017, and the related footnote disclosures, as of and for those periods, are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with GAAP applicable to interim financial statements. The interim consolidated financial statements are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission and do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. In management's opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of September 30, 2017, the Company's consolidated statement of stockholders' equity for the nine months ended September 30, 2017, the Company's consolidated results of operations and cash flows for the nine months ended September 30, 2016 and 2017, and the related footnote disclosures, as of and for those periods. The results for the nine months ended September 30, 2017, are not necessarily indicative of the results expected for the full year.

Unaudited pro forma balance sheet

Subject to the satisfaction of certain conditions, immediately prior to the completion of the Company's initial public offering, all of the 220,965,979 shares of convertible preferred stock will convert into an equivalent

number of shares of Class B common stock. Further, pursuant to transfer agreements with certain of the Company's stockholders, 387,934 shares of the Company's preferred stock and 3,914,934 shares of the Company's Class B common stock will automatically convert into an equivalent numbers of shares of Class A common stock. The unaudited pro forma balance sheet information gives effect to these conversions as of September 30, 2017.

As described in detail in "Stock-Based Compensation" below, the Company has granted restricted stock units ("RSUs") that generally vest upon the satisfaction of a service-based vesting condition, and with respect to RSUs granted prior to August 2015, ("two-tier RSUs"), upon the satisfaction of both a service-based vesting condition and a liquidity event-related performance vesting condition (the "Performance Vesting Condition"). The Performance Vesting Condition is satisfied on the earlier of (i) an acquisition or change in control of the Company or (ii) the earlier of (a) six months after our initial public offering or (b) March 15 of the year following our initial public offering. At the time the Performance Vesting Condition becomes probable, the Company will recognize the cumulative stock-based compensation expense for the two-tier RSUs that have met their service-based vesting condition using the accelerated attribution method. Accordingly, the unaudited pro forma balance sheet information as of September 30, 2017, gives effect to stock-based compensation expense of approximately $415.4 million associated with two-tier RSUs using the accelerated attribution method. This pro forma adjustment related to stock-based compensation expense of approximately $415.4 million has been reflected as an increase to additional paid-in capital and within accumulated deficit. The unaudited pro forma balance sheet also gives effect to the assumed conversion of the two-tier RSUs that had satisfied the service-based vesting condition and the Performance Vesting Condition as of September 30, 2017, and will convert into 38,172,093 shares of Class B common stock. Share repurchases of common stock to satisfy the tax withholding obligation and payroll tax expenses have not been included in these pro forma adjustments.

The shares of common stock issuable and the proceeds expected to be received upon the completion of an initial public offering are excluded from the pro forma balance sheet.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the Company's consolidated financial statements and accompanying notes. These estimates are based on information available as of the date of the consolidated financial statements. On a regular basis, management evaluates these estimates and assumptions. Actual results may differ materially from these estimates.

The Company's most significant estimates and judgments involve recognition of revenue, the measurement of the Company's stock-based compensation, including the estimation of the underlying deemed fair value of common stock, the valuation of acquired intangible assets and goodwill from business combinations.

Financial information about segments and geographic areas

The Company manages its operations and allocates resources as a single operating segment. Further, the Company manages, monitors, and reports its financials as a single reporting segment. The Company's chief operating decision-maker is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, and allocating resources. For information regarding the Company's revenue by geographic area and long-lived assets by geographic area, see Note 16.

Foreign currency transactions

The assets and liabilities of the Company's foreign subsidiaries are translated from their respective functional currencies into U.S. dollars at the rates in effect at the balance sheet date and revenue and expense amounts are translated at the average exchange rate for the period. Foreign currency translation gains and losses are recorded in other comprehensive income (loss).

Gains and losses realized from foreign currency transactions (those transactions denominated in currencies other than the foreign subsidiaries' functional currency) are included in other income (expense), net. Monetary assets and liabilities are remeasured using foreign currency exchange rates at the end of the period, and non-monetary assets are remeasured based on historical exchange rates. The Company recorded $4.6 million and $3.6 million in net foreign currency transaction losses in the years ended December 31, 2015 and 2016, respectively. The Company recorded $2.1 million and $6.9 million in net foreign currency transaction gains in the nine months ended September 30, 2016 and 2017, respectively.

Revenue recognition

The Company adopted the requirements of Topic 606 as of January 1, 2017, utilizing the full retrospective method of transition. The impact of adopting Topic 606 on the Company's revenue is not material to any of the periods presented. The primary impact of adopting Topic 606 relates to the deferral of incremental costs of obtaining customer contracts and the amortization of those costs over a longer period of benefit.

The Company derives its revenue from subscription fees from customers for access to its platform. The Company's policy is to exclude sales and other indirect taxes when measuring the transaction price of its subscription agreements. The Company accounts for revenue contracts with customers by applying the requirements of Topic 606, which includes the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company's subscription agreements generally have monthly or annual contractual terms and a small percentage have multi-year contractual terms. Revenue is recognized ratably over the related contractual term beginning on the date that the platform is made available to a customer. Access to the platform represents a series of distinct services as the Company continually provides access to, and fulfills its obligation to the end customer over the subscription term. The series of distinct services represents a single performance obligation that is satisfied over time. The Company recognizes revenue ratably because the customer receives and consumes the benefits of the platform throughout the contract period. The Company's contracts are generally non-cancelable.

The Company bills in advance for monthly contracts and typically bills annually in advance for contracts with terms of one year or longer. The Company also recognizes an immaterial amount of contract assets, or unbilled receivables, primarily relating to rights to consideration for services completed but not billed at the reporting date. Unbilled receivables are classified as receivables when the Company has the right to invoice the customer.

The Company records contract liabilities when cash payments are received or due in advance of performance to deferred revenue. Deferred revenue primarily relates to the advance consideration received from the customer.

The price of subscriptions is generally fixed at contract inception and therefore, the Company's contracts do not contain a significant amount of variable consideration. As a result, the amount of revenue recognized in the periods presented from performance obligations satisfied (or partially satisfied) in previous periods was not material.

The Company recognized $184.7 million and $266.9 million of revenue during 2015 and 2016, respectively, that was included in the deferred revenue balances at the beginning of the respective periods. Additionally, the

Company recognized $248.8 million and $324.6 million of revenue during the nine months ended September 30, 2016 and 2017, respectively, that was included in the deferred revenue balances at the beginning of the respective periods.

As of September 30, 2017, future estimated revenue related to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period was $442.4 million. The substantial majority of the unsatisfied performance obligations will be satisfied over the next twelve months.

The Company applied the practical expedient in Topic 606 and did not evaluate contracts of one year or less for the existence of a significant financing component. Multi-year contracts were not significant.

Stock-based compensation

The Company has granted RSUs to its employees and members of the Board of Directors under the 2008 Equity Incentive Plan ("2008 Plan") and the 2017 Equity Incentive Plan ("2017 Plan"). The Company had two types of RSUs outstanding as of September 30, 2017:

- One-tier RSUs, which have a service-based vesting condition over a four year period. These awards typically have a cliff vesting period of one year and continue to vest quarterly thereafter. The Company began granting one-tier RSUs under its 2008 Plan in August 2015 and it continues to grant one-tier RSUs under its 2017 Plan. The Company recognizes compensation expense associated with one-tier RSUs ratably on a straight-line basis over the requisite service period.
- Two-tier RSUs, which have both a service-based vesting condition and the Performance Vesting Condition. The service-based vesting period for these awards is typically four years with a cliff vesting period of one year and continue to vest monthly thereafter. Upon satisfaction of the Performance Vesting Condition, these awards will vest quarterly. The Performance Vesting Condition is satisfied on the earlier of (i) an acquisition or change in control of the Company or (ii) the earlier of (a) six months after our initial public offering or (b) March 15 of the year following our initial public offering. Prior to August 2015, the Company granted two-tier RSUs under the 2008 Plan. The last grant date for two-tier RSUs was in May 2015.

As of September 30, 2017, all compensation expense related to two-tier RSUs remained unrecognized because the Performance Vesting Condition was not satisfied. At the time the Performance Vesting Condition becomes probable, the Company will recognize the cumulative stock-based compensation expense for the two-tier RSUs that have met their service-based vesting condition using the accelerated attribution method. If the Performance Vesting Condition had occurred on September 30, 2017, the Company would have recorded $415.4 million of stock-based compensation expense using the accelerated attribution method. As of September 30, 2017, 42.5 million two-tier RSUs were outstanding, of which 38.2 million had met their service condition. The Company expects to recognize approximately $9.4 million of additional stock-based compensation expense related to unvested two-tier RSUs, if the service and performance conditions are met, over the remaining service periods through 2019. See Note 11 for further discussion.

Since August 2015, the Company has granted RSUs as the only stock-based payment awards to its employees and has not granted any stock options since then. The fair values of the common stock underlying the RSUs were determined by the Board of Directors, with input from management and contemporaneous third-party valuations, which were performed at least quarterly.

The Company has outstanding stock options that will continue to vest through 2019. The Company used the Black-Scholes Merton Option ("BSM") pricing model to determine the fair value of stock options granted on the date of grant. This valuation model for stock-based compensation expense requires the Company to make assumptions and judgments about the variables used in the BSM model, including the fair value of its common

stock, expected term, expected volatility, risk-free interest rate, and dividend yield. These judgments are made as follows:

- *Fair value of common stock*. The absence of an active market for the Company's common stock requires it to estimate the fair value of its common stock for purposes of granting stock options, granting RSUs, and for determining stock-based compensation expense for the periods presented. The Company obtained contemporaneous third-party valuations to assist in determining the fair value of its common stock. These contemporaneous third-party valuations used the methodologies, approaches, and assumptions consistent with the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation.*

The Company considered numerous factors in assessing the fair value of its common stock including:

- The results of contemporaneous unrelated third-party valuations of its common stock;
- The rights, preferences, and privileges of its convertible preferred stock relative to those of its common stock;
- Market multiples of comparable public companies in its industry as indicated by their market capitalization and guideline merger and acquisition transactions;
- The Company's performance and market position relative to its competitors, who may change from time to time;
- The Company's historical financial results and estimated trends and prospects for its future performance;
- Valuations published by institutional investors that hold investments in the Company's capital stock;
- The economic and competitive environment;
- The likelihood and timeline of achieving a liquidity event, such as an initial public offering or sale of Dropbox, given prevailing market conditions;
- Any adjustments necessary to recognize a lack of marketability for its common stock; and
- Precedent sales of or offers to purchase its capital stock.

- *Expected term*. The Company determines the expected term based on the average period the stock options are expected to remain outstanding, generally calculated as the midpoint of the stock options' vesting term and contractual expiration period, as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.
- *Expected volatility*. The expected volatility rate is based on an average of the historical volatilities of the common stock of several entities with publicly traded equity securities with characteristics similar to those of Dropbox.
- *Risk-free interest rate*. The risk-free interest rate is based on the U.S. Treasury security in effect at the time of grant for maturities corresponding with the expected term of the option.
- *Expected dividend yield*. The Company has not paid and does not expect to pay dividends. Consequently, the Company uses an expected dividend yield of zero.

The Company did not grant stock options during 2016 or 2017. The fair values of stock options granted to employees in 2015 were calculated using the following assumptions:

	Year ended December 31, 2015
Expected volatility	51% - 57%
Risk-free interest rate	1.4% - 1.9%
Expected term (in years)	6.0 - 6.1
Expected dividend yield	—
Fair value of common stock	$16.16 - $16.82

On January 1, 2017, the Company adopted ASU No. 2016-09: *Improvement to Employee Share-based Payment Accounting (Topic 718)* issued by the Financial Accounting Standards Board, which among other items, provides an accounting policy election to account for forfeitures as they occur, rather than to account for them based on an estimate of expected forfeitures. The Company elected to account for forfeitures as they occur and therefore, stock-based compensation expense for the nine months ended September 30, 2017, has been calculated based on actual forfeitures in the Company's consolidated statements of income, rather than the Company's previous approach which was net of estimated forfeitures. The net cumulative effect of this change as of January 1, 2017, was not material. Stock-based compensation expense for the years ended December 31, 2015 and 2016, were recorded net of estimated forfeitures, which were based on historical forfeitures and adjusted to reflect changes in facts and circumstances, if any.

Cost of revenue

Cost of revenue consists primarily of expenses associated with the storage, delivery, and distribution of the Company's platform for paying users and Basic users. These costs, which are referred to as infrastructure costs, include depreciation of infrastructure in co-location facilities that the Company leases, payments to third-party datacenter service providers, rent and facilities expense for those datacenters, network and bandwidth costs, and support and maintenance costs for infrastructure equipment. Cost of revenue also includes employee-related costs that include salaries, bonuses, benefits, travel related expenses, and stock-based compensation for employees whose primary responsibilities relate to supporting the Company's infrastructure and delivering user support. Other non-employee costs included in cost of revenue include credit card fees related to processing user transactions, allocated overhead such as facilities (including rent, utilities, and depreciation of equipment shared by all departments) and shared information technology costs, amortization of developed technologies, professional fees related to user support initiatives, and property taxes related to datacenters.

Advertising and promotional expense

Advertising and promotional expenses are included in sales and marketing expenses within the consolidated statements of operations and are expensed when incurred. Advertising and promotional expenses were $59.5 million and $46.6 million in the years ended December 31, 2015 and 2016, respectively. Advertising and promotional expenses were $32.4 million and $43.4 million in the nine months ended September 30, 2016 and 2017, respectively.

Cash and cash equivalents

Cash consists primarily of cash on deposit with banks. Cash equivalents include highly liquid investments purchased with an original maturity date of 90 days or less from the date of purchase and primarily consist of money market funds. Cash equivalents also include amounts in transit from payment processors for credit and debit card transactions, which typically settle within five days. Cash and cash equivalents are recorded at cost, which approximates fair value.

Trade and other receivables, net

Trade and other receivables, net consists primarily of trade receivables that are recorded at the invoice amount, net of an allowance for doubtful accounts.

Trade and other receivables, net consisted of the following as of December 31, 2015 and 2016, and September 30, 2017:

	December 31,		September 30,
	2015	2016	2017
			(Unaudited)
Trade accounts receivables	$15.0	$13.1	$ 27.0
Other receivables	0.1	0.1	0.1
Less: Allowance for doubtful accounts	(0.7)	—	(0.9)
Trade and other receivables, net	$14.4	$13.2	$ 26.2

The allowance for doubtful accounts is based on the Company's assessment of the collectability of accounts. The Company regularly reviews the adequacy of the allowance for doubtful accounts by considering the age of each outstanding invoice, the collection history of each customer, and other relevant factors to determine the appropriate amount of the allowance. Accounts receivable deemed uncollectable are charged against the allowance for doubtful accounts when identified.

Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, and accounts receivable. The Company places its cash and cash equivalents with well-established financial institutions. Cash equivalents consist primarily of highly rated money market funds.

Trade accounts receivables are typically unsecured and are derived from revenue earned from customers located around the world. Two customers accounted for 16% and 23% of total trade and other receivables, net as of December 31, 2015. Two customers accounted for 11% and 12% of total trade and other receivables, net as of December 31, 2016. Two customers accounted for 20% and 22% of total trade and other receivables, net as of September 30, 2017. No customer accounted for more than 1% of the Company's revenue in the periods presented.

Non-trade receivables

The Company records non-trade receivables to reflect amounts due for activities outside of its subscription agreements. Historically, the Company's non-trade receivables have related primarily to receivables resulting from tenant improvement allowances. Non-trade receivables totaled $28.6 million, $3.0 million, and $4.6 million, respectively, as of December 31, 2015 and 2016, and September 30, 2017, and are classified within prepaid expenses and other current assets in the accompanying consolidated balance sheets.

Deferred commissions, net

Deferred commissions, net is stated at gross deferred commissions less accumulated amortization. Sales commissions earned by the Company's salesforce and third-party resellers, as well as related payroll taxes, are considered to be incremental and recoverable costs of obtaining a contract with a customer. As a result, these amounts have been capitalized as deferred commissions within prepaid and other current assets and other assets on the consolidated balance sheet. The Company deferred incremental costs of obtaining a contract of $6.5 million and $17.2 million during the years ended December 31, 2015 and 2016, respectively, and $16.0 million during the nine months ended September 30, 2017.

Deferred commissions, net included in prepaid and other current assets were $1.2 million, $3.7 million and $6.7 million as of December 31, 2015 and 2016, and September 30, 2017, respectively. Deferred commissions, net included in other assets were $5.3 million, $16.4 million, and $23.9 million as of December 31, 2015 and 2016, and September 30, 2017, respectively.

Deferred commissions are amortized over a period of benefit of five years. The period of benefit was estimated by considering factors such as historical customer attrition rates, the useful life of the Company's technology, and the impact of competition in its industry. Amortized costs were $0.6 million and $3.7 million for the years ended December 31, 2015 and 2016, respectively, and $2.6 million and $5.5 million for the nine months ended September 30, 2016 and 2017, respectively. Amortized costs are included in sales and marketing expense in the accompanying consolidated statements of operations. There was no impairment loss in relation to the deferred costs for any period presented.

Property and equipment, net

Equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, which is generally three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the initial term of the related lease.

The following table presents the estimated useful lives of property and equipment:

Property and equipment	Useful life
Buildings	20 years
Datacenter and other computer equipment	3 to 5 years
Office equipment and other	3 to 7 years
Leased equipment and leasehold improvements	Lesser of estimated useful life or remaining lease term

Lease obligations

The Company leases office space, datacenters, and equipment under non-cancelable capital and operating leases with various expiration dates through 2027. Certain of the Company's operating lease agreements contain tenant improvement allowances from its landlords. These allowances are accounted for as lease incentive obligations, and are amortized as reductions to rent expense over the lease term. In addition, certain of the operating lease agreements contain rent concession, rent escalation, and options to renew. Rent concession and rent escalation provisions are considered in determining the straight-line rent expense to be recorded over the lease term. The lease term begins on the date of initial possession of the leased property for purposes of recognizing lease expense on a straight-line basis over the term of the lease. The Company does not assume renewals in its determination of the lease term unless the renewals are deemed to be reasonably assured at lease inception.

The Company leases certain equipment from various third parties, including from a related party, through equipment financing leases under capital leases. See Note 15, "Related Party Transactions" for additional details. These leases either include a bargain purchase option, a full transfer of ownership at the completion of the lease term, or the terms of the leases are at least 75 percent of the useful lives of the assets and are therefore classified as a capital leases. These leases are capitalized in property and equipment and the related amortization of assets under capital leases is included in depreciation and amortization expense in the Company's consolidated statements of operations. Initial asset values and lease obligations are based on the present value of future minimum lease payments.

Internal use software

The Company capitalizes certain costs related to developed or modified software solely for its internal use and cloud based applications used to deliver its platform. The Company capitalizes costs during the application

development stage once the preliminary project stage is complete, management authorizes and commits to funding the project, and it is probable that the project will be completed and that the software will be used to perform the function intended. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Capitalized internal use software costs were not material to the Company's consolidated financial statements during the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017.

Business combinations

The Company uses best estimates and assumptions to assign a fair value to the tangible and intangible assets acquired and liabilities assumed in business combinations as of the acquisition date. These estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of operations.

Long-lived assets, including goodwill and other acquired intangible assets, net

The Company evaluates the recoverability of property and equipment and finite-lived intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. The evaluation is performed at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such review determines that the carrying amount of specific property and equipment or intangible assets is not recoverable, the carrying amount of such assets is reduced to its fair value.

The Company reviews goodwill for impairment at least annually in the fourth quarter, or more frequently if events or changes in circumstances would more likely than not reduce the fair value of its single reporting unit below its carrying value.

The Company has not recorded impairment charges on property and equipment, goodwill, or intangible assets for the periods presented in these consolidated financial statements.

Acquired property and equipment and finite-lived intangible assets are amortized over their useful lives. The Company evaluates the estimated remaining useful life of these assets when events or changes in circumstances warrant a revision to the remaining period of amortization. If the Company reduces the estimated useful life assumption for any asset, the remaining unamortized balance is amortized or depreciated over the revised estimated useful life.

Deferred offering costs

Deferred offering costs, which consist of direct incremental legal, accounting, and consulting fees relating to the initial public offering, are capitalized. The deferred offering costs will be offset against initial public offering proceeds upon the consummation of the offering. In the event the offering is terminated, the deferred offering costs will be expensed. As of September 30, 2017, the Company had capitalized approximately $1.3 million of deferred offering costs within other assets on the consolidated balance sheet.

Income taxes

Deferred income tax balances reflect the effects of temporary differences between the financial reporting and tax bases of the Company's assets and liabilities using enacted tax rates expected to apply when taxes are actually paid or recovered. In addition, deferred tax assets are recorded for net operating loss and credit carryforwards.

A valuation allowance is provided against deferred tax assets unless it is more likely than not that they will be realized based on all available positive and negative evidence. Such evidence includes, but is not limited to, recent cumulative earnings or losses, expectations of future taxable income by taxing jurisdiction, and the carry-forward periods available for the utilization of deferred tax assets.

The Company uses a two-step approach to recognizing and measuring uncertain income tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to unrecognized tax benefits as income tax expense. Significant judgment is required to evaluate uncertain tax positions.

Although the Company believes that it has adequately reserved for its uncertain tax positions, it can provide no assurance that the final tax outcome of these matters will not be materially different. The Company evaluates its uncertain tax positions on a regular basis and evaluations are based on a number of factors, including changes in facts and circumstances, changes in tax law, correspondence with tax authorities during the course of an audit, and effective settlement of audit issues.

To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on the Company's financial condition and results of operations.

Fair value measurement

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions, and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Recently issued accounting pronouncements not yet adopted

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes: Intra-Entity Transfers Other than Inventory (Topic 740)*, which requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company does not expect the adoption to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Most prominent among the changes in the standard is the recognition of right of use assets and lease liabilities by lessees for those leases

classified as operating leases under current GAAP. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Company will be required to recognize and measure leases existing at, or entered into after, the beginning of the earliest comparative period presented using a modified retrospective approach, with certain practical expedients available. The new standard is effective for fiscal years beginning after December 15, 2018. Early adoption by public entities is permitted. The Company is in the initial stage of its assessment of the new standard and is currently evaluating the timing of adoption, the quantitative impact of adoption, and the related disclosure requirements. The Company anticipates the adoption of this standard will result in a substantial increase in its non-current assets and liabilities recorded on the consolidated balance sheets. The adoption of the standard is not expected to have a material impact on the consolidated statement of operations. While the Company is assessing all potential impacts of the adoption of the standard, it currently expects the most significant impact to be the capitalization of right-to-use assets and lease liabilities for its office space and datacenter operating leases. The Company expects its accounting for capital leases related to infrastructure equipment to remain substantially unchanged under the new standard.

Recently adopted accounting pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers (Subtopic 340-40).* Topic 606 supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, *Revenue Recognition (Topic 605)*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the considerations to which the entity expects to be entitled to in exchange for those goods or services. Subtopic 340-40 requires the deferral of incremental costs of obtaining a contract with a customer. Collectively, reference to Topic 606 used herein refers to both Topic 606 and Subtopic 340-40.

The Company adopted the requirements of Topic 606 as of January 1, 2017, utilizing the full retrospective method of transition. The adoption of Topic 606 resulted in changes to accounting policies for revenue recognition, trade and other receivables, and deferred commissions.

The impact of adopting Topic 606 on the Company's revenue is not material to any of the periods presented. The primary impact of adopting Topic 606 relates to the deferral of incremental costs of obtaining customer contracts and the amortization of those costs over a longer period of benefit. Under Topic 606, the Company defers all incremental costs to obtain the contract, which primarily include sales commissions and related payroll taxes. The Company amortizes these costs over a period of benefit of five years.

In January 2017, the FASB issued ASU No. 2017-04, *Goodwill and Other, Simplifying the Test for Goodwill Impairment (Topic 350)*, which amends the guidance in ASC Topic 350 to eliminate Step 2 from the goodwill impairment test. The updated guidance requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value not to exceed the total amount of goodwill allocated to that reporting unit. ASU No. 2017-04 is effective for fiscal years beginning after December 15, 2021, and is applied prospectively when adopted. Early adoption is permitted. The Company elected to adopt ASU No. 2017-04 as of January 1, 2017. The adoption of the guidance did not have an impact on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations, Clarifying the Definition of a Business (Topic 805)*, which clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. ASU No. 2017-01 is effective for fiscal years beginning after December 15, 2017, and interim periods within those years, and is applied prospectively when adopted. Early adoption is permitted. The Company elected to adopt ASU No. 2017-01 as of January 1, 2017. The adoption of the guidance did not have an impact on the consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting (Topic 718)*, which aligns with the FASB's current simplification initiatives. The major areas for simplification in ASU No. 2016-09 involve several aspects of the accounting for stock-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Specifically, ASU No. 2016-09 has introduced updates to minimum statutory tax withholding requirements, policy elections surrounding forfeitures, expected term, intrinsic values, and changes to the classification of certain stock-based payment related transactions on the statement of cash flows. The Company elected to adopt ASU No. 2016-09 effective as of January 1, 2017.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows, Restricted Cash (Topic 230)*, which amends the guidance in ASC Topic 230, *Statement of Cash Flows*, and requires that entities show the changes in total of cash, cash equivalents, restricted cash, and restricted cash equivalents in their statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2017, and interim periods within those years, and is applied retrospectively when adopted. Early adoption is permitted. The Company elected to early adopt ASU No. 2016-18 effective January 1, 2016. The adoption of the guidance did not have a material impact on the consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-05, *Intangibles—Goodwill and Other—Internal-Use Software: Customer's Accounting for Fees Paid in a Cloud Computing Arrangement (Subtopic 350-40)*, which provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The Company adopted ASU No. 2015-05 in 2016. The adoption of the guidance did not have a material impact on the consolidated financial statements.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

	As of December 31,		As of September 30,
	2015	2016	2017
			(Unaudited)
Cash	$ 40.8	$ 93.7	$ 56.0
Money market mutual funds	316.1	259.0	366.7
Total cash and cash equivalents	$356.9	$352.7	$ 422.7

Included in cash and cash equivalents are cash in transit from payment processors for credit and debit card transactions of $4.5 million, $8.4 million, and $13.4 million as of December 31, 2015 and 2016, and September 30, 2017, respectively.

Note 3. Fair Value Measurements

The Company's cash equivalents primarily consist of money market funds. The total cash equivalents held by the Company in money market funds as of December 31, 2015 and 2016, and September 30, 2017, were $316.1 million, $259.0 million, and $366.7 million, respectively. The Company's cash equivalents are classified within Level 1 of the fair value hierarchy. See Note 1, "Description of the Business and Summary of Significant Accounting Policies" for additional details.

Note 4. Property and Equipment, Net

Property and equipment, net consisted of the following:

	As of December 31,		As of September 30,
	2015	2016	2017
			(Unaudited)
Building	$ 36.6	$ 36.6	$ 36.6
Datacenter and other computer equipment	539.9	608.4	631.5
Furniture and fixtures	11.9	21.0	21.2
Leasehold improvements	43.3	114.1	116.5
Construction in process	25.8	0.5	3.8
Total property and equipment	657.5	780.6	809.6
Accumulated depreciation and amortization	(219.9)	(336.6)	(464.6)
Property and equipment, net	$ 437.6	$ 444.0	$ 345.0

In 2012, the Company undertook a series of structural improvements to the floor that it occupied in its previous corporate headquarters. As a result of the requirement to fund construction costs and its responsibility for cost overruns during the construction period, the Company is considered the deemed owner of the floor for accounting purposes. Due to the presence of a standby letter of credit as a security deposit, the Company was deemed to have continuing involvement after the construction period. As such, it accounted for this arrangement as owned real estate and recorded an imputed financing obligation for its obligation to the legal owners. The net book value of the asset was $29.5 million, $27.7 million, and $26.3 million as of December 31, 2015 and 2016, and September 30, 2017, respectively. The accumulated depreciation of the building totaled $7.1 million, $8.9 million, and $10.3 million as of December 31, 2015 and 2016, and September 30, 2017, respectively. See Note 10, “Commitments and Contingencies,” for additional details.

The Company leases certain infrastructure from various third parties, including from a related party, through equipment financing leases under capital leases. See Note 15, “Related Party Transactions” for additional details. Infrastructure assets as of December 31, 2015 and 2016, and September 30, 2017, respectively, included a total of $443.3 million, $474.2 million, and $449.6 million acquired under capital lease agreements. These leases are capitalized in property and equipment, and the related amortization of assets under capital leases is included in depreciation and amortization expense. The accumulated depreciation of the infrastructure under capital leases totaled $155.2 million, $224.9 million, and $282.0 million as of December 31, 2015 and 2016, and September 30, 2017, respectively.

Construction in process includes costs primarily related to construction of leasehold improvements for office buildings and network equipment infrastructure to support the Company’s datacenters located within the United States.

Depreciation and amortization expense related to property and equipment was $127.3 million, $173.8 million, $129.8 million, and $130.1 million for the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017, respectively.

Note 5. Business Combinations

The Company did not complete any business combinations during the year ended December 31, 2016, or the nine months ended September 30, 2017. During the year ended December 31, 2015, the Company completed the business combination described below. The results of operations for this business combination are included in the accompanying consolidated statements of operations since its acquisition date. The impact of its results to the periods presented is not significant. Pro forma results of operations have not been presented because the effects of the acquisition were not material to the consolidated financial statements.

In January 2015, the Company acquired all of the outstanding shares of CloudOn, Inc ("CloudOn") for total consideration of $31.4 million, which was comprised solely of shares of Dropbox common stock. CloudOn was an Israel-based developer of mobile software that allowed users to edit, create, organize, and share Microsoft Office documents on any platform.

The following table summarizes the fair value of the assets acquired and liabilities assumed by major class for the CloudOn business combination completed during the year ended December 31, 2015:

Developed technologies	$ 1.5
Goodwill	30.1
Net tangible liabilities	(0.2)
Total	$31.4

Note 6. Intangible Assets, Net

Intangibles assets consisted of the following:

	As of December 31,		As of September 30,	Weighted-average remaining useful life
	2015	2016	2017	(In years)
			(Unaudited)	
Developed technology	$ 50.9	$ 50.6	$ 50.9	0.6
Patents	8.8	13.0	13.0	8.9
Software	14.6	14.7	16.3	2.3
Assembled workforce in asset acquisitions	10.1	10.1	10.1	1.4
Licenses	0.3	4.6	4.6	3.2
Non-compete agreements, trademarks and other	4.6	4.1	4.0	6.9
Total intangibles	89.3	97.1	98.9	
Accumulated amortization	(56.3)	(72.9)	(81.4)	
Intangible assets, net	$ 33.0	$ 24.2	$ 17.5	

Amortization expense was $22.2 million, $17.3 million, $13.6 million, and $8.4 million for the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017, respectively.

Expected future amortization expense for intangible assets as of September 30, 2017 (unaudited) is as follows:

2017 (remaining)	$ 1.7
2018	4.9
2019	3.0
2020	2.1
2021	1.1
Thereafter	4.7
Total	$17.5

Note 7. Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill amounts are not amortized, but tested for impairment on an

annual basis. There was no impairment of goodwill as of December 31, 2015 and 2016, and September 30, 2017. Goodwill consisted of the following:

Balance at December 31, 2014	$63.0
CloudOn	30.1
Other	3.0
Balance at December 31, 2015	96.1
Effect of foreign currency translation	(0.1)
Balance at December 31, 2016	96.0
Effect of foreign currency translation *(unaudited)*	2.7
Balance at September 30, 2017 *(unaudited)*	$98.7

Note 8. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	As of December 31,		As of September 30,
	2015	2016	2017
			(Unaudited)
Non-income taxes payable	$ 44.5	$ 49.4	$ 61.7
Accrued legal and other external fees	17.6	11.9	19.8
Deferred rent	5.7	11.0	12.8
Financing obligations, current	10.1	11.4	10.8
Accrued infrastructure costs	11.3	1.9	7.2
Accrued property and equipment purchases	20.7	5.8	3.4
Income taxes payable	0.3	2.2	0.1
Other accrued and current liabilities	8.0	4.3	7.9
Total accrued and other current liabilities	$ 118.2	$ 97.9	$ 123.7

Note 9. Revolving Credit Agreement

On April 3, 2017, the Company entered into an amended and restated credit and guaranty agreement which currently provides for a $600.0 million revolving loan facility (the “revolving credit facility”). The revolving credit facility has an accordion option, which, if exercised, would allow the Company to increase the aggregate commitments up to $150.0 million, subject to obtaining additional lender commitments and satisfying certain conditions. The revolving credit facility replaced its existing $500.0 million revolving credit facility that was set to expire on March 20, 2018 (the “2014 revolving credit facility”). In conjunction with the revolving credit facility, the Company paid upfront issuance fees of $2.6 million, which are being amortized over the five-year term of the agreement.

Pursuant to the terms of the revolving credit facility, the Company may issue letters of credit under the revolving credit facility, which reduce the total amount available for borrowing. Pursuant to the terms of the revolving credit facility, the Company is required to pay an annual commitment fee that accrues at a rate of 0.20% per annum on the unused portion of the borrowing commitments under the revolving credit facility. In addition, the Company is required to pay a fee in connection with letters of credit issued under the revolving credit facility, which accrues at a rate of 1.5% per annum on the amount to be drawn under such letters of credit outstanding. There is an additional fronting fee of 0.125% per annum multiplied by the average aggregate daily maximum amount available to be drawn under all letters of credit. Borrowings under the revolving credit facility bear interest, at the Company’s option, at an annual rate based on LIBOR plus a spread of 1.50% or at an alternative base rate plus a spread of 0.50%.

The revolving credit facility contains customary conditions to borrowing, events of default and covenants, including covenants that restrict the Company's ability to incur indebtedness, grant liens, make distributions to holders of the Company or its subsidiaries' equity interests, make investments, or engage in transactions with its affiliates. In addition, the revolving credit facility contains financial covenants, including a consolidated leverage ratio covenant and a minimum liquidity balance of $100.0 million, which includes any available borrowing capacity. The Company was in compliance with the covenants of the 2014 revolving credit facility as of December 31, 2015 and 2016, and the revolving credit facility as of September 30, 2017.

As of December 31, 2015 and 2016, the Company had an aggregate of $50.7 million and $48.7 million of letters of credit outstanding under the 2014 revolving credit facility, respectively. As of September 30, 2017, the Company had an aggregate of $47.8 million of letters of credit outstanding under the revolving credit facility. The Company's total available borrowing capacity under the 2014 revolving credit facility was $449.3 million and $451.3 million as of December 31, 2015 and 2016. The Company's total available borrowing capacity under the revolving credit facility was $552.2 million as of September 30, 2017. The Company's letters of credit expire between January of 2020 and April of 2022.

Note 10. Commitments and Contingencies

Leases

The Company has entered into various non-cancelable operating lease agreements for certain offices and datacenters with contractual lease periods expiring at various dates through 2027. The facility lease agreements generally provide for escalating rental payments and for options to renew, which could increase future minimum lease payments if exercised. The Company recognizes rent expense on a straight-line basis over the lease period and accounts for the difference between straight-line rent and actual lease payments as deferred rent.

Gross rent expense was $49.7 million, $67.9 million, $51.4 million, and $51.4 million for the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017, respectively. Sublease income, which is recorded as a reduction of rental expense, was $0.1 million, $4.5 million, $2.6 million, and $7.2 million for the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017, respectively. Sublease income in excess of the Company's original lease obligation is split with the original lessor per the terms of the sublease agreement, with the Company's portion recorded to other income (expense), net.

Other commitments include payments to third-party vendors for services related to the Company's infrastructure, infrastructure warranty contracts, lease payments for its previous corporate headquarters, asset retirement obligations for office modifications, and a note payable related to financing of infrastructure. As described in Note 4, "Property and Equipment", the Company is considered the deemed owner of a floor in its previous corporate headquarters, for accounting purposes, as part of a build-to-suit lease agreement. In June 2011, the Company initially recorded a building asset and an imputed financing obligation for its obligation to the legal owner in the amount of $36.6 million. In connection with this lease, the Company is obligated to pay $13.3 million in lease payments over the next three years as of December 31, 2016. The imputed financing obligation on the Company's consolidated balance sheets totaled $30.6 million, $29.5 million, and $28.0 million at December 31, 2015 and 2016, and September 30, 2017, respectively. The current portion of the imputed financing obligation totaled $1.1 million, $2.4 million, and $2.5 million as of December 31, 2015 and 2016, and September 30, 2017, respectively, and is classified within accrued and other current liabilities. The non-current portion of the imputed financing obligation totaled $29.5 million, $27.1 million, and $25.5 million as of December 31, 2015 and 2016, and September 30, 2017, respectively, and is classified within other non-current liabilities.

In 2016, the Company entered into a sale-leaseback agreement with a vendor for infrastructure. As a result of the transaction, it received $8.8 million in proceeds. Payments including interest towards the leaseback

arrangement totaled $1.3 million, $0.6 million, and $1.9 million for the year ended December 31, 2016, and the nine months ended September 30, 2016 and 2017, respectively. The total remaining obligation including interest was $8.8 million and $6.9 million as of December 31, 2016, and September 30, 2017, respectively. The obligation is included in capital lease commitments in the table below.

In 2015, the Company entered into a note payable arrangement with a vendor to finance infrastructure totaling $11.9 million. The note payable is classified within accrued and other current liabilities and other non-current liabilities. The term of the arrangement is thirty-six months and will end in the fourth quarter of 2018. Payments towards the note payable totaled $0.7 million, $4.3 million, $3.2 million, and $3.2 million for the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017, respectively. The total remaining obligation was $11.3 million, $7.5 million, and $4.5 million as of December 31, 2015 and 2016, and September 30, 2017, respectively. The note payable is included in other commitments in the table below.

Future minimum payments under the Company's non-cancelable leases, financing obligations, and other commitments as of December 31, 2016, are as follows, and exclude sub-lease income:

	Capital lease commitments	Operating lease commitments(1)	Other commitments
Year ended December 31:			
2017	$ 136.9	$ 74.7	$ 45.5
2018	91.0	77.0	17.6
2019	37.2	75.4	5.8
2020	6.3	72.4	0.2
2021	—	59.9	1.5
Thereafter	—	197.8	4.7
Future minimum payments	271.4	$ 557.2	$ 75.3
Less interest and taxes	(14.2)		
Less current portion of the present value of minimum lease payments	(127.6)		
Capital lease obligations, net of current portion	$ 129.6		

(1) Consists of future non-cancelable minimum rental payments under operating leases for the Company's offices and datacenters, excluding sub-lease income and variable operating expenses. Non-cancelable sublease income as of December 31, 2016, is expected to be $15.6 million through 2023.

Legal matters

From time to time, the Company is a party to a variety of claims, lawsuits, and proceedings which arise in the ordinary course of business, including claims of alleged infringement of intellectual property rights. The Company records a liability when it believes that it is probable that a loss will be incurred and the amount of loss or range of loss can be reasonably estimated. In its opinion, resolution of pending matters is not likely to have a material adverse impact on its consolidated results of operations, cash flows, or its financial position. Given the unpredictable nature of legal proceedings, the Company bases its estimate on the information available at the time of the assessment. As additional information becomes available, the Company reassesses the potential liability and may revise the estimate.

Indemnification

The Company's arrangements generally include certain provisions for indemnifying customers against liabilities if its products or services infringe a third party's intellectual property rights. It is not possible to

determine the maximum potential amount under these indemnification obligations due to the limited history of prior indemnification claims.

Note 11. Stockholders' Equity

Common stock

The Company's amended and restated certificate of incorporation authorizes the issuance of Class A common stock and Class B common stock. The Company is authorized to issue 800,000,000 shares of Class A common stock and 700,000,000 shares of Class B common stock. Holders of Class A common stock and Class B common stock are entitled to dividends on a pro rata basis, when, as, and if declared by the Company's Board of Directors, subject to the rights of the holders of the Company's preferred stock. Holders of Class A common stock are entitled to one vote per share, and holders of Class B common stock are entitled to 10 votes per share. Upon a liquidation event, as defined in the amended and restated certificate of incorporation, after payments are made to holders of the Company's preferred stock, any distribution of proceeds to common stockholders will be made on a pro rata basis to the holders of Class A common stock and Class B common stock. Following the completion of an initial public offering of the Company, shares of Class B common stock will automatically convert into shares of Class A common stock upon a sale or transfer (other than with respect to certain estate planning transfers).

Convertible preferred stock

The Company is authorized to issue 226,818,439 shares of preferred stock. The following table summarizes the convertible preferred stock outstanding and liquidation preferences as of December 31, 2016, and September 30, 2017 (unaudited):

	Shares		Per share price at issuance	Aggregate liquidation preference	Dividend per share amount
	Authorized	Outstanding			
	(In millions, except for per share amounts)				
Series A	95.8	95.8	$ 0.06	$ 6.0	$ 0.01
Series A-1	78.0	77.8	0.02	1.3	0.01
Series B	29.3	29.3	9.05	264.8	0.72
Series C	23.7	18.5	$ 19.10	352.6	$ 1.53
	226.8	221.4		$ 624.7	

Significant terms of the convertible preferred stock are as follows:

Liquidation preference

Upon a liquidation event, as defined in the amended and restated certificate of incorporation, the holders of Series A, Series A-1, Series B, and Series C convertible preferred stock are entitled to receive, prior to and in preference to any distribution of the proceeds of such liquidation to common stockholders, an amount per share equal to $0.06, $0.02, $9.05, and $19.10, respectively, plus any declared but unpaid dividends on such shares. If the proceeds distributed among the holders of the preferred stock are insufficient to permit the Series A, Series A-1, Series B, and Series C convertible preferred stock holders to receive the full payment noted above, then the entire proceeds legally available for distribution shall be distributed ratably among the holders of the preferred stock in proportion to the full preferential amount that each such holder is otherwise entitled to receive.

Dividends

Holders of the Company's preferred stock are entitled to receive dividends, when, as and if declared by the Company's Board of Directors, at the applicable dividend rate of $0.01, $0.01, $0.72, and $1.53 for each share of

Series A, Series A-1, Series B, and Series C convertible preferred stock, respectively, prior to and in preference of any dividend paid to holders of the Company's common stock (other than a stock dividend declared and paid on the Class A common stock that is payable in shares of Class A common stock or on the Class B common stock that is payable in shares of Class B common stock). Such dividends shall not be cumulative or mandatory. No dividends have been declared in any period presented.

Voting

Each holder of preferred stock shall have the right to 10 votes for each share of Class B common stock into which the shares of preferred stock held by such holder could then be converted. In addition, so long as at least 45.0 million shares of preferred stock are outstanding, the holders of the preferred stock shall be entitled to elect one director of Dropbox. The holders of the shares of outstanding Class A common stock and Class B common stock representing at least a majority in voting power of the then-issued common stock shall be entitled to elect seven directors of Dropbox.

Conversion

At the option of the holder thereof, each share of preferred stock is convertible into a number of shares of Class B common stock that results from dividing the applicable original issue price for such series by the applicable conversion price in effect on the date of conversion (the "Conversion Rate"). Each share of preferred stock will be automatically converted into shares of Class B common stock at the Conversion Rate at the time in effect for such series of preferred stock upon the earlier of (i) immediately prior to the closing of a firm commitment underwritten public offering of Dropbox's common stock on an internationally recognized securities exchange or trading system pursuant to a registration statement under the Securities Act of 1933, as amended, with gross proceeds of not less than $35.0 million in the aggregate (a "Qualified IPO"), or (ii) the date specified by written consent or agreement of the holders of a majority of the outstanding preferred stock, voting together as a single class; *provided*, that other than pursuant to a Qualified IPO (x) so long as a majority of the shares of Series B convertible preferred stock originally issued remains outstanding, the consent of the holders of 70% of the shares of the Series B convertible preferred stock, voting together as a single class, is required to convert any shares of Series B convertible preferred stock into Class B common stock and (y) so long as a majority of the shares of Series C convertible preferred stock originally issued remains outstanding, the consent of the holders of a majority of the shares of the Series C convertible preferred stock, voting together as a single class, is required to convert any shares of Series C convertible preferred stock into Class B common stock.

Equity incentive plans

Under the Company's 2017 Equity Incentive Plan (the "Plan"), the Company may grant stock-based awards to purchase or directly issue shares of common stock to employees, directors, and consultants. Options are granted at a price per share equal to the fair market value of Dropbox's common stock at the date of grant. Options granted are exercisable over a maximum term of 10 years from the date of grant and generally vest over a period of four years. No options have been granted since August of 2015. RSUs and Restricted Stock Awards ("RSAs") are also granted under the Plan. The Plan will terminate 10 years after the later of (i) its adoption or (ii) the most recent stockholder-approved increase in the number of shares reserved under the Plan, unless terminated earlier by the Dropbox Board of Directors. This Plan was adopted on March 8, 2017, and replaced the Company's 2008 Equity Incentive Plan (the "Prior Plan"). In August 2017, the Company increased the number of shares of common stock reserved for grant under the 2017 Plan by 10,000,000 shares. As of December 31, 2016, and September 30, 2017, there were 89.0 million and 91.9 million shares issued and outstanding under the Plan and the Prior Plan, respectively. Shares available for issuance under the plans were 18.2 million and 13.4 million as of December 31, 2016, and September 30, 2017, respectively.

Stock option and restricted stock activity for the Plans was as follows for the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2017:

		Options outstanding			Restricted stock outstanding	
	Number of shares available for issuance under the Plans	Number of shares outstanding under the Plans	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Number of Plan shares outstanding	Weighted-average grant date fair value per share
	(In millions, except per share amounts)					
Balance at December 31, 2014	0.6	20.2	$ 10.61	8.9	40.7	$ 9.13
Additional shares authorized	46.0	—	—		—	—
Options granted	(3.0)	3.0	16.82		—	—
Restricted stock granted	(31.5)	—	—		31.5	15.16
Options and RSAs exercised	—	(0.6)	4.51		—	—
Options and RSUs canceled	9.5	(2.6)	10.87		(6.9)	11.57
Repurchased under the Plan	0.3	—	—		—	—
Balance at December 31, 2015	21.9	20.0	$ 11.67	8.1	65.3	$ 11.78
Options and RSUs canceled	21.2	(12.0)	14.69		(9.2)	13.37
Restricted stock granted	(24.9)	—	—		24.9	10.39
Balance at December 31, 2016	18.2	8.0	$ 7.12	6.5	81.0	$ 10.94
Additional shares authorized (unaudited)	10.0					
Options exercised and RSUs released (unaudited)	—	(0.2)	3.77		(18.5)	11.55
Options and RSUs canceled (unaudited)	7.0	(0.3)	11.25		(6.7)	12.26
Shares withheld related to net share settlement (unaudited)	6.8				—	11.52
Restricted stock granted (unaudited)	(28.6)				28.6	10.30
Balance at September 30, 2017 (unaudited)	13.4	7.5	$ 7.03	5.8	84.4	$ 10.37
Vested at December 31, 2016		6.6	6.36	6.4	7.9	$ 12.51
Unvested at December 31, 2016		1.4	10.92		73.1	$ 10.77
Vested at September 30, 2017 (unaudited)		7.1	6.66	5.7	—	—
Unvested at September 30, 2017 (unaudited)		0.4	13.35		84.4	$ 10.37

Two-tier RSUs are included in the unvested share counts in the table above as the Performance Vesting Condition was not probable.

The following table summarizes information about the pre-tax intrinsic value of options exercised and the weighted average grant date fair value per share of options granted during the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017:

	Years ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
			(Unaudited)	
Intrinsic value of options exercised	$ 7.4	$—	$ —	$ 1.0
Weighted average grant date fair value per share of stock options granted(1)	$8.18	$—	$ —	$ —

(1) The weighted average grant date fair value per share of stock options granted is calculated, as of the stock option grant date, using the BSM option pricing model. The Company did not grant stock options during the year ended December 31, 2016, or the nine months ended September 30, 2017.

As of December 31, 2016, and September 30, 2017, unamortized stock-based compensation expense related to unvested stock options, restricted stock awards and one-tier RSUs was $239.2 million and $412.9 million, respectively. The weighted-average period over which such compensation expense will be recognized is approximately 2.6 and 2.8 years, as of December 31, 2016, and September 30, 2017, respectively.

As of December 31, 2016, and September 30, 2017, all compensation expense related to the Company's two-tier RSUs remained unrecognized because the Performance Vesting Condition was not satisfied. Approximately 34.2 million and 38.2 million two-tier RSUs had met their service-based vesting condition as of December 31, 2016, and September 30, 2017, but not the Performance Vesting Condition. If the Performance Vesting Condition had been satisfied on December 31, 2016, or September 30, 2017, the Company would have recorded $401.0 million and $415.4 million of stock-based compensation expense using the accelerated attribution method related to the two-tier RSUs, respectively. As of December 31, 2016, and September 30, 2017, approximately 9.6 million and 4.3 million two-tier RSUs had not met their service-based vesting condition, respectively. If the Performance Vesting Condition had been satisfied on these two-tier RSUs as of December 31, 2016, or September 30, 2017, unamortized stock-based compensation expense of $33.8 million and $9.4 million would be recognized over a weighted-average period of approximately 1.3 years and 0.9 years, respectively.

Award modifications

During the nine months ended September 30, 2017, the Company's Board of Directors voted to approve a modification of vesting schedules for certain unvested one-tier and two-tier RSUs to align the vesting schedules for all RSUs to vest once per quarter. As a result of this modification, the Company's unamortized stock-based compensation expense related to one-tier RSUs increased by $3.2 million, which will be recognized over a weighted-average period of 2.8 years if and when the awards vest. The total unamortized stock-based compensation expense related to two-tier RSUs decreased by $9.5 million. The unamortized amount will be recognized over a period of 0.9 years if and when the awards vest.

During the year ended December 31, 2016, the Company's Board of Directors voted to approve the exchange of stock options previously granted to an executive officer under the Plan for one-tier RSUs. In total, options to purchase 6.5 million shares of common stock were exchanged for 3.3 million RSUs. Total compensation expense for the modified awards is $37.7 million, of which $18.8 million in stock-based compensation expense was recognized on the date of exchange representing the portion that vested immediately. Out of the total $37.7 million in stock-based compensation expense, $8.9 million was incremental to what would have been recognized related to the original stock option award. The Company will recognize approximately $2.4 million in stock-based compensation expense per quarter related to these awards. As of September 30, 2017, the total unamortized expense relating to these awards was $4.7 million.

During 2016, the Board of Directors voted to approve a continuation of vesting upon change in employment status clause for an executive officer who had previously provided services to the Company. Under this clause, 0.6 million RSUs previously granted to the former executive officer will continue to vest for a pre-determined period of time. The continuation of vesting was accounted for as a modification of the terms of the original award. As a result, the Company recognized an incremental $4.2 million of stock-based compensation expense. An additional $1.5 million of stock-based compensation expense may be recognized in future periods for the former executive officers' two-tier RSUs if the initial qualifying liquidity event defined under the award agreement occurs.

Note 12. Net Loss Per Share

The following table sets forth the calculation of basic and diluted net loss per share attributable to common stockholders during the periods presented:

	Year ended December 31,			
	2015		2016	
	(In millions, except per share amounts)			
	Class A	Class B	Class A	Class B
Numerator:				
Net loss attributable to common stockholders	$ (9.7)	$(316.2)	$ (6.1)	$(204.1)
Denominator:				
Weighted-average number of common shares outstanding used in computing basic and diluted net loss per common share	8.2	268.6	8.3	275.4
Net loss per common share, basic and diluted	$(1.18)	$ (1.18)	$(0.74)	$ (0.74)

	Nine months ended September 30,			
	2016		2017	
	(In millions, except per share amounts) *(Unaudited)*			
	Class A	Class B	Class A	Class B
Numerator:				
Net loss attributable to common stockholders	$ (5.3)	$(175.8)	$ (2.3)	$ (71.7)
Denominator:				
Weighted-average number of common shares outstanding used in computing basic and diluted net loss per common share	8.3	274.0	9.1	284.2
Net loss per common share, basic and diluted	$(0.64)	$ (0.64)	$(0.25)	$ (0.25)

Since the Company was in a loss position for all periods presented, basic net loss per share attributable to common stockholders is the same as diluted net loss per share for all periods as the inclusion of all potential common shares outstanding would have been anti-dilutive. Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
	(Shares in millions)		*(Shares in millions)* *(Unaudited)*	
Convertible preferred stock	221.4	221.4	221.4	221.4
Options to purchase shares of common stock	21.0	11.8	13.0	7.7
Restricted stock units	51.1	71.8	71.5	71.0
Shares subject to repurchase from early-exercised options and unvested restricted stock	5.4	1.4	1.6	0.4
Total	298.9	306.4	307.5	300.5

Note 13. Unaudited Pro Forma Net Loss Per Share

Pro forma net loss per share was computed to give effect to the automatic conversion of all series of convertible preferred stock using the if-converted method as though the conversion had occurred as of the beginning of the period or the date of issuance, if later. Subject to the satisfaction of certain conditions, immediately prior to the completion of the Company's initial public offering, all of the 220,965,979 shares of

convertible preferred stock will convert into an equivalent number of shares of Class B common stock. Further, pursuant to transfer agreements with certain of the Company's stockholders, 387,934 shares of the Company's preferred stock and 3,914,934 shares of the Company's Class B common stock will automatically convert into an equivalent number of shares of Class A common stock. In addition, the pro forma share amounts give effect to the weighted average issuance of two-tier RSUs that have satisfied the service-based vesting condition and the Performance Vesting Condition as of December 31, 2016 and September 30, 2017. Share repurchases to satisfy tax withholding obligations have not been included in these pro forma adjustments.

The net loss used in computing pro forma net loss per share amount in the table below does not give effect to the stock-based compensation expense associated with two-tier RSUs that have both a service-based vesting condition and the Performance Vesting Condition. If an initial public offering had been completed on September 30, 2017, the Company would have recognized approximately $415.4 million of stock-based compensation expense on the effective date, and would have approximately $9.4 million of additional future period expense to be recognized over the remaining service periods through 2019.

The following table presents the calculation of pro forma net loss attributable to common stockholders per share, basic and diluted:

	Year ended December 31, 2016		Nine months ended September 30, 2017	
	(In millions, except per share amounts)			
	Class A	Class B	Class A	Class B
Numerator:				
Net loss as reported	$ (6.1)	$ (204.1)	$ (2.3)	$ (71.7)
Reallocation of net loss due to pro forma adjustments	2.8	(2.8)	0.5	(0.5)
Net loss attributable to common stockholders for pro forma net loss per share computation, basic and diluted	$ (3.3)	$ (206.9)	$ (1.8)	$ (72.2)
Denominator:				
Weighted-average shares of common stock used in computing net loss per share attributable to common stockholders, basic and diluted	8.3	275.4	9.1	284.2
Weighted-average pro forma adjustment to reflect conversion of convertible preferred stock	—	221.4	0.4	221.0
Weighted-average pro forma adjustment to reflect assumed vesting of two-tier RSUs	—	30.3	—	36.5
Weighted-average pro forma adjustment of conversions of Class B to Class A common stock	—	—	3.9	(3.9)
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted	8.3	527.1	13.4	537.8
Pro forma net loss attributable to common stockholders per share, basic and diluted	$ (0.39)	$ (0.39)	$ (0.13)	$ (0.13)

Note 14. Income Taxes

For the years ended December 31, 2015 and 2016, the Company's loss from continuing operations before provision for income taxes was as follows:

	Year ended December 31,	
	2015	2016
Domestic	$ (176.9)	$ (94.4)
Foreign	(148.7)	(110.6)
Loss before income taxes	$ (325.6)	$ (205.0)

The components of the provision for income taxes in the years ended December 31, 2015 and 2016, are as follows:

	Year ended December 31,	
	2015	2016
Current:		
Federal	$ —	$ (1.5)
State	—	(0.6)
Foreign	(0.5)	(2.9)
Deferred:		
Federal	—	—
State	—	—
Foreign	0.2	(0.2)
Provision for income taxes	$ (0.3)	$ (5.2)

Income tax expense attributable to income from continuing operations differed from the amounts computed by applying the statutory U.S. federal income tax rate of 34% to pretax loss from continuing operations as a result of the following:

	Year ended December 31,	
	2015	2016
Tax benefit at federal statutory rate of 34%	$ 110.7	$ 69.7
State taxes, net of federal benefit	4.5	2.2
Foreign rate differential	(50.7)	(38.8)
Research and other credits	12.7	12.6
Change in valuation allowance	(71.2)	(40.7)
Stock-based compensation	(6.1)	(4.8)
Other nondeductible items	(0.2)	(5.4)
Provision for income taxes	$ (0.3)	$ (5.2)

The significant components of the Company's deferred tax assets and liabilities as of December 31, 2015 and 2016, are as follows:

	As of December 31, 2015	As of December 31, 2016
Deferred tax assets:		
Net operating loss carryforwards	$ 132.7	$ 127.9
Research credit carryforwards	30.1	41.3
Stock-based compensation	24.3	70.3
Accruals and reserves	28.4	43.9
Other	0.5	—
Gross deferred tax assets	216.0	283.4
Valuation allowance	(209.3)	(259.7)
Total deferred tax assets, net of valuation allowance	6.7	23.7
Deferred tax liabilities:		
Fixed assets and intangible assets	6.6	20.3
Other	—	3.5
Total deferred tax liability	6.6	23.8
Net deferred tax assets (liabilities)	$ 0.1	$ (0.1)

For the years ended December 31, 2015, and December 31, 2016, based on all available objective evidence, including the existence of cumulative losses, the Company determined that it was not more likely than not that the U.S., Ireland, and Israel net deferred tax assets were fully realizable as of December 31, 2015 and December 31, 2016. Accordingly, the Company maintained a full valuation allowance against its net U.S., Ireland, and Israel deferred tax assets.

As of December 31, 2016, the Company had $254.8 million of federal and $94.9 million of state net operating loss carryforwards available to reduce future taxable income, which will begin to expire in 2031 for federal and 2030 for state tax purposes.

Included in the net operating loss carryforward amount above, approximately $8.1 million of federal and $2.1 million of state net operating loss carryforwards relate to benefits associated with stock option deductions. Under the Company's accounting policy in effect as of December 31, 2016, the benefits of these stock option deductions were credited directly to stockholder's equity when recognized. However, the Company adopted ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting (Topic 718)* effective as of January 1, 2017. As a result, the benefits of these stock option deductions recognized in 2017 or later years are credited to the income statement.

As of December 31, 2016, the Company had research credit carryforwards of $35.4 million and $21.6 million for federal and state income tax purposes, respectively, of which $8.7 million and $5.3 million is the unrecognized tax benefit portion related to the research credit carryforwards for federal and state, respectively. The federal credit carryforward will begin to expire in 2027. The state research credits have no expiration date. The Company also had $1.5 million of federal alternative minimum tax credit carryforwards, which will carryforward indefinitely, and $3.6 million of state enterprise zone credit carryforwards, which will begin to expire in 2023.

As of December 31, 2016, the Company also had $247.9 million of foreign net operating loss carryforwards available to reduce future taxable income, which will carryforward indefinitely. In addition, the Company had $22.9 million of foreign acquired net operating losses, which will carryforward indefinitely.

Under Section 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. The Company performed a study for the period through June 30, 2017, and determined that no ownership changes exceeding 50 percentage points have occurred. The Company's ability to use net operating loss and tax credit carryforwards to reduce future taxable income and liabilities may be subject to annual limitations as a result of ownership changes from July 1, 2017, and subsequent years or as a result of this offering.

As of December 31, 2016, the balance of unrecognized tax benefits was $15.7 million of which $1.6 million, if recognized, would affect the effective tax rate and $14.1 million would result in adjustment to deferred tax assets with corresponding adjustments to the valuation allowance.

A reconciliation of the beginning and ending amount of unrecognized tax benefit is as follows:

	Year ended December 31,	
	2015	2016
Balance of gross unrecognized tax benefits at the beginning of the fiscal year	$ 3.1	$ 7.9
Gross increases related to prior period tax positions	1.1	2.2
Gross increases related to current period tax positions	3.7	5.6
Balance of gross unrecognized tax benefits at the end of the fiscal year	$ 7.9	$ 15.7

The Company recognizes interest and/or penalties related to income tax matters as a component of income tax expense. As of December 31, 2016, the amount of accrued interest and penalties related to uncertain tax positions was $0.4 million, and the Company did not have accrued interest and penalties related to uncertain tax positions as of December 31, 2015. Interest and penalties recognized for the year ended December 31, 2016, was $0.4 million and the Company did not recognize any interest and penalties for the year ended December 31, 2015.

The Company files income tax returns in the U.S. federal, multiple states, and foreign jurisdictions. All of the Company's tax years from 2007 remain open for examination by the federal and state authorities, and from 2013 by foreign authorities.

The Company generally does not provide deferred income taxes for the undistributed earnings of its foreign subsidiaries as the Company intends to reinvest such earnings indefinitely. Should circumstances change and it becomes apparent that some or all of the undistributed earnings will no longer be indefinitely reinvested, the Company will accrue for income taxes not previously recognized. As of December 31, 2016, there were no cumulative undistributed earnings in its Irish subsidiary and, as a result, there were no unrecorded deferred tax liabilities. The amount of undistributed earnings in the Company's other foreign subsidiaries, if any, are immaterial.

Note 15. Related Party Transactions

Dropbox Charitable Foundation

During the year ended December 31, 2016, two of the Company's controlling shareholders formed the Dropbox Charitable Foundation, a Delaware non-stock corporation (the "Foundation"). The primary purpose of the Foundation is to engage in charitable and educational activities within the meaning of Section 501(c)(3) of the Code. The Foundation is governed by a Board of Directors, a majority of which are independent. Both shareholders made contributions to the Foundation during the year ended December 31, 2016, comprised entirely of shares of Dropbox common stock. The Company has not consolidated the Foundation in the accompanying consolidated financial statements, as the Company does not have control of the entity.

During the second quarter of 2017, the Company recorded $9.4 million of expense for a non-cash charitable contribution, whereby the Company donated Class B common shares to initially fund the Foundation. The expense was recorded to general and administrative expenses based on the Company's estimate of the then current fair value of the contributed shares. Additionally, during the nine months ended September 30, 2017, the Company made cash contributions of $0.8 million to the Foundation.

Hewlett Packard Enterprise

The Company has engaged in various commercial relationships with Hewlett Packard Enterprise ("HPE"), whose chief executive officer was appointed to the Dropbox Board of Directors in September 2017. These commercial relationships include infrastructure equipment under capital leases, the purchase of commercial products and other services, and a multi-year subscription agreement for access to the Dropbox platform. From the date of appointment of HPE's chief executive officer to the Dropbox Board of Directors through September 30, 2017, the Company made payments of $6.6 million for infrastructure equipment under capital leases and commercial products and services provided by HPE. As of September 30, 2017, the Company had a remaining obligation of $87.6 million for equipment under capital lease from HPE. Related to the multi-year subscription agreement, the Company recognized an immaterial amount of revenue from the date of appointment of HPE's chief executive officer to the Dropbox Board of Directors through September 30, 2017, and had an immaterial balance of deferred revenue and outstanding trade receivables as of September 30, 2017.

Note 16. Geographic Areas

Long-lived assets

The following table sets forth long-lived assets by geographic area:

	As of December 31,		As of September 30,
	2015	2016	2017
			(Unaudited)
United States	$427.2	$425.1	$ 326.4
International(1)	10.4	18.9	18.6
Total property and equipment, net	$437.6	$444.0	$ 345.0

(1) No single country other than the United States had a property and equipment balance greater than 10% of total property and equipment, net, as of December 31, 2015 and 2016, and September 30, 2017.

Revenue

Revenue by geography is generally based on the address of the customer as defined in the Company's subscription agreement. The following table sets forth revenue by geographic area for the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017:

	Year ended December 31,		Nine months ended September 30,	
	2015	2016	2016	2017
			(Unaudited)	
United States	$ 326.1	$ 455.9	$ 324.9	$ 417.8
International(1)	277.7	388.9	281.9	383.5
Total revenue	$ 603.8	$ 844.8	$ 606.8	$ 801.3

(1) No single country outside of the United States accounted for more than 10 percent of total revenue during the years ended December 31, 2015 and 2016, and the nine months ended September 30, 2016 and 2017.

Note 17. Subsequent Events

The Company has evaluated subsequent events through October 10, 2017, the date that the independent auditor's report as of and for the years ended December 31, 2015 and 2016 was available for issuance.

In October 2017, the Board of Directors approved grants of RSUs of 727,120. These RSUs will result in estimated stock-based compensation of $8.3 million, which is expected to be recognized over a weighted-average period of 3.9 years from the respective grant dates.

In October 2017, the Company entered into a lease agreement to rent office space in San Francisco, California, to serve as its new corporate headquarters. The 15-year lease is for approximately 736,000 square feet. The Company expects to start making payments under the lease in the third quarter of 2019. The total minimum obligations under the lease agreement are expected to be approximately $827.0 million, which does not include expected tenant improvement reimbursements from the landlord of approximately $73.6 million and variable operating expenses. The Company's obligations under the lease will be supported by a $34.2 million letter of credit, which will reduce its borrowing capacity under its revolving credit facility. The Company plans to take possession of the new corporate headquarters over several phases. The Company expects to take initial possession in mid-2018, after which time it plans to incur capital expenditures on leasehold improvements and to begin recording rent expense for the portion of the new corporate headquarters that it possesses. Capital expenditures will fluctuate and rent expense will escalate over future years as the Company takes possession of the remaining phases.

Note 18. Subsequent Events (Unaudited)

The Company has evaluated subsequent events through February 2, 2018, the date that the consolidated financial statements as of September 30, 2017 and for the nine-month periods ended September 30, 2016 and 2017, were available for issuance.

Co-Founder Grants

In December 2017, the Board of Directors approved a grant to the Company's co-founders of restricted stock awards with respect to 22.1 million shares of Class A Common Stock in the aggregate (collectively, the "Founder Grants"), of which 15.5 million RSAs were granted to Mr. Houston, the Company's Co-Founder and Chief Executive Officer, and 6.6 million RSAs were granted to Mr. Ferdowsi, the Company's Co-Founder and Director. These Co-Founder Grants have service-based, market-based, and performance-based vesting conditions.

The Co-Founder Grants are eligible to vest over the ten-year period following the closing of this offering. The Co-Founder Grants are comprised of nine tranches that are eligible to vest based on the achievement of stock price goals, or, each, a Stock Price Target, measured over a consecutive thirty-day trading period during the Performance Period, as follows:

	Company Stock Price Target	Shares Eligible to Vest for Mr. Houston	Shares Eligible to Vest for Mr. Ferdowsi
1.	$ 20.00	3,100,000	1,320,000
2.	$ 25.00	1,550,000	660,000
3.	$ 30.00	1,550,000	660,000
4.	$ 35.00	1,550,000	660,000
5.	$ 40.00	1,550,000	660,000
6.	$ 45.00	1,550,000	660,000
7.	$ 50.00	1,550,000	660,000
8.	$ 55.00	1,550,000	660,000
9.	$ 60.00	1,550,000	660,000

The Performance Period begins on the first trading day following the later of (a) the expiration of the lock-up period following the first date the Company's shares are traded on an established national securities exchange or automated quotation system (the "IPO Date") and (b) January 1, 2019 and ends on the earliest to occur of: (i) the date on which all shares subject to the Co-Founder Grants vest, (ii) the date the applicable co-founder ceases to satisfy the service-based vesting condition, (iii) the tenth anniversary of the IPO Date, and (iv) the occurrence of an acquisition of the Company prior to the IPO Date.

During the first four years of the Performance Period, no more than 20% of the shares subject to each Co-Founder Grant would be eligible to vest in any calendar year. After the first four years, all shares are eligible to vest based on the achievement of the defined Company stock prices.

The Co-Founder Grants contain an implied performance-based vesting condition satisfied upon the IPO date, because no shares subject to the Founder Grants will vest unless the IPO Date occurs. Accordingly, as of December 31, 2017, all compensation expense related to the Co-Founder Grants remained unrecognized because the performance-based vesting condition was not deemed probable of being achieved.

The Company calculated the grant date fair value of the Co-Founder Grants based on multiple stock price paths developed through the use of a Monte Carlo simulation. A Monte Carlo simulation also calculates a derived service period for each of the nine vesting tranches, which is the measure of the expected time to achieve the Stock Price Targets. A Monte-Carlo simulation requires the use of various assumptions, including expected stock price volatility and the risk-free interest rate as of the valuation date, both corresponding to the length of time remaining in the Performance Period, and expected dividend yield. The weighted-average grant date fair value of each Co-Founder Grant was estimated to be $7.07 per share. The weighted-average derived service period of each Co-Founder Grant was estimated to be 5.25 years, and ranged from 2.9 – 6.9 years. The Company will recognize stock-based compensation expense of $156.2 million over the derived service period of each vesting tranche using the accelerated attribution method as long as the co-founders satisfy their service-based vesting conditions. If the Stock Price Targets are met sooner than the derived service period, the Company will true-up its stock-based compensation expense to reflect the cumulative expense associated with the vested awards. The Company will recognize expense if the requisite service is provided, regardless of whether the market conditions are achieved.

Subsequent Grants

In November and December 2017, the Board of Directors approved grants of RSUs of 861,565 and 2,027,448, respectively. These RSUs will result in estimated stock-based compensation of $33.0 million, which is expected to be recognized over a weighted-average period of 3.9 years from the respective grant dates.

Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017 and provides for significant changes to U.S. tax law, including, but not limited to, a reduction in the corporate tax rate and a transition to a new territorial system of taxation. The primary impact of the new legislation on the Company's provision for income taxes will be a reduction of the future tax benefits of existing temporary differences as a result of the reduction in the corporate tax rate. However, since the Company has recorded a full valuation allowance against its deferred tax assets, it does not currently anticipate that these changes will have a material impact on the Company's consolidated financial statements. The Company will continue to assess the impact of the various provisions of the Act to its business and to its consolidated financial statements.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, upon completion of this offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the exchange listing fee.

	Amount to be paid
SEC registration fee	$ *
FINRA filing fee	*
Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	$ *

* To be filed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes a corporation's board of directors to grant, and authorizes a court to award, indemnity to officers, directors, and other corporate agents.

We expect to adopt an amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

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

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission, or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, we expect to adopt amended and restated bylaws, which will become effective immediately prior to the completion of this offering, and which will provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit, or

proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise. Our amended and restated bylaws are expected to provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust, or other enterprise. Our amended and restated bylaws will also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit, or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our amended and restated certificate of incorporation, amended and restated bylaws, and the indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive 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 executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees, or other agents or is or was serving at our request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our Board of Directors.

The underwriting agreement filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Since January 1, 2014, we have issued the following unregistered securities:

Preferred Stock Issuances

From January 2014 through April 2014, we sold an aggregate of 18,460,901 shares of our Series C convertible preferred stock to 55 accredited investors at a purchase price of approximately $19.1012 per share, for an aggregate purchase price of $352,625,362.

Option and RSU Issuances

From January 1, 2014 to September 30, 2017, we granted to our directors, officers, employees, consultants, and other service providers options to purchase an aggregate of 15,443,120 shares of our Class B common stock under our 2008 Plan at exercise prices ranging from approximately $13.84 to $16.82 per share.

From January 1, 2014 to September 30, 2017, we granted to our directors, officers, employees, consultants, and other service providers an aggregate of 25,164,351 RSUs to be settled in shares of our Class A common stock under our 2017 Plan and an aggregate of 76,983,474 RSUs to be settled in shares of our Class B common stock under our 2008 Plan.

Shares Issued in Connection with Third-Party Tender Offer

From January 1, 2014 to September 30, 2017, we issued an aggregate of 8,193,202 shares of our Class A common stock in connection with a third-party tender offer to purchase shares of our capital stock from certain holders of our Class B common stock and convertible preferred stock. Each share of our Class B common stock and convertible preferred stock transferred in connection with the tender offer was automatically converted to one share of our Class A common stock.

Shares Issued in Connection with Acquisitions

From January 1, 2014 to September 30, 2017, we issued an aggregate of 6,265,795 shares of our Class B common stock in connection with our acquisitions of certain companies or their assets and as consideration to individuals and entities who were former service providers and/or stockholders of such companies.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. We believe the offers, sales, and issuances of the above securities were exempt from registration under the Securities Act (or Regulation D or Regulation S promulgated thereunder) by virtue of Section 4(2) of the Securities Act because the issuance of securities to the recipients did not involve a public offering, or in reliance on Rule 701 because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

See the Exhibit Index immediately preceding the signature page hereto 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 called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1#	Restated Certificate of Incorporation of the Registrant, as amended and currently in effect.
3.2#	Certificate of Amendment to the Restated Certificate of Incorporation, as filed on April 4, 2014.
3.3#	Certificate of Amendment to the Restated Certificate of Incorporation, as filed on April 21, 2016.
3.4*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be in effect upon completion of this offering.
3.5#	Bylaws of the Registrant, as amended and currently in effect.
3.6*	Form of Amended and Restated Bylaws of the Registrant, to be in effect upon completion of this offering.
4.1*	Form of common stock certificate of the Registrant.
4.2*	Amended and Restated Investors' Rights Agreement among the Registrant and certain holders of its capital stock, dated as of January 30, 2014, as amended.
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, P.C.
10.1+*	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.2+*	Dropbox, Inc. 2018 Equity Incentive Plan and related form agreements.
10.3+*	Dropbox, Inc. 2018 Employee Stock Purchase Plan and related form agreements.
10.4+#	Dropbox, Inc. 2017 Equity Incentive Plan and related form agreements.
10.5+#	Dropbox, Inc. 2008 Equity Incentive Plan, as amended, and related form agreements.
10.6+*	Dropbox, Inc. Cash Bonus Plan.
10.7+	Restricted Stock Agreement between the Registrant and Andrew W. Houston.
10.8+	Restricted Stock Agreement between the Registrant and Arash Ferdowsi.
10.9+*	Employment Arrangement between the Registrant and Andrew W. Houston.
10.10+*	Employment Arrangement between the Registrant and Arash Ferdowsi.
10.11+*	Employment Arrangement between the Registrant and Quentin J. Clark.
10.12#	Office Lease between the Registrant and Kilroy Realty Finance Partnership, L.P., dated as of January 31, 2014.
10.13#	First Amendment to Office Lease between the Registrant and Kilroy Realty Finance Partnership, L.P., dated as of June 5, 2015.
10.14#	Second Amendment to Office Lease between the Registrant and Kilroy Realty Finance Partnership, L.P., dated as of May 3, 2016.
10.15#	Third Amendment to Office Lease between the Registrant and Kilroy Realty Finance Partnership, L.P., dated as of October 6, 2017.
10.16	Office Lease between the Registrant and KR Mission Bay, LLC, dated as of October 6, 2017.
10.17#	Second Amendment and Restatement to the Revolving Credit and Guaranty Agreement among the Registrant, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, dated as of April 3, 2017.

Exhibit Number	Description
21.1#	List of subsidiaries of the Registrant.
23.1*	Consent of Independent Registered Public Accounting Firm.
23.2*	Consent of Wilson Sonsini Goodrich & Rosati, P.C. (included in Exhibit 5.1).
24.1	Power of Attorney (included on page II-7).

Previously filed.
* To be filed by amendment.
+ Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in San Francisco, California, on the day of , .

DROPBOX, INC.

By: _____
Andrew W. Houston
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew W. Houston, Ajay V. Vashee, and Bart E. Volkmer, 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 herewith, 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 on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
Andrew W. Houston	Chief Executive Officer and Chairman *(Principal Executive Officer)*	
Ajay V. Vashee	Chief Financial Officer *(Principal Financial Officer)*	
Timothy J. Regan	Chief Accounting Officer *(Principal Accounting Officer)*	
Donald W. Blair	Director	
Arash Ferdowsi	Director	
Paul E. Jacobs	Director	

Signature	Title	Date
Robert J. Mylod, Jr.	Director	
Condoleezza Rice	Director	
R. Bryan Schreier	Director	
Margaret C. Whitman	Director	

DROPBOX, INC.

RESTRICTED STOCK AWARD AGREEMENT

I. NOTICEOF GRANT OF RESTRICTED STOCK AWARD

Name:	**Andrew Houston**
Address:	#### #### ####

The individual named above ("***Participant***") has been granted an award of shares of Class A Common Stock (the "***Shares***") of restricted stock ("***Award***") subject to the terms and conditions of this Restricted Stock Award Agreement (including all exhibits) (hereinafter "***RSA Agreement***") on the terms set forth herein.

Grant Number:	Founder-1
Total Number of Shares:	15,500,000
Grant Date:	December 12, 2017

Expiration Date: The "***Expiration Date***" means the earliest to occur of: (a) the date on which all Shares granted hereunder vest, (b) the date Participant ceases to satisfy the Service Condition, (c) the tenth anniversary of the IPO Date (the "***Award Term***"), and (d) the occurrence of an Acquisition prior to the IPO Date.

Vesting: The number of Shares subject to this Award that will vest (if any) will be determined based upon the achievement of the performance-based vesting and other conditions set forth in Exhibit A (attached) and the provisions of this RSA Agreement. The actual number of Shares subject to this Award that vest, if any, may be lower than the Total Number of Shares set forth above depending on the extent to which the vesting criteria for this Award are satisfied.

II. TERMSAND CONDITIONS OF RESTRICTED STOCK AWARD

1. Definitions. As used herein, the following definitions shall apply:

(a) "***Acceleration Event***" means the earliest of (i) the failure of Participant to satisfy the Service Condition due to (A) the Company's termination of Participant's employment with the Company for any reason other than for Cause, (B) Participant ceasing to be an employee of the Company as a result of his death or Disability, or (C) Participant's termination of his employment with the Company for Good Reason; provided that with respect to this clause (C) Participant must first provide the Company with written notice within ninety (90) days following the first occurrence of the condition(s) that Participant believes constitutes Good Reason and the Company fails to cure such condition(s), if curable, within thirty (30) days following receipt of such written notice, (ii) the date immediately prior to an Acquisition subject to Participant continuing to have satisfied the Service Condition through such time, or (iii) the last date of the Award Term subject to Participant continuing to have satisfied the Service Condition through such time.

(b) "***Achievement Date***" has the meaning set forth in Exhibit A.

(c) "***Acquisition***" means:

(i) any consolidation or merger in which the Company is a constituent entity or is a party in which the voting stock and other voting securities of the Company that are outstanding immediately prior to the consummation of such consolidation or merger represent, or are converted into, securities of the surviving entity of such consolidation or merger (or of any Parent of such surviving entity) that, immediately after the consummation of such consolidation or merger, together possess less than fifty percent (50%) of the total voting power of all voting securities of such surviving entity (or of any of its Parents, if any) that are outstanding immediately after the consummation of such consolidation or merger;

(ii) a sale or other transfer by the holders thereof of outstanding voting stock and/or other voting securities of the Company possessing more than fifty percent (50%) of the total voting power of all outstanding voting securities of the Company, whether in one transaction or in a series of related transactions, pursuant to an agreement or agreements to which the Company is a party and that has been approved by the Board, and pursuant to which such outstanding voting securities are sold or transferred to a single person or entity, to one or more persons or entities who are Affiliates of each other, or to one or more persons or entities acting in concert; or

(iii) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Company and/or any Subsidiary or Subsidiaries of the Company, of all or substantially all the assets of the Company and its Subsidiaries taken as a whole (or, if substantially all of the assets of the Company and its Subsidiaries taken as a whole are held by one or more Subsidiaries, the sale or disposition (whether by consolidation, merger, conversion or otherwise) of such Subsidiaries of the Company), except where such sale, lease, transfer or other disposition is made to the Company or one or more wholly owned Subsidiaries of the Company (an "***Acquisition by Sale of Assets***").

For purposes of subsections **(i)** and **(ii)**, (A) the acquisition of additional stock by any one person, or more than one person acting as a group, who is considered to own fifty percent (50%) or more of the total voting power of the stock of the Company immediately prior to such acquisition will not be considered an Acquisition, and (B) if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, the direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event will not be considered an Acquisition. For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities.

(d) "***Affiliate***" of a specified person means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified (where, for purposes of this definition, the term "***control"*** (including the terms ***controlling***, ***controlled by*** and ***under common control with***) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(e) "***Board***" means the Board of Directors of the Company.

(f) "***Cause***" means (i) Participant's conviction for, or guilty plea to, a felony, (ii) Participant's commission of any intentional act of fraud or dishonesty against the Company that results in material harm to the business of the Company, its Parent (if any) and its Subsidiaries, taken as a whole, (iii) any material breach by Participant of any provision of any written agreement between the Company or any Parent or Subsidiary of the Company and Participant regarding the terms of Participant's service to the Company or a Parent or Subsidiary of the Company, including without limitation, any material breach of any applicable

invention assignment and confidentiality agreement or similar agreement between the Company or a Parent or Subsidiary of the Company and Participant, in each case that results in material harm to the business of the Company, its Parent (if any) and its Subsidiaries, taken as a whole, or (iv) any other intentional, material misconduct by Participant in the performance of his duties and responsibilities to the Company that results in material harm to the business of the Company, its Parent (if any) and its Subsidiaries, taken as a whole; provided that any action, breach, or misconduct described in clauses (ii) through (iv) will constitute "Cause" only if such action, breach or misconduct continues after the Company has provided Participant with written notice thereof and thirty (30) days to cure the same if such action, breach or misconduct is curable.

(g) ***"Class A Common Stock***" means the Company's Class A Common Stock, $0.00001 par value per share.

(h) "***Code***" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(i) "***Committee***" means the committee of one or more members of the Board created and appointed by the Board to administer this RSA Agreement, or if no committee is created and appointed, the Board.

(j) "***Company***" means Dropbox, Inc., a Delaware corporation, or any successor corporation.

(k) "***Company Quarterly Vesting Date"*** means each of February 15, May 15, August 15, and November 15.

(l) ***"Consultant***" means being engaged by the Company or a Parent or Subsidiary to render services to such entity, including as an advisor.

(m) "***Director***" means a member of the Board.

(n) "***Disability***" means a disability, whether temporary or permanent, partial or total, as determined by the Committee.

(o) "***Employee***" means being employed by the Company or any Parent or Subsidiary, even while also providing services in another capacity, including as an executive officer or Director. Nevertheless, neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company. An Employee will not cease to be such in the case of transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor.

(p) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

(q) "***Good Reason***" means (i) the Company's removal of Participant from serving in the role as Chief Executive Officer of the Company or Executive Chairman of the Company (it being understood that Participant only needs to be serving in one of those roles at any point in time and that transitioning from one role to the other will not give rise to Participant's right to resign for Good Reason hereunder); (ii) a material diminution in Participant's authority, title, duties or responsibilities as in effect immediately prior to such reduction; (iii) the assignment to Participant of any duties or responsibilities that are inconsistent with the customary duties and responsibilities of Chief Executive Officer of the Company or Executive Chairman of the Company, as applicable; or (iv) a material breach by the Company of this Agreement.

(r) "***IPO Date***" means the first date the Shares are traded on a Securities Exchange.

(s) "***Parent***" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(t) "***Securities Act***" means the Securities Act of 1933, as amended.

(u) ***"Securities Exchange***" means an established national securities exchange or automated quotation system (e.g., the New York Stock Exchange, The Nasdaq Global Select Market, or The Nasdaq Global Market).

(v) "***Service Condition***" means Participant continuously holding the title of either Chief Executive Officer of the Company or Executive Chairman of the Company. In case of any dispute as to whether Participant fails to meet the Service Condition, the Committee shall have sole discretion to make this determination and the effective date of such failure (in each case, so long as such determination and effective date are reasonable), and such determination shall be binding on the Company, Participant and their successors.

(w) "***Service Provider***" means an Employee, Director or Consultant.

(x) "***Subsidiary***" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

(y) "***Tax Withholding Obligation"*** means the maximum statutory tax rate applicable to Participant that the Company determines under applicable law that it is able to withhold for federal, state, and local and foreign income, social insurance, payroll, employment and any other taxes applicable to Participant arising from the vesting of this Award without resulting in adverse financial accounting treatment for the Company, as determined by the Company; provided, however, that "Tax Withholding Obligation" shall in no event be less than any minimum amount required by applicable law.

(z) "***Vesting Date***" means the next Company Quarterly Vesting Date to occur following such Achievement Date; provided, however, that if an Achievement Date occurs on or within forty-five (45) calendar days prior to the next Company Quarterly Vesting Date, the Vesting Date shall mean the second Company Quarterly Vesting Date following that Achievement Date.

2. **Grant**. The Company hereby grants to Participant for past services and as a separate incentive in connection with his future services and not in lieu of any salary or other compensation for his services, this Award subject to all of the terms and conditions in this RSA Agreement. The issuance of this Award to Participant has been approved by the Board.

3. **Escrow of Shares.**

(a) All Shares subject to this Award will, upon execution of this RSA Agreement, be delivered and deposited with an escrow holder designated by the Company (the "***Escrow Holder***"). The Shares subject to this Award will be held by the Escrow Holder until the Expiration Date.

(b) The Escrow Holder will not be liable for any act it may do or omit to do with respect to holding the Shares subject to this Award in escrow while acting in good faith and in the exercise of its judgment.

(c) Upon the Expiration Date, the Escrow Holder, upon receipt of written notice of such expiration, will take all steps necessary to accomplish the transfer of unvested Shares, if any, subject to this Award to the Company. Participant hereby appoints the Escrow Holder with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant, to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares, if any, subject to this Award to the Company upon such expiration.

(d) The Escrow Holder will take all steps necessary to accomplish the transfer of Shares subject to this Award to Participant after they vest following Participant's request that the Escrow Holder do so.

(e) Subject to the terms hereof, Participant will have all the rights of a stockholder with respect to the Shares while they are held in escrow, including, without limitation, the right to vote the Shares and to receive any cash dividends declared thereon (but subject to Section 3(f)).

(f) In the event of any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares, the Shares subject to this Award will be increased, reduced or otherwise changed, and by virtue of any such change Participant will in his or her capacity as owner of unvested Shares subject to this Award be entitled to new or additional or different shares of stock, cash or securities (other than rights or warrants to purchase securities); such new or additional or different shares, cash or securities will thereupon be considered to be unvested Shares subject to this and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares subject this Award; provided, however, that fractions of a Share will not be issued but will either be paid in cash at the fair market value of such fraction of a Share or will be rounded down to the nearest whole Share, as determined by the Committee.

4. **Vesting Schedule**. Except as provided in Section 5, and subject to Section 6, the Shares subject to this Award will vest in accordance with the vesting provisions set forth in the Notice of Grant of Restricted Stock Award and Exhibit A. Shares subject to this Award scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this RSA Agreement and Exhibit A, unless Participant has continuously satisfied the Service Condition from the Grant Date until the date such vesting occurs.

5. **Committee Discretion**. The Committee, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Shares subject to this Award at any time. If so accelerated, such Shares subject to this Award will be considered as having vested as of the date specified by the Committee.

6. **Forfeiture upon the Expiration Date.** Except for any Shares subject to this Award that may vest on an Acceleration Event in accordance with the terms of this RSA Agreement, and notwithstanding any contrary provision of this RSA Agreement, the balance of the Shares subject to this Award that have not vested as of the Expiration Date will be forfeited and automatically transferred to and reacquired by the Company at no cost to the Company and Participant will have no further rights thereunder. Participant hereby appoints the Escrow Agent with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares subject to this Award to the Company upon the Expiration Date.

7. **Death of Participant**. Any distribution or delivery to be made to Participant under this RSA Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

8. Tax Withholding.

(a) Default Method of Tax Withholding. On the first date following the IPO Date that is during an "open window period" (or term of similar import describing a period wherein Participant is not precluded by the Company from selling Shares on the open market) applicable to Participant on which Participant is not aware of any material nonpublic information about the Company or the shares of the Company, the Company shall request that Participant execute in writing, and Participant shall execute, the instructions set forth in Exhibit B attached hereto (the "***10b5-1 Plan***") as the default means of satisfying Participant's Tax Withholding Obligation. **By accepting this Award, Participant expressly consents to the sale of Shares to be delivered under this Award to cover Participant's Tax Withholding Obligation (and any associated broker or other fees) pursuant to the 10b5-1 Plan and agrees and acknowledges that Participant may not satisfy Participant's Tax Withholding Obligation by any means other than such sale of Shares, except as set forth in Section 8(b).**

(b) Committee Discretion. If the Committee determines that Participant cannot satisfy Participant's Tax Withholding Obligation through the default procedure described in clause (a), it may permit Participant to satisfy Participant's Tax Withholding Obligation by (i) delivering to the Company Shares that Participant owns and that have vested with a fair market value equal to Participant's Tax Withholding Obligation (in which case, the Company shall remit the amount that is required under applicable law to the appropriate governmental authorities in cash with the remainder, if any, to be promptly paid to Participant), (ii) electing to have the Company withhold otherwise deliverable Shares having a fair market value equal to Participant's Tax Withholding Obligation (in which case, the Company shall remit the amount that is required under applicable law to the appropriate governmental authorities in cash with the remainder, if any, to be promptly paid to Participant), (iii) payment by Participant in cash, or (iv) such other means as the Committee deems appropriate.

(c) Company's Obligation to Deliver Shares. For clarification purposes, in no event will the Company issue Participant any Shares unless and until arrangements satisfactory to the Committee have been made for the payment of Participant's Tax Withholding Obligation. If Participant fails to do so by the time they become due, Participant will permanently forfeit the Shares subject to this Award to which Participant's Tax Withholding Obligation relates, as well as any right to receive Shares subject to this Award otherwise issuable hereunder.

9. Tax Consequences. Participant acknowledges that there will be tax consequences in connection with this Award, including upon vesting of the Shares subject to this Award and/or disposition of the Shares, if any, received in connection therewith, and Participant should consult a tax adviser regarding Participant's tax obligations with respect to this Award.

10. Acknowledgement. The Company and Participant agree that this Award is granted under and governed by this RSA Agreement. Participant: (i) acknowledges receipt of a copy of each of the foregoing documents, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts this Award subject to all of the terms and conditions set forth herein.

11. Grant is Not Transferable. Except for the escrow described in Section 3 or transfer of the Shares to the Company or its assignees contemplated by this RSA Agreement, and except to the limited extent provided in Section 7, the unvested Shares subject to this Award and the rights and privileges conferred hereby will not be transferred, assigned, donated, encumbered, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process until such Shares shall have vested in accordance with the provisions of this RSA Agreement. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any unvested Shares subject to this Award, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, will be void and not be given effect and the Company will not be bound in any way to take any action to consummate or acknowledge the transaction.

12. Limitations on Transfer of Stock. In addition to any other limitation on transfer created by applicable securities laws, Participant shall not assign, hypothecate, donate, encumber or otherwise dispose of the Shares or any interest in the Shares issued pursuant to this RSA Agreement except in compliance with the provisions of the Bylaws, the Company's then current Insider Trading Policy, and applicable securities laws.

13. Restrictions Binding on Transferees. All transferees of Shares or any interest therein will receive and hold such shares or interest subject to the provisions of this RSA Agreement, including the transfer restrictions of Sections 11 and 12, and the transferee shall acknowledge such restrictions in writing. Any sale or transfer of the Shares shall be void unless the provisions of this RSA Agreement are satisfied.

14. Award Subject to Company Clawback or Recoupment. The Shares subject to this Award shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term during which Participant is a Service Provider that is applicable to executive officers, employees, directors or other service providers of the Company, and in addition to any other remedies available under such policy and applicable law may require the forfeiture of the Shares (whether vested or unvested) and the recoupment of any gains realized with respect to any Shares that had previously vest and delivered to Participant.

15. Compliance with Laws and Regulations. The initial issuance of Shares and, if applicable, any subsequent delivery of Shares upon release from escrow in accordance with Section 3, will be subject to and conditioned upon compliance by the Company and Participant (including any written representations, warranties and agreements as the Committee may request of Participant for compliance with applicable laws) with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's securities may be listed or quoted at the time of such issuance or transfer. Participant may not be issued any Shares if such issuance would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any Shares shall relieve the Company of any liability in respect of the failure to issue or sell such shares.

16. Legend. The Shares issued hereunder shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under this RSA Agreement or the rules, regulations, and other requirements of the U.S. Securities and Exchange Commission, any stock exchange upon which such shares of the Company's securities are listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such book-entries to make appropriate reference to such restrictions.

17. Successors and Assigns. The Company may assign any of its rights under this RSA Agreement. This RSA Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this RSA Agreement will be binding upon Participant and Participant's heirs, executors, administrators, legal representatives, successors and assigns.

18. Entire Agreement; Severability. This RSA Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof (including, without limitation, any commitment to make any other form of equity award (such as stock options) that may have been set forth in any employment offer letter or other agreement between the parties). If any provision of this RSA Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

19. **Market Standoff Agreement.** Participant agrees that in connection with any registration of the Company's securities in connection with an initial public offering of the Company's securities that, upon the request of the Company or the underwriters managing such initial public offering of the Company's securities, Participant will not sell or otherwise dispose of shares of the Company's capital stock without the prior written consent of the Company or such underwriters, as the case may be, for such reasonable period of time after the effective date of such registration as may be requested by such managing underwriters and subject to all restrictions as the Company or the underwriters may specify. Participant will enter into any agreement reasonably required by the underwriters to implement the foregoing.

20. **No Rights as Employee, Director or Consultant**. Nothing in this RSA Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's status as a Service Provider, for any reason, with or without cause.

21. **Delivery of Documents and Notices.** Any document relating to the receipt of this Award or notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this RSA Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, with postage and fees prepaid, addressed to the other party at the e-mail address, if any, provided for Participant by the Company or at such other address as such party may designate in writing from time to time to the other party.

22. **Electronic Delivery**. The Company may, in its sole discretion, decide to deliver any documents related to the Shares subject to this Award by electronic means. Participant hereby consents to receive such documents by electronic delivery through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. **Governing Law**. This RSA Agreement will be governed by the laws of California without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award or this RSA Agreement, the parties hereby submit to and consent to the jurisdiction of California, and agree that such litigation will be conducted in the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Award is made and/or to be performed.

24. **Administration.** This RSA Agreement will be administered by the Committee. Subject to the general purposes, terms and conditions of this RSA Agreement, and to the direction of the Board, the Committee will have full power to implement and carry out this RSA Agreement. Without limitation, the Committee will have the authority to: (a) construe and interpret this RSA Agreement; (b) determine the fair market value in good faith and interpret the applicable provisions of this RSA Agreement in connection with circumstances that impact the fair market value, if necessary; (c) grant waivers of any conditions of this Award; (d) correct any defect, supply any omission, or reconcile any inconsistency in this Award or this RSA Agreement; (e) determine whether this Award has been earned; or (f) make all other determinations necessary or advisable in connection with the administration of this RSA Agreement; provided, that, in each case, no such action shall be in contravention of any express terms of this Award. Any amendment or other modification of this RSA Agreement shall be memorialized in a written instrument executed by the Company and Participant.

The Board may delegate full administrative authority over this Award to a Committee consisting of at least one member of the Board (or such greater number as may then be required by applicable law). Unless in contravention of any express terms of this Award, any determination made by the Committee with respect to any Award will be made in its sole discretion. Any such determination will be final and binding on the Company and on all persons having an interest in any Award under this RSA Agreement and will be given the maximum deference under applicable laws.

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By Participant's signature and the signature of the Company's representative on the, Participant and the Company agree that this Award is granted under and governed by the terms and conditions of this RSA Agreement.

PARTICIPANT	**DROPBOX, INC.**
ANDREW HOUSTON	
/s/ Andrew Houston	/s/ Mary Anne Becking
December 19, 2017	December 19, 2017
Date	**Date**

EXHIBIT A

PERFORMANCE MATRIX

Capitalized terms used in this Exhibit A shall have the meanings prescribed to them under this RSA Agreement unless otherwise defined herein.

1. Performance Condition. Subject to the following sentence, the actual number of Shares subject to this Award that will vest will be determined based upon the achievement of Company Stock Price Target(s) during the Performance Period and the satisfaction of the applicable service-based vesting conditions, all in accordance with this Exhibit A. Except as set forth in Section 4 of this Exhibit A, in no case can more than 3,100,000 Shares become Eligible Shares (as defined below) in any calendar year during the Initial Period (such limit, the "***Share Limit***"). For the avoidance of doubt, following the end of the Initial Period, no Share Limit shall apply.

"Initial Period" means the period beginning on the start of the Performance Period and ending on the fourth anniversary of the start of the Performance Period.

"Performance Period" means the period (a) commencing on the first trading day following the later of (i) the expiration of the lock-up period following the IPO Date and (ii) January 1, 2019 and (b) ending on the Expiration Date.

2. Company Stock Price. Except as set forth in Sections 3 and 4 of this Exhibit A, on each Achievement Date during the Performance Period, a number of Shares will become eligible to vest equal to the number of Shares listed as the "Shares" corresponding to the applicable Company Stock Price Target in the table below but not to exceed the Share Limit (such Shares, the "***Eligible Shares***"), and such Eligible Shares will vest on the earlier of: (a) the next Vesting Date subject to Participant satisfying the Service Condition through such date, or (b) an Acceleration Event. If, as a result of the Company Stock Price Target achievement, a number of Shares otherwise would have become Eligible Shares but for the Share Limit, the Shares that exceeded the Share Limit will not become Eligible Shares, and any such Shares will only become Eligible Shares (if at all) upon the next Achievement Date relating to the Company Stock Price Target applicable to such Shares, subject to Sections 3 and 4 of this Exhibit A.

	Company Stock Price Target*	Shares
1.	$20.00	3,100,000
2.	$25.00	1,550,000
3.	$30.00	1,550,000
4.	$35.00	1,550,000
5.	$40.00	1,550,000
6.	$45.00	1,550,000
7.	$50.00	1,550,000
8.	$55.00	1,550,000
9.	$60.00	1,550,000

* The "Company Stock Price Targets" shall be adjusted as appropriate to reflect any stock splits, stock dividends, combinations, reorganizations, reclassifications or similar event under Section 3(f) of this RSA Agreement. The Committee, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under this RSA Agreement, will make the determination of any such adjustments required in connection with any such event.

"Achievement Date" means the first trading date occurring during the Performance Period in which a Company Stock Price Target is achieved. For the avoidance of doubt, (a) each Company Stock Price Target may only be achieved once during the Performance Period unless the Share Limit would

apply and result in less than all of the Shares corresponding to a Company Stock Price Target becoming Eligible Shares, in which case, such Company Stock Price Target must be achieved again (subject to the Share Limit) for such remaining Shares to become Eligible Shares and (b) more than one Company Stock Price Target may be achieved on a particular date. Except in connection with an Acquisition as set forth in Section 4, no partial achievement will occur and no Shares will become Eligible Shares for achievement between two Company Stock Price Targets.

For example, assume the Performance Period begins on January 2, 2019 and the Company Stock Price as of February 14, 2019 is $30.10. February 14, 2019 shall be an Achievement Date (assuming the Service Condition is satisfied as of that date) with respect to 6,200,000 Shares (comprising Company Stock Price Targets 1 through 3) but the Share Limit would result in only 3,100,000 Shares becoming Eligible Shares. Accordingly, the number of Shares subject to this Award that will become Eligible Shares on February 14, 2019 will equal 3,100,000 Shares. Such Eligible Shares would vest on the earlier of: (a) the next Vesting Date (May 15, 2019) subject to Participant satisfying the Service Condition through such date, or (b) an Acceleration Event.

Assume instead that the Performance Period begins on January 2, 2019 and the Company Stock Price as of February 14, 2023 is $30.10. Assume for this purpose, no Company Stock Price Target was achieved prior to February 14, 2023. February 14, 2023 shall be an Achievement Date (assuming the Service Condition is satisfied as of that date) with respect to 6,200,000 Shares (comprising Company Stock Price Targets 1 through 3) and no Share Limit would apply because the Initial Period would have terminated. Accordingly, the number of Shares subject to this Award that will become Eligible Shares on February 14, 2023 will equal 6,200,000 Shares. Such Eligible Shares would vest on the earlier of: (a) the next Vesting Date (May 15, 2023) subject to Participant satisfying the Service Condition through such date, or (b) an Acceleration Event.

"***Company Stock Price***" means the weighted average closing price of a Share as reported on a Securities Exchange for any thirty (30) consecutive trading day period occurring within the Performance Period.

"Company Stock Price Target" means each Company Stock Price set forth in the table above.

3. Service Condition and Forfeiture. In order for any Shares hereunder to become Eligible Shares and to vest, Participant must have continuously satisfied the Service Condition through the applicable Achievement Date, and continue to satisfy the Service Condition through the Vesting Date or experience an Acceleration Event after the Achievement Date but before the Vesting Date. Except with respect to any Eligible Shares that may vest on an Acceleration Event in accordance with the prior sentence, on the Expiration Date, any outstanding Shares subject to this Award that have not vested immediately will be forfeited and returned to the Company, and Participant will have no further rights with respect to such Shares.

4. Acquisition.

If an Acquisition occurs on or prior to the Expiration Date (but, for the avoidance of doubt, following the IPO Date), then the following rules will apply.

a. Immediately prior to an Acquisition, the Share Limit shall no longer be applicable and rather than applying the definition of "Company Stock Price" in Section 2, "Company Stock Price" instead will mean the Per Share Deal Price. "***Per Share Deal Price"*** means the value of the total amount of consideration received or potentially receivable for a Share by holders of the Company's Class A Common Stock in connection with the Acquisition. The value of any non-cash consideration will be determined in good faith by the Committee.

b. After determining the "Company Stock Price" under Section 4.a. of this Exhibit A, the same rules under the chart under Section 2 of this Exhibit A apply in determining whether any additional "Company Stock Price Targets" are achieved and additional Shares subject to this

Award will become Eligible Shares; provided, however, that if Company Stock Price as determined under Section 4.a. of this Exhibit A is greater than $20.00 but falls between two Company Stock Price Targets set forth in the table under Section 2 of this Exhibit A, the Eligible Shares will be determined based on a linear interpolation using the Company Stock Price Target in the table that is greater than but closest to the Company Stock Price determined under Section 4.a. of this Exhibit A (such price the "***Higher Price***") and the amount in the table that is less than but closest to the actual Company Stock Price determined under Section 4.a. of this Exhibit A (such price, the "***Lower Price"***), and using 1,550,000 Shares for the Higher Price and 0 Shares for the Lower Price, with such number rounded to the nearest Share (such Share number, the "***Incremental Eligible Shares***"). For the avoidance of doubt, if, prior to the Acquisition, Shares subject to this Award already have become Eligible Shares based on the achievement of a Company Stock Price Target occurring as of the Achievement Date corresponding to such achievement, such Shares will not again become Eligible Shares with respect to that Company Stock Price Target achievement, but such Shares, to the extent they have not yet vested, shall vest immediately prior to the Acquisition subject to Participant satisfying the Service Condition through such time. Further, and for the avoidance of doubt, if the Per Share Deal is less than $20.00, no Shares will become Eligible Shares immediately prior to an Acquisition.

c. If, after applying the rules in Sections 4.a. and 4.b. of this Exhibit A, additional Shares will become Eligible Shares, then

i. the Achievement Date shall be the date immediately prior to the Acquisition subject to Participant satisfying the Service Condition; and

ii. the number of additional Shares that will become Eligible Shares will equal the sum of: (1) all Shares (as determined under the table in Section 2 of this Exhibit A) corresponding to the Company Stock Price achievement(s) in connection with the Acquisition that have not yet become Eligible Shares plus (2) the Incremental Eligible Shares (if any) (such sum, the "***Acquisition Eligible Shares***"). Unless otherwise determined by the Committee, any remaining Shares that have not become Eligible Shares immediately will be forfeited and Participant will have no further rights with respect to such Shares; and

iii. the date immediately prior to the Acquisition shall be the Acceleration Event on which such Eligible Shares (and any other unvested Eligible Shares) vest.

For example, assume the Performance Period begins on January 1, 2019 and there is an Acquisition on July 1, 2019 for a Per Share Deal Price of $31.18. Prior to the Acquisition, Company Stock Price Target 1 already was achieved, and such Shares became Eligible Shares and vested. Due to the Acquisition, the Company Stock Price is equal to the Per Share Deal Price ($31.18) and results in Acquisition Eligible Shares of 3,465,800 Shares equal to the sum of:

- 3,100,000 Shares (representing the Shares corresponding to Company Stock Price Targets 2 and 3), *plus*
- 365,800 Shares (representing 100% of the Incremental Eligible Shares (determined based on linear interpolation between Company Stock Price Targets 3 and 4)).

As a result, on the date immediately prior to the Acquisition, an additional 3,465,800 Shares of the Total Number of Shares set forth in the Notice of Grant of Restricted Stock Award will become Eligible Shares and will vest as of such time.

EXHIBIT B

10B5-1 PLAN

The undersigned hereby consents and agrees that Participant's Tax Withholding Obligation shall be satisfied by Shares being sold on the undersigned's behalf pursuant to the procedures set forth below in this 10b5-1 Plan. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in that certain Restricted Stock Award Agreement, dated as of December 12, 2017, by and between Dropbox, Inc. and the undersigned.

Participant hereby irrevocably instructs and authorizes the Company and the Company's designated broker, or such other broker-dealer that is a member of the Financial Industry Regulatory Authority reasonably acceptable to the Company for such purpose (the "***Broker***"), to sell on Participant's behalf a whole number of Shares (it being understood that such Shares to be sold must have vested pursuant to the terms of this RSA Agreement) sufficient to generate cash proceeds to satisfy Participant's Tax Withholding Obligation (and any associated broker or other fees); provided that the Company shall not enter into any arrangements with any Broker that would require payment by Participant of broker or other fees in excess of those that are reasonable and customary; provided further that all sales of Shares pursuant to the 10b5-1 Plan shall be at prevailing market prices and in compliance with Rule 144 of the Securities Act, and the Broker shall, and the Company shall cause the Broker to, file all Form 144s on behalf of Participant with respect to the sale of Shares under the 10b5-1 Plan. Participant hereby irrevocably instructs and authorizes the Broker to (i) remit to the Company the cash proceeds necessary to satisfy Participant's Tax Withholding Obligation, (ii) retain the amount required to cover associated broker or other fees, and (iii) deposit any remaining funds in Participant's account in accordance with procedures the Company may specify from time to time. Only whole Shares will be sold by the Broker to satisfy Participant's Tax Withholding Obligation.

This 10b5-1 Plan may be amended, modified, terminated or suspended only with the consent of Participant and the Committee. An amendment or modification may only be made during an "open window period" (or term of similar import describing a period wherein Participant is not precluded by the Company from selling Shares on the open market) applicable to Participant and on which Participant is not aware of any material nonpublic information about the Company or the Shares.

Participant and the Company acknowledge that the 10b5-1 Plan is intended to comply with the requirements of Rule 10b5-1(c)(1)(B) under the Exchange Act and to be interpreted to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act. Participant expressly consents and agrees that he is adopting the 10b5-1 Plan to permit the sale of Shares to cover Participant's Tax Withholding Obligation consistent with the above. Participant hereby appoints the Company as his agent and attorney-in-fact to instruct the Broker with respect to the number of Shares that must be sold under the 10b5-1 Plan to satisfy Participant's Tax Withholding Obligation. This 10b5-1 Plan shall be binding on Participant.

Participant Name: Andrew Houston

Date:

DROPBOX, INC.

RESTRICTED STOCK AWARD AGREEMENT

I. NOTICEOF GRANT OF RESTRICTED STOCK AWARD

Name:	**Arash Ferdowsi**
Address:	#### ####

The individual named above ("***Participant***") has been granted an award of shares of Class A Common Stock (the "***Shares***") of restricted stock ("***Award***") subject to the terms and conditions of this Restricted Stock Award Agreement (including all exhibits) (hereinafter "***RSA Agreement***") on the terms set forth herein.

Grant Number:	Founder-2
Total Number of Shares:	6,600,000
Grant Date:	December 12, 2017

Expiration Date: The "***Expiration Date***" means the earliest to occur of: (a) the date on which all Shares granted hereunder vest, (b) the date Participant ceases to satisfy the Service Condition, (c) the tenth anniversary of the IPO Date (the "***Award Term***"), and (d) the occurrence of an Acquisition prior to the IPO Date.

Vesting: The number of Shares subject to this Award that will vest (if any) will be determined based upon the achievement of the performance-based vesting and other conditions set forth in Exhibit A (attached) and the provisions of this RSA Agreement. The actual number of Shares subject to this Award that vest, if any, may be lower than the Total Number of Shares set forth above depending on the extent to which the vesting criteria for this Award are satisfied.

II. TERMS AND CONDITIONS OF RESTRICTED STOCK AWARD

1. Definitions. As used herein, the following definitions shall apply:

(a) "***Acceleration Event***" means the earliest of (i) the failure of Participant to satisfy the Service Condition due to (A) the Company's termination of Participant's employment with the Company for any reason other than for Cause, (B) Participant ceasing to be an employee of the Company as a result of his death or Disability, or (C) Participant's termination of his employment with the Company for Good Reason; provided that with respect to this clause (C) Participant must first provide the Company with written notice within ninety (90) days following the first occurrence of the condition(s) that Participant believes constitutes Good Reason and the Company fails to cure such condition(s), if curable, within thirty (30) days following receipt of such written notice, (ii) the date immediately prior to an Acquisition subject to Participant continuing to have satisfied the Service Condition through such time, or (iii) the last date of the Award Term subject to Participant continuing to have satisfied the Service Condition through such time.

(b) "***Achievement Date***" has the meaning set forth in Exhibit A.

(c) "***Acquisition***" means:

(i) any consolidation or merger in which the Company is a constituent entity or is a party in which the voting stock and other voting securities of the Company that are outstanding immediately prior to the consummation of such consolidation or merger represent, or are converted into, securities of the surviving entity of such consolidation or merger (or of any Parent of such surviving entity) that, immediately after the consummation of such consolidation or merger, together possess less than fifty percent (50%) of the total voting power of all voting securities of such surviving entity (or of any of its Parents, if any) that are outstanding immediately after the consummation of such consolidation or merger;

(ii) a sale or other transfer by the holders thereof of outstanding voting stock and/or other voting securities of the Company possessing more than fifty percent (50%) of the total voting power of all outstanding voting securities of the Company, whether in one transaction or in a series of related transactions, pursuant to an agreement or agreements to which the Company is a party and that has been approved by the Board, and pursuant to which such outstanding voting securities are sold or transferred to a single person or entity, to one or more persons or entities who are Affiliates of each other, or to one or more persons or entities acting in concert; or

(iii) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Company and/or any Subsidiary or Subsidiaries of the Company, of all or substantially all the assets of the Company and its Subsidiaries taken as a whole (or, if substantially all of the assets of the Company and its Subsidiaries taken as a whole are held by one or more Subsidiaries, the sale or disposition (whether by consolidation, merger, conversion or otherwise) of such Subsidiaries of the Company), except where such sale, lease, transfer or other disposition is made to the Company or one or more wholly owned Subsidiaries of the Company (an "***Acquisition by Sale of Assets***").

For purposes of subsections **(i)** and **(ii)**, (A) the acquisition of additional stock by any one person, or more than one person acting as a group, who is considered to own fifty percent (50%) or more of the total voting power of the stock of the Company immediately prior to such acquisition will not be considered an Acquisition, and (B) if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, the direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event will not be considered an Acquisition. For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities.

(d) "***Affiliate***" of a specified person means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified (where, for purposes of this definition, the term "***control"*** (including the terms ***controlling***, ***controlled by*** and ***under common control with***) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(e) "***Board***" means the Board of Directors of the Company.

(f) "***Cause***" means (i) Participant's conviction for, or guilty plea to, a felony, (ii) Participant's commission of any intentional act of fraud or dishonesty against the Company that results in material harm to the business of the Company, its Parent (if any) and its Subsidiaries, taken as a whole, (iii) any material breach by Participant of any provision of any written agreement between the Company or any Parent or Subsidiary of the Company and Participant regarding the terms of Participant's service to the Company or a Parent or Subsidiary of the Company, including without limitation, any material breach of any applicable

invention assignment and confidentiality agreement or similar agreement between the Company or a Parent or Subsidiary of the Company and Participant, in each case that results in material harm to the business of the Company, its Parent (if any) and its Subsidiaries, taken as a whole, or (iv) any other intentional, material misconduct by Participant in the performance of his duties and responsibilities to the Company that results in material harm to the business of the Company, its Parent (if any) and its Subsidiaries, taken as a whole; provided that any action, breach, or misconduct described in clauses (ii) through (iv) will constitute "Cause" only if such action, breach or misconduct continues after the Company has provided Participant with written notice thereof and thirty (30) days to cure the same if such action, breach or misconduct is curable.

(g) ***"Class A Common Stock***" means the Company's Class A Common Stock, $0.00001 par value per share.

(h) "***Code***" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(i) "***Committee***" means the committee of one or more members of the Board created and appointed by the Board to administer this RSA Agreement, or if no committee is created and appointed, the Board.

(j) "***Company***" means Dropbox, Inc., a Delaware corporation, or any successor corporation.

(k) "***Company Quarterly Vesting Date"*** means each of February 15, May 15, August 15, and November 15.

(l) ***"Consultant***" means being engaged by the Company or a Parent or Subsidiary to render services to such entity, including as an advisor.

(m) "***Director***" means a member of the Board.

(n) "***Disability***" means a disability, whether temporary or permanent, partial or total, as determined by the Committee.

(o) "***Employee***" means being employed by the Company or any Parent or Subsidiary, even while also providing services in another capacity, including as an executive officer or Director. Nevertheless, neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company. An Employee will not cease to be such in the case of transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor.

(p) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

(q) "***Good Reason***" means (i) the Company's removal of Participant from serving in the role as an employee holding a senior management title at the Company; (ii) a material diminution in Participant's authority, title, duties or responsibilities as in effect immediately prior to such reduction; (iii) the assignment to Participant of any duties or responsibilities that are inconsistent with the customary duties and responsibilities of an employee holding a senior management title at the Company; or (iv) a material breach by the Company of this Agreement.

(r) "***IPO Date***" means the first date the Shares are traded on a Securities Exchange.

(s) "***Parent***" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(t) "***Securities Act***" means the Securities Act of 1933, as amended.

(u) ***"Securities Exchange***" means an established national securities exchange or automated quotation system (e.g., the New York Stock Exchange, The Nasdaq Global Select Market, or The Nasdaq Global Market).

(v) "***Service Condition***" means Participant continuously holding a senior management title at the Company. In case of any dispute as to whether Participant fails to meet the Service Condition, the Committee shall have sole discretion to make this determination and the effective date of such failure (in each case, so long as such determination and effective date are reasonable), and such determination shall be binding on the Company, Participant and their successors.

(w) "***Service Provider***" means an Employee, Director or Consultant.

(x) "***Subsidiary***" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

(y) "***Tax Withholding Obligation"*** means the maximum statutory tax rate applicable to Participant that the Company determines under applicable law that it is able to withhold for federal, state, and local and foreign income, social insurance, payroll, employment and any other taxes applicable to Participant arising from the vesting of this Award without resulting in adverse financial accounting treatment for the Company, as determined by the Company; provided, however, that "Tax Withholding Obligation" shall in no event be less than any minimum amount required by applicable law.

(z) "***Vesting Date***" means the next Company Quarterly Vesting Date to occur following such Achievement Date; provided, however, that if an Achievement Date occurs on or within forty-five (45) calendar days prior to the next Company Quarterly Vesting Date, the Vesting Date shall mean the second Company Quarterly Vesting Date following that Achievement Date.

2. **Grant**. The Company hereby grants to Participant for past services and as a separate incentive in connection with his future services and not in lieu of any salary or other compensation for his services, this Award subject to all of the terms and conditions in this RSA Agreement. The issuance of this Award to Participant has been approved by the Board.

3. **Escrow of Shares.**

(a) All Shares subject to this Award will, upon execution of this RSA Agreement, be delivered and deposited with an escrow holder designated by the Company (the "***Escrow Holder***"). The Shares subject to this Award will be held by the Escrow Holder until the Expiration Date.

(b) The Escrow Holder will not be liable for any act it may do or omit to do with respect to holding the Shares subject to this Award in escrow while acting in good faith and in the exercise of its judgment.

(c) Upon the Expiration Date, the Escrow Holder, upon receipt of written notice of such expiration, will take all steps necessary to accomplish the transfer of unvested Shares, if any, subject to this Award to the Company. Participant hereby appoints the Escrow Holder with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant, to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares, if any, subject to this Award to the Company upon such expiration.

(d) The Escrow Holder will take all steps necessary to accomplish the transfer of Shares subject to this Award to Participant after they vest following Participant's request that the Escrow Holder do so.

(e) Subject to the terms hereof, Participant will have all the rights of a stockholder with respect to the Shares while they are held in escrow, including, without limitation, the right to vote the Shares and to receive any cash dividends declared thereon (but subject to Section 3(f)).

(f) In the event of any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares, the Shares subject to this Award will be increased, reduced or otherwise changed, and by virtue of any such change Participant will in his or her capacity as owner of unvested Shares subject to this Award be entitled to new or additional or different shares of stock, cash or securities (other than rights or warrants to purchase securities); such new or additional or different shares, cash or securities will thereupon be considered to be unvested Shares subject to this and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares subject this Award; provided, however, that fractions of a Share will not be issued but will either be paid in cash at the fair market value of such fraction of a Share or will be rounded down to the nearest whole Share, as determined by the Committee.

4. **Vesting Schedule**. Except as provided in Section 5, and subject to Section 6, the Shares subject to this Award will vest in accordance with the vesting provisions set forth in the Notice of Grant of Restricted Stock Award and Exhibit A. Shares subject to this Award scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this RSA Agreement and Exhibit A, unless Participant has continuously satisfied the Service Condition from the Grant Date until the date such vesting occurs.

5. **Committee Discretion**. The Committee, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Shares subject to this Award at any time. If so accelerated, such Shares subject to this Award will be considered as having vested as of the date specified by the Committee.

6. **Forfeiture upon the Expiration Date.** Except for any Shares subject to this Award that may vest on an Acceleration Event in accordance with the terms of this RSA Agreement, and notwithstanding any contrary provision of this RSA Agreement, the balance of the Shares subject to this Award that have not vested as of the Expiration Date will be forfeited and automatically transferred to and reacquired by the Company at no cost to the Company and Participant will have no further rights thereunder. Participant hereby appoints the Escrow Agent with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares subject to this Award to the Company upon the Expiration Date.

7. **Death of Participant**. Any distribution or delivery to be made to Participant under this RSA Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

8. Tax Withholding.

(a) Default Method of Tax Withholding. On the first date following the IPO Date that is during an "open window period" (or term of similar import describing a period wherein Participant is not precluded by the Company from selling Shares on the open market) applicable to Participant on which Participant is not aware of any material nonpublic information about the Company or the shares of the Company, the Company shall request that Participant execute in writing, and Participant shall execute, the instructions set forth in Exhibit B attached hereto (the "***10b5-1 Plan***") as the default means of satisfying Participant's Tax Withholding Obligation. **By accepting this Award, Participant expressly consents to the sale of Shares to be delivered under this Award to cover Participant's Tax Withholding Obligation (and any associated broker or other fees) pursuant to the 10b5-1 Plan and agrees and acknowledges that Participant may not satisfy Participant's Tax Withholding Obligation by any means other than such sale of Shares, except as set forth in Section 8(b).**

(b) Committee Discretion. If the Committee determines that Participant cannot satisfy Participant's Tax Withholding Obligation through the default procedure described in clause (a), it may permit Participant to satisfy Participant's Tax Withholding Obligation by (i) delivering to the Company Shares that Participant owns and that have vested with a fair market value equal to Participant's Tax Withholding Obligation (in which case, the Company shall remit the amount that is required under applicable law to the appropriate governmental authorities in cash with the remainder, if any, to be promptly paid to Participant), (ii) electing to have the Company withhold otherwise deliverable Shares having a fair market value equal to Participant's Tax Withholding Obligation (in which case, the Company shall remit the amount that is required under applicable law to the appropriate governmental authorities in cash with the remainder, if any, to be promptly paid to Participant), (iii) payment by Participant in cash, or (iv) such other means as the Committee deems appropriate.

(c) Company's Obligation to Deliver Shares. For clarification purposes, in no event will the Company issue Participant any Shares unless and until arrangements satisfactory to the Committee have been made for the payment of Participant's Tax Withholding Obligation. If Participant fails to do so by the time they become due, Participant will permanently forfeit the Shares subject to this Award to which Participant's Tax Withholding Obligation relates, as well as any right to receive Shares subject to this Award otherwise issuable hereunder.

9. Tax Consequences. Participant acknowledges that there will be tax consequences in connection with this Award, including upon vesting of the Shares subject to this Award and/or disposition of the Shares, if any, received in connection therewith, and Participant should consult a tax adviser regarding Participant's tax obligations with respect to this Award.

10. Acknowledgement. The Company and Participant agree that this Award is granted under and governed by this RSA Agreement. Participant: (i) acknowledges receipt of a copy of each of the foregoing documents, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts this Award subject to all of the terms and conditions set forth herein.

11. Grant is Not Transferable. Except for the escrow described in Section 3 or transfer of the Shares to the Company or its assignees contemplated by this RSA Agreement, and except to the limited extent provided in Section 7, the unvested Shares subject to this Award and the rights and privileges conferred hereby will not be transferred, assigned, donated, encumbered, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process until such Shares shall have vested in accordance with the provisions of this RSA Agreement. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any unvested Shares subject to this Award, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, will be void and not be given effect and the Company will not be bound in any way to take any action to consummate or acknowledge the transaction.

12. Limitations on Transfer of Stock. In addition to any other limitation on transfer created by applicable securities laws, Participant shall not assign, hypothecate, donate, encumber or otherwise dispose of the Shares or any interest in the Shares issued pursuant to this RSA Agreement except in compliance with the provisions of the Bylaws, the Company's then current Insider Trading Policy, and applicable securities laws.

13. Restrictions Binding on Transferees. All transferees of Shares or any interest therein will receive and hold such shares or interest subject to the provisions of this RSA Agreement, including the transfer restrictions of Sections 11 and 12, and the transferee shall acknowledge such restrictions in writing. Any sale or transfer of the Shares shall be void unless the provisions of this RSA Agreement are satisfied.

14. Award Subject to Company Clawback or Recoupment. The Shares subject to this Award shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term during which Participant is a Service Provider that is applicable to executive officers, employees, directors or other service providers of the Company, and in addition to any other remedies available under such policy and applicable law may require the forfeiture of the Shares (whether vested or unvested) and the recoupment of any gains realized with respect to any Shares that had previously vest and delivered to Participant.

15. Compliance with Laws and Regulations. The initial issuance of Shares and, if applicable, any subsequent delivery of Shares upon release from escrow in accordance with Section 3, will be subject to and conditioned upon compliance by the Company and Participant (including any written representations, warranties and agreements as the Committee may request of Participant for compliance with applicable laws) with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's securities may be listed or quoted at the time of such issuance or transfer. Participant may not be issued any Shares if such issuance would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any Shares shall relieve the Company of any liability in respect of the failure to issue or sell such shares.

16. Legend. The Shares issued hereunder shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under this RSA Agreement or the rules, regulations, and other requirements of the U.S. Securities and Exchange Commission, any stock exchange upon which such shares of the Company's securities are listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such book-entries to make appropriate reference to such restrictions.

17. Successors and Assigns. The Company may assign any of its rights under this RSA Agreement. This RSA Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this RSA Agreement will be binding upon Participant and Participant's heirs, executors, administrators, legal representatives, successors and assigns.

18. Entire Agreement; Severability. This RSA Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof (including, without limitation, any commitment to make any other form of equity award (such as stock options) that may have been set forth in any employment offer letter or other agreement between the parties). If any provision of this RSA Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

19. Market Standoff Agreement. Participant agrees that in connection with any registration of the Company's securities in connection with an initial public offering of the Company's securities that, upon the request of the Company or the underwriters managing such initial public offering of the Company's securities, Participant will not sell or otherwise dispose of shares of the Company's capital stock without the prior written consent of the Company or such underwriters, as the case may be, for such reasonable period of time after the effective date of such registration as may be requested by such managing underwriters and subject to all restrictions as the Company or the underwriters may specify. Participant will enter into any agreement reasonably required by the underwriters to implement the foregoing.

20. **No Rights as Employee, Director or Consultant**. Nothing in this RSA Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's status as a Service Provider, for any reason, with or without cause.

21. **Delivery of Documents and Notices.** Any document relating to the receipt of this Award or notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this RSA Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, with postage and fees prepaid, addressed to the other party at the e-mail address, if any, provided for Participant by the Company or at such other address as such party may designate in writing from time to time to the other party.

22. **Electronic Delivery**. The Company may, in its sole discretion, decide to deliver any documents related to the Shares subject to this Award by electronic means. Participant hereby consents to receive such documents by electronic delivery through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. **Governing Law**. This RSA Agreement will be governed by the laws of California without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award or this RSA Agreement, the parties hereby submit to and consent to the jurisdiction of California, and agree that such litigation will be conducted in the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Award is made and/or to be performed.

24. **Administration.** This RSA Agreement will be administered by the Committee. Subject to the general purposes, terms and conditions of this RSA Agreement, and to the direction of the Board, the Committee will have full power to implement and carry out this RSA Agreement. Without limitation, the Committee will have the authority to: (a) construe and interpret this RSA Agreement; (b) determine the fair market value in good faith and interpret the applicable provisions of this RSA Agreement in connection with circumstances that impact the fair market value, if necessary; (c) grant waivers of any conditions of this Award; (d) correct any defect, supply any omission, or reconcile any inconsistency in this Award or this RSA Agreement; (e) determine whether this Award has been earned; or (f) make all other determinations necessary or advisable in connection with the administration of this RSA Agreement; provided, that, in each case, no such action shall be in contravention of any express terms of this Award. Any amendment or other modification of this RSA Agreement shall be memorialized in a written instrument executed by the Company and Participant.

The Board may delegate full administrative authority over this Award to a Committee consisting of at least one member of the Board (or such greater number as may then be required by applicable law). Unless in contravention of any express terms of this Award, any determination made by the Committee with respect to any Award will be made in its sole discretion. Any such determination will be final and binding on the Company and on all persons having an interest in any Award under this RSA Agreement and will be given the maximum deference under applicable laws.

***

By Participant's signature and the signature of the Company's representative on the, Participant and the Company agree that this Award is granted under and governed by the terms and conditions of this RSA Agreement.

PARTICIPANT	**DROPBOX, INC.**
ARASH FERDOWSI	
/s/ Arash Ferdowsi	/s/ Mary Anne Becking
December 21, 2017	December 21, 2017
Date	**Date**

EXHIBIT A

PERFORMANCE MATRIX

Capitalized terms used in this Exhibit A shall have the meanings prescribed to them under this RSA Agreement unless otherwise defined herein.

1. Performance Condition. Subject to the following sentence, the actual number of Shares subject to this Award that will vest will be determined based upon the achievement of Company Stock Price Target(s) during the Performance Period and the satisfaction of the applicable service-based vesting conditions, all in accordance with this Exhibit A. Except as set forth in Section 4 of this Exhibit A, in no case can more than 1,320,000 Shares become Eligible Shares (as defined below) in any calendar year during the Initial Period (such limit, the "***Share Limit***"). For the avoidance of doubt, following the end of the Initial Period, no Share Limit shall apply.

"Initial Period" means the period beginning on the start of the Performance Period and ending on the fourth anniversary of the start of the Performance Period.

"Performance Period" means the period (a) commencing on the first trading day following the later of (i) the expiration of the lock-up period following the IPO Date and (ii) January 1, 2019 and (b) ending on the Expiration Date.

2. Company Stock Price. Except as set forth in Sections 3 and 4 of this Exhibit A, on each Achievement Date during the Performance Period, a number of Shares will become eligible to vest equal to the number of Shares listed as the "Shares" corresponding to the applicable Company Stock Price Target in the table below but not to exceed the Share Limit (such Shares, the "***Eligible Shares***"), and such Eligible Shares will vest on the earlier of: (a) the next Vesting Date subject to Participant satisfying the Service Condition through such date, or (b) an Acceleration Event. If, as a result of the Company Stock Price Target achievement, a number of Shares otherwise would have become Eligible Shares but for the Share Limit, the Shares that exceeded the Share Limit will not become Eligible Shares, and any such Shares will only become Eligible Shares (if at all) upon the next Achievement Date relating to the Company Stock Price Target applicable to such Shares, subject to Sections 3 and 4 of this Exhibit A.

	Company Stock Price Target*	**Shares**
1.	$20.00	1,320,000
2.	$25.00	660,000
3.	$30.00	660,000
4.	$35.00	660,000
5.	$40.00	660,000
6.	$45.00	660,000
7.	$50.00	660,000
8.	$55.00	660,000
9.	$60.00	660,000

* The "Company Stock Price Targets" shall be adjusted as appropriate to reflect any stock splits, stock dividends, combinations, reorganizations, reclassifications or similar event under Section 3(f) of this RSA Agreement. The Committee, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under this RSA Agreement, will make the determination of any such adjustments required in connection with any such event.

"Achievement Date" means the first trading date occurring during the Performance Period in which a Company Stock Price Target is achieved. For the avoidance of doubt, (a) each Company Stock Price Target may only be achieved once during the Performance Period unless the Share Limit would

apply and result in less than all of the Shares corresponding to a Company Stock Price Target becoming Eligible Shares, in which case, such Company Stock Price Target must be achieved again (subject to the Share Limit) for such remaining Shares to become Eligible Shares and (b) more than one Company Stock Price Target may be achieved on a particular date. Except in connection with an Acquisition as set forth in Section 4, no partial achievement will occur and no Shares will become Eligible Shares for achievement between two Company Stock Price Targets.

For example, assume the Performance Period begins on January 2, 2019 and the Company Stock Price as of February 14, 2019 is $30.10. February 14, 2019 shall be an Achievement Date (assuming the Service Condition is satisfied as of that date) with respect to 2,640,000 Shares (comprising Company Stock Price Targets 1 through 3) but the Share Limit would result in only 1,320,000 Shares becoming Eligible Shares. Accordingly, the number of Shares subject to this Award that will become Eligible Shares on February 14, 2019 will equal 1,320,000 Shares. Such Eligible Shares would vest on the earlier of: (a) the next Vesting Date (May 15, 2019) subject to Participant satisfying the Service Condition through such date, or (b) an Acceleration Event.

Assume instead that the Performance Period begins on January 2, 2019 and the Company Stock Price as of February 14, 2023 is $30.10. Assume for this purpose, no Company Stock Price Target was achieved prior to February 14, 2023. February 14, 2023 shall be an Achievement Date (assuming the Service Condition is satisfied as of that date) with respect to 2,640,000 Shares (comprising Company Stock Price Targets 1 through 3) and no Share Limit would apply because the Initial Period would have terminated. Accordingly, the number of Shares subject to this Award that will become Eligible Shares on February 14, 2023 will equal 2,640,000 Shares. Such Eligible Shares would vest on the earlier of: (a) the next Vesting Date (May 15, 2023) subject to Participant satisfying the Service Condition through such date, or (b) an Acceleration Event.

"***Company Stock Price***" means the weighted average closing price of a Share as reported on a Securities Exchange for any thirty (30) consecutive trading day period occurring within the Performance Period.

"Company Stock Price Target" means each Company Stock Price set forth in the table above.

3. Service Condition and Forfeiture. In order for any Shares hereunder to become Eligible Shares and to vest, Participant must have continuously satisfied the Service Condition through the applicable Achievement Date, and continue to satisfy the Service Condition through the Vesting Date or experience an Acceleration Event after the Achievement Date but before the Vesting Date. Except with respect to any Eligible Shares that may vest on an Acceleration Event in accordance with the prior sentence, on the Expiration Date, any outstanding Shares subject to this Award that have not vested immediately will be forfeited and returned to the Company, and Participant will have no further rights with respect to such Shares.

4. Acquisition.

If an Acquisition occurs on or prior to the Expiration Date (but, for the avoidance of doubt, following the IPO Date), then the following rules will apply.

a. Immediately prior to an Acquisition, the Share Limit shall no longer be applicable and rather than applying the definition of "Company Stock Price" in Section 2, "Company Stock Price" instead will mean the Per Share Deal Price. "***Per Share Deal Price"*** means the value of the total amount of consideration received or potentially receivable for a Share by holders of the Company's Class A Common Stock in connection with the Acquisition. The value of any non-cash consideration will be determined in good faith by the Committee.

b. After determining the "Company Stock Price" under Section 4.a. of this Exhibit A, the same rules under the chart under Section 2 of this Exhibit A apply in determining whether any additional "Company Stock Price Targets" are achieved and additional Shares subject to this

Award will become Eligible Shares; provided, however, that if Company Stock Price as determined under Section 4.a. of this Exhibit A is greater than $20.00 but falls between two Company Stock Price Targets set forth in the table under Section 2 of this Exhibit A, the Eligible Shares will be determined based on a linear interpolation using the Company Stock Price Target in the table that is greater than but closest to the Company Stock Price determined under Section 4.a. of this Exhibit A (such price the "***Higher Price***") and the amount in the table that is less than but closest to the actual Company Stock Price determined under Section 4.a. of this Exhibit A (such price, the "***Lower Price"***), and using 660,000 Shares for the Higher Price and 0 Shares for the Lower Price, with such number rounded to the nearest Share (such Share number, the "***Incremental Eligible Shares***"). For the avoidance of doubt, if, prior to the Acquisition, Shares subject to this Award already have become Eligible Shares based on the achievement of a Company Stock Price Target occurring as of the Achievement Date corresponding to such achievement, such Shares will not again become Eligible Shares with respect to that Company Stock Price Target achievement, but such Shares, to the extent they have not yet vested, shall vest immediately prior to the Acquisition subject to Participant satisfying the Service Condition through such time. Further, and for the avoidance of doubt, if the Per Share Deal is less than $20.00, no Shares will become Eligible Shares immediately prior to an Acquisition.

c. If, after applying the rules in Sections 4.a. and 4.b. of this Exhibit A, additional Shares will become Eligible Shares, then

i. the Achievement Date shall be the date immediately prior to the Acquisition subject to Participant satisfying the Service Condition; and

ii. the number of additional Shares that will become Eligible Shares will equal the sum of: (1) all Shares (as determined under the table in Section 2 of this Exhibit A) corresponding to the Company Stock Price achievement(s) in connection with the Acquisition that have not yet become Eligible Shares plus (2) the Incremental Eligible Shares (if any) (such sum, the "***Acquisition Eligible Shares***"). Unless otherwise determined by the Committee, any remaining Shares that have not become Eligible Shares immediately will be forfeited and Participant will have no further rights with respect to such Shares; and

iii. the date immediately prior to the Acquisition shall be the Acceleration Event on which such Eligible Shares (and any other unvested Eligible Shares) vest.

For example, assume the Performance Period begins on January 1, 2019 and there is an Acquisition on July 1, 2019 for a Per Share Deal Price of $31.18. Prior to the Acquisition, Company Stock Price Target 1 already was achieved, and such Shares became Eligible Shares and vested. Due to the Acquisition, the Company Stock Price is equal to the Per Share Deal Price ($31.18) and results in Acquisition Eligible Shares of 1,475,760 Shares equal to the sum of:

- 1,320,000 Shares (representing the Shares corresponding to Company Stock Price Targets 2 and 3), *plus*
- 155,760 Shares (representing 100% of the Incremental Eligible Shares (determined based on linear interpolation between Company Stock Price Targets 3 and 4)).

As a result, on the date immediately prior to the Acquisition, an additional 1,475,760 Shares of the Total Number of Shares set forth in the Notice of Grant of Restricted Stock Award will become Eligible Shares and will vest as of such time.

EXHIBIT B

10B5-1 PLAN

The undersigned hereby consents and agrees that Participant's Tax Withholding Obligation shall be satisfied by Shares being sold on the undersigned's behalf pursuant to the procedures set forth below in this 10b5-1 Plan. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in that certain Restricted Stock Award Agreement, dated as of December 12, 2017, by and between Dropbox, Inc. and the undersigned.

Participant hereby irrevocably instructs and authorizes the Company and the Company's designated broker, or such other broker-dealer that is a member of the Financial Industry Regulatory Authority reasonably acceptable to the Company for such purpose (the "***Broker***"), to sell on Participant's behalf a whole number of Shares (it being understood that such Shares to be sold must have vested pursuant to the terms of this RSA Agreement) sufficient to generate cash proceeds to satisfy Participant's Tax Withholding Obligation (and any associated broker or other fees); provided that the Company shall not enter into any arrangements with any Broker that would require payment by Participant of broker or other fees in excess of those that are reasonable and customary; provided further that all sales of Shares pursuant to the 10b5-1 Plan shall be at prevailing market prices and in compliance with Rule 144 of the Securities Act, and the Broker shall, and the Company shall cause the Broker to, file all Form 144s on behalf of Participant with respect to the sale of Shares under the 10b5-1 Plan. Participant hereby irrevocably instructs and authorizes the Broker to (i) remit to the Company the cash proceeds necessary to satisfy Participant's Tax Withholding Obligation, (ii) retain the amount required to cover associated broker or other fees, and (iii) deposit any remaining funds in Participant's account in accordance with procedures the Company may specify from time to time. Only whole Shares will be sold by the Broker to satisfy Participant's Tax Withholding Obligation.

This 10b5-1 Plan may be amended, modified, terminated or suspended only with the consent of Participant and the Committee. An amendment or modification may only be made during an "open window period" (or term of similar import describing a period wherein Participant is not precluded by the Company from selling Shares on the open market) applicable to Participant and on which Participant is not aware of any material nonpublic information about the Company or the Shares.

Participant and the Company acknowledge that the 10b5-1 Plan is intended to comply with the requirements of Rule 10b5-1(c)(1)(B) under the Exchange Act and to be interpreted to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act. Participant expressly consents and agrees that he is adopting the 10b5-1 Plan to permit the sale of Shares to cover Participant's Tax Withholding Obligation consistent with the above. Participant hereby appoints the Company as his agent and attorney-in-fact to instruct the Broker with respect to the number of Shares that must be sold under the 10b5-1 Plan to satisfy Participant's Tax Withholding Obligation. This 10b5-1 Plan shall be binding on Participant.

_____

Participant Name: Arash Ferdowsi

Date:

Exhibit 10.16

THE EXCHANGE

KR MISSION BAY, LLC,
a Delaware limited liability company

as Landlord,

and
DROPBOX, INC.,
a Delaware corporation,

as Tenant.

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LIST OF EXHIBITS AND SCHEDULES

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THE EXCHANGE

OFFICE LEASE

This Office Lease (the "**Lease**"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between KR MISSION BAY, LLC, a Delaware limited liability company ("**Landlord**"), and DROPBOX, INC., a Delaware corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE	DESCRIPTION
1. Date:	October 6, 2017.
2. Buildings; Premises (Article 1).	
2.1 Buildings:	Each of the following is a "**Building**" and are, collectively, the "**Buildings**": (i) , that certain twelve (12)-story building (the "**North Tower**") to be located at 1800 Owens, Sector 1, San Francisco, California 94158, containing 299,255 rentable square feet, (ii) that certain six (6)-story building (the "**North Building**") to be located at 1800 Owens, Sector 2, San Francisco, California 94158, containing 125,200 rentable square feet, (iii) that certain twelve (12)-story building (the "**South Tower**") to be located at 1800 Owens, Sector 3, San Francisco, California 94158, containing 259,551 rentable square feet, and (iv) that certain six (6)-story building (the "**South Building**") to be located at 1800 Owens, Sector 4, San Francisco, California 94158, containing 66,365 rentable square feet. The North Tower and the North Building are collectively, the "**North Complex**", containing a total of 424,455 rentable square feet. The South Tower and the South Building are collectively, the "**South Complex**", containing a total of 325,916 rentable square feet. The North Complex and South Complex are each referred to herein as a "**Complex**". The Project contains a total of 750,370 rentable square feet.

2.2 Premises: 735,700 rentable square feet of space, consisting of all of the office space in the Project, as further set forth in **Exhibit A** to this Lease, and expressly excluding the approximately 14,670 rentable square feet of retail spaces on the ground floor of the North Complex, with 12,289 rentable square feet in the North Tower and 2,381 rentable square feet in the North Building (collectively, the "**Retail Space**"). The Premises shall consist of (i) no less than 360,000 rentable square feet within the Project (the "**Phase I Premises**"), (ii) no less than 200,000 rentable square feet within the Project (the "**Phase II Premises**"), and the remaining rentable square footage of the office space within the Project (the "**Phase III Premises**"). The Phase I Premises, Phase II Premises and Phase III Premises are each referred to herein as a "**Phase**".

The exact location and size of each Phase shall be determined as set forth in Section 1.1.1 below.

The rentable square footage of each floor of the Premises is as set forth on **Exhibit A-1** attached hereto.

3. Lease Term (Article 2).

3.1 Length of Term: Approximately fifteen (15) years from the "Phase I Lease Commencement Date", as defined below.

3.2 Lease Commencement Date: Tenant's lease of each Phase shall commence separately as set forth below, each date, as applicable, is a "**Lease Commencement Date**".

3.2.1 Phase I Lease Commencement Date: The date (the "**Phase I Lease Commencement Date**") that is the later to occur of (i) six (6) months after the date on which Landlord has delivered possession of the Phase I Premises to Tenant in the "Delivery Condition", as that term is defined in Section 1 of **Exhibit B** attached hereto and (ii) October 1, 2018, provided, however, that (a) in the event that the Delivery Condition for the Phase I Premises is not achieved by October 1, 2018, the six (6) month period referenced in clause (i) above

shall be extended by one (1) day for each day after such date until the date that the Delivery Condition is achieved, and (b) in no event shall the Phase I Lease Commencement Date occur until Landlord has caused the "Final Condition" of the Phase I Premises to occur, as that term is defined in Section 1 of **Exhibit B** attached hereto.

3.2.2 Phase II Lease Commencement Date: The date (the "**Phase II Lease Commencement Date**") that is the earlier to occur of (i) the date upon which Tenant first commences to conduct business in any portion of the Phase II Premises and (ii) the later of (a) six (6) months after the date on which Landlord has delivered possession of the Phase II Premises to Tenant in the Delivery Condition and (b) April 1, 2019, provided, however, in no event shall the Phase II Lease Commencement Date occur under this clause (ii) until Landlord has caused the Final Condition of the Phase II Premises to occur.

3.2.3 Phase III Lease Commencement Date: The date (the "**Phase III Lease Commencement Date**") that is the earlier to occur of (i) the date upon which Tenant first commences to conduct business in any portion of the Phase III Premises and (ii) the later of (a) six (6) months after the date on which Landlord has delivered possession of the Phase III Premises to Tenant in the Delivery Condition and (b) December 1, 2019, provided, however, in no event shall the Phase III Lease Commencement Date occur under this clause (ii) until Landlord has caused the Final Condition of the Phase III Premises to occur.

3.3 Lease Expiration Date: If the Phase I Lease Commencement Date shall be the first day of a calendar month, then the day immediately preceding the fifteenth (15th) anniversary of the Phase I Lease Commencement Date; or if the Phase I Lease Commencement Date shall be other than the first day of a calendar month, then the last day of the calendar month in which the fifteenth (15th) anniversary of the Phase I Lease Commencement Date occurs.

3.4 Option Terms: Two (2) five (5)-year options to extend the Lease Term, as more particularly set forth in Section 2.2 of this Lease.

4. Base Rent (Article 3): The following Base Rent schedule was determined based on the total rentable square footage of the entire Premises, without regard to the phasing of the Lease Commencement Dates. Following the determination of the location and rentable square footage of each Phase of the Premises pursuant to, and as set forth in, Section 1.1.1 of this Lease below, the parties shall execute an amendment to this Lease setting forth the Base Rent schedule applicable to each Phase of the Premises.

Period During Lease Term	Annual Base Rent*	Monthly Installment of Base Rent*	Annual Base Rental Rate Per Rentable Square Foot [Approximate]**
Lease Year 1à	$45,613,400.00	$3,801,116.67	$62.00
Lease Year 2à	$46,981,802.00	$3,915,150.17	$63.86
Lease Year 3	$48,391,256.06	$4,032,604.67	$65.78
Lease Year 4	$49,842,993.74	$4,153,582.81	$67.75
Lease Year 5	$51,338,283.55	$4,278,190.30	$69.78
Lease Year 6	$52,878,432.06	$4,406,536.01	$71.88
Lease Year 7	$54,464,785.02	$4,538,732.09	$74.03
Lease Year 8	$56,098,728.57	$4,674,894.05	$76.25
Lease Year 9	$57,781,690.43	$4,815,140.87	$78.54
Lease Year 10	$59,515,141.14	$4,959,595.10	$80.90
Lease Year 11	$61,300,595.37	$5,108,382.95	$83.32
Lease Year 12	$63,139,613.23	$5,261,634.44	$85.82
Lease Year 13	$65,033,801.63	$5,419,483.47	$88.40
Lease Year 14	$66,984,815.68	$5,582,067.97	$91.05
Lease Year 15	$68,994,360.15	$5,749,530.01	$93.78

* The initial Annual Base Rent amount above was calculated by multiplying the initial Annual Base Rental Rate per Rentable Square Foot amount by the number of rentable square feet of space in the Premises, and the initial Monthly Installment of Base Rent amount was calculated by dividing the initial Annual Base Rent amount by twelve (12). Both Tenant and Landlord acknowledge and agree that multiplying the Monthly Installment of Base Rent amount by twelve (12) does not always equal the Annual Base Rent amount. In all subsequent Base Rent payment periods during the Lease Term commencing on the first (1st) day of Lease Year 2, the calculation of each Annual Base Rent amount reflects an annual increase of three percent (3%) and each Monthly Installment of Base Rent amount was calculated by dividing the corresponding Annual Base Rent amount by twelve (12).

à Subject to the terms set forth in Section 3.2 below, the Base Rent attributable to the periods specified in Section 3.2 below shall be abated.

** The amounts identified in the column entitled "Annual Base Rental Rate per Rentable Square Foot" are rounded amounts and are provided for informational purposes only.

5. Operating Expenses and Tax Expenses (Article 4):	This is a "**TRIPLE NET**" lease and, as such, the provisions contained in this Lease are intended to pass on to Tenant and reimburse Landlord for the costs and expenses reasonably associated with this Lease and the Project, and Tenant's operation therefrom, subject to allocation in accordance with Section 4.3 below. To the extent such costs and expenses payable by Tenant cannot be charged directly to, and paid by, Tenant, such costs and expenses shall be paid by Landlord but reimbursed by Tenant as Additional Rent.
6. Tenant's Share (Article 4):	100% of the North Building 100% of the North Tower 100% of the South Building 100% of the South Tower * Tenant's Share shall be determined separately for each Building, and shall be equal to 100% for each Building regardless of the rentable square footage of the Retail Space, but subject to the Retail Space "Cost Pool" (as that term is defined in Section 4.3.2 below).

* Tenant's Share shall initially also be determined separately for each Phase, such that Tenant is only paying Tenant's Share based on the rentable square footage of the Phase within a particular Building. After the occurrence of the Phase III Lease Commencement Date, Tenant's Share shall be as set forth above.

7. Permitted Use (Article 5): General office use together with ancillary uses consistent with high-tech, single-tenant first-class office buildings, subject to the terms and conditions set forth in Section 5.1 of this Lease.

8. Letter of Credit (Article 21): $34,210,050.00, subject to the terms and conditions of Article 21 of this Lease.

9. Parking Passes (Article 28): One (1) unreserved parking pass for every 1,000 rentable square feet of the then-existing Premises, subject to the terms of Article 28 of the Lease.

10. Address of Tenant (Section 29.18):

Dropbox, Inc.
333 Brannan Street
San Francisco, California 94107
Attention: Head of Real Estate and Workplace

With at all times, copies to:

Dropbox, Inc.
333 Brannan Street
San Francisco, California 94107
Attention: Legal Department

and to:

Shartsis Friese LLP
One Maritime Plaza, 18th Floor
San Francisco, California 94111
Attention: Jonathan M. Kennedy, Esq.

11. Address of Landlord (Section 29.18):	KR Mission Bay, LLC c/o Kilroy Realty Corporation 12200 W. Olympic Blvd., Suite 200 Los Angeles, California 90064 Attention: Legal Department Phone: (310) 481-8400 Facsimile: (310) 481-6530 and to: Kilroy Realty, L.P. c/o Kilroy Realty Corporation 12200 W. Olympic Blvd., Suite 200 Los Angeles, California 90064 Attention: Mr. John Fucci Phone: (310) 481-8400 Facsimile: (310) 481-6520 and Kilroy Realty Corporation 100 First Street Office of the Building, Suite 250 San Francisco, California 94105 Attention: Asset Management With a Copy to: Allen Matkins Leck Gamble Mallory & Natsis LLP 1901 Avenue of the Stars, Suite 1800 Los Angeles, California 90067 Attention: Anton N. Natsis, Esq. Wiring Instructions: Bank Name: Union Bank Bank Address: 445 S. Figueroa Street, Los Angeles, CA 90071-1602 ABA Number: #### Account Number: #### Account Name: #### Attention: ####
12. Brokers (Section 29.24):	CBRE, Inc. (representing Landlord) CBRE, Inc. (representing Tenant)
13. Improvement Allowance (**Exhibit B**):	An amount equal to $100.00 per rentable square foot of the entire Premises.

ARTICLE 1

PREMISES, BUILDINGS, PROJECT, AND COMMON AREAS

1.1 **Premises, Buildings, Project and Common Areas**.

1.1.1 **The Premises**. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the "**Premises**"). The outlines of each floor of the Premises are set forth in **Exhibit A** attached hereto and each floor of the Premises has the number of rentable square feet as set forth in **Exhibit A-1** attached hereto. No later than March 31, 2018, Tenant shall deliver written notice (the "**Phase Designation Notice**") to Landlord, for Landlord's reasonable approval, of Tenant's proposed location and size of each Phase of the Premises, subject to the rentable square footage requirements set forth in Section 2.2 of the Summary, and further provided that each Phase shall consist primarily of full floor increments of space. Concurrently with Tenant's delivery of the Phase Designation Notice, Tenant shall provide any additional amount required to be provided to Landlord as payment for the first month of Base Rent applicable to the Phase I Premises as set forth in Section 3.1 below. Notwithstanding the March 31, 2018 deadline set forth above, after Tenant's delivery of the Phase Designation Notice, prior to the earlier of the Phase I Lease Commencement Date and Tenant's submittal of the Final Working Drawings (as defined in the Work Letter) for the Phase I Premises to Landlord for approval, Tenant shall have the right to modify Tenant's proposed location and size of each Phase of the Premises as set forth in the Phase Designation Notice, subject to the rentable square footage requirements set forth in Section 2.2 of the Summary, and further provided that each Phase shall continue to consist primarily of full floor increments of space (and Tenant shall have the right to make a similar adjustment with respect to the proposed location and size of the Phase II Premises and the Phase III Premises prior to Tenant's submittal of the Final Working Drawings for the Phase II Premises). Following determination of the location of each Phase, Landlord and Tenant shall promptly execute an amendment to this Lease setting forth the location and rentable square footage of each Phase, the Base Rent schedule for each Phase, and Tenant's Share with respect to each Phase. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of **Exhibit A** is to show the location of the Premises in the Buildings only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the "Common Areas," as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the "Project," as that term is defined in Section 1.1.2, below. Except as specifically set forth in this Lease and in the Work Letter attached hereto as **Exhibit B** (the "**Work Letter**"), Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Buildings or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease and the Work Letter.

1.1.2 **The Project**. The term "**Project**," as used in this Lease, shall mean (i) the Buildings (including the Parking Facilities located therein) and the Common Areas, and (ii) the land (which is improved with landscaping and other improvements) upon which the Buildings and the Common Areas are located.

1.1.3 **Common Areas**. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project (such areas, together with such other portions of the Project designated by Landlord, in its discretion, are collectively referred to herein as the "**Common Areas**"). The Common Areas shall consist of the "Project Common Areas" and the "Building Common Areas." The term "**Project Common Areas**," as used in this Lease, shall mean the portion of the Project designated as such by Landlord (inclusive of any exterior landscaped areas). The term "**Building Common Areas**," as used in this Lease, shall mean the portions of the Common Areas located within the Buildings designated as such by Landlord. The Project includes two (2) ground floor lobbies: one (1) lobby (the "**North Lobby**") provides access to the North Building and North Tower, including the Retail Space; and one (1) lobby (the "**South Lobby**") provides access to both the South Building and the South Tower. The North Lobby and South Lobby are Building Common Areas. The manner in which the Common Areas are maintained and operated shall be at the reasonable discretion of Landlord (but shall at least be consistent with the provision of Article 7 below and the manner in which the common areas of the "Comparable Buildings," as defined in **Exhibit G** attached hereto, are maintained and operated) and the use thereof shall be subject to such reasonable rules, regulations and restrictions as Landlord may make from time to time. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas, provided that, in connection therewith, Landlord shall perform such closures, alterations, additions or changes in a commercially reasonable manner and, in connection therewith, shall use commercially reasonable efforts to minimize any material interference with Tenant's use of and access to the Premises. Any such closures, alterations or additions will be subject to the terms of Section 19.5.2 below.

1.2 **Stipulation of Rentable Square Feet of Premises and Buildings**. For purposes of this Lease, the rentable square feet of the Premises, and each floor of the Premises, shall be deemed as set forth in Section 2.2 of the Summary and the rentable square feet of each of the Buildings shall be deemed as set forth in Section 2.1 of the Summary (and in each case as shown on **Exhibit A-1** attached hereto).

ARTICLE 2

LEASE TERM; OPTION TERMS

2.1 **Lease Term**. The terms and provisions of this Lease shall be effective as of the date of this Lease. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence with respect to each Phase on the applicable Lease Commencement Date set forth in Section 3.2 of the Summary, and shall terminate on the date set forth in Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is

sooner terminated as hereinafter provided. If Landlord is unable for any reason to deliver possession of the Premises to Tenant on any specific date, then, except as expressly set forth in this Lease, Landlord shall not be subject to any liability for its failure to do so, and such failure shall not affect the validity of this Lease or the obligations of Tenant hereunder. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) calendar month period during the Lease Term; provided, however, that the first Lease Year shall commence on the Phase I Lease Commencement Date and end on the last day of the month in which the first anniversary of the Phase I Lease Commencement Date occurs (or if the Phase I Lease Commencement Date is the first day of a calendar month, then the first Lease Year shall commence on the Phase I Lease Commencement Date and end on the day immediately preceding the first anniversary of the Phase I Lease Commencement Date), and the second and each succeeding Lease Year shall commence on the first day of the next calendar month; and further provided that the last Lease Year shall end on the Lease Expiration Date. At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in **Exhibit C**, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within ten (10) business days of receipt thereof; provided, however, that if such notice is not factually correct, then Tenant shall make such changes as are necessary to make such notice factually correct and shall thereafter return such notice to Landlord within said ten (10) business day period. Tenant's failure to execute and return such notice to Landlord within such time shall be conclusive upon Tenant that the information set forth in such notice is as specified therein.

2.2 **Option Term**.

2.2.1 **Option Right**. Landlord hereby grants to the Original Tenant, and any Permitted Transferee Assignee, two (2) successive options to extend the Lease Term with respect to the entire Premises then being leased by Tenant (but subject to Section 2.2.1.1 below) (the "**Renewal Premises**") for a period of five (5) years each (each, an "**Option Term**" and each option, an "**Option to Extend**"). Each Option to Extend shall be exercisable only by notice delivered by Original Tenant or a Permitted Transferee Assignee to Landlord as provided in Section 2.2.3 below; provided that, as of the date of delivery of such notice, Tenant has not received notice that Tenant is in "Default" (as that term is defined in Section 19.1 below). The rights contained in this Section 2.2 shall be personal to the Original Tenant and any Permitted Transferee Assignee and may only be exercised by the Original Tenant or a Permitted Transferee Assignee (and not any other assignee or sublessee or Transferee of Tenant's interest in this Lease) provided that the Original Tenant or such Permitted Transferee Assignee has not subleased more than thirty percent (30%) of the rentable square footage of the then-existing Premises pursuant to a sublease or subleases then in effect. In the event that Tenant fails to timely and appropriately exercise an Option to Extend in accordance with the terms of this Section 2.2, then such Option to Extend shall automatically terminate and shall be of no further force or effect. Further, notwithstanding any contrary provision of this Section 2.2, in no event may Tenant exercise its right to extend the Lease Term for the second Option Term under this Section 2.2 if Tenant fails to timely exercise its right to extend the initial Lease Term for the first Option Term under this Section 2.2.

2.2.1.1 **Tenant's Right to Reduce Then Existing Premises**. Tenant shall have the right to include in its Option Exercise Notice (defined in Section 2.2.3 below) its election to reduce the size of the then existing Premises pursuant to the terms and conditions of this Section 2.2.1.1 (the "**Reduction Right**"), which Option Exercise Notice shall include a description of the area of the then existing Premises which Tenant elects to no longer lease (the "**Downsized Space**"). Tenant may notify Landlord of Tenant's consideration of exercising the Reduction Right in the Option Interest Notice (as defined in Section 2.2.3 below), but the Reduction Right must be exercised, if at all, in Tenant's Option Exercise Notice. The following conditions shall apply to Tenant's exercise of the Reduction Right: (i) following the reduction, the Renewal Premises shall be comprised of at least 515,000 rentable square feet of space in full floor increments, which floors must be the highest or lowest contiguous full floors of the Premises within a particular Building; and (ii) the Downsized Space shall consist of either (a) a portion of the North Tower, or (b) all or a portion of the South Building, or (c) the entire South Building and a portion of the South Tower. Further, the portion of a "superfloor" (i.e., the floors that span across an entire Complex or all of the Buildings) that is contained within a particular Building shall be considered a full floor within that Building. If Tenant timely exercises the Reduction Right as set forth herein, then Landlord and Tenant shall promptly execute an amendment to this Lease, setting forth the rentable square footage of the Renewal Premises, and proportionately adjusting the Base Rent and additional rent effective as of the first (1st) day of the Option Term, and incorporating any multi-tenant provisions contemplated by Section 29.42 below. If Tenant elects to exercise the Reduction Right pursuant to the terms of this Section 2.2.1.1, then Landlord and Tenant shall be relieved of their respective obligations under this Lease, as amended, with respect to the applicable Downsized Space as of the first (1st) day of the Option Term, except for those obligations set forth in this Lease which specifically survive the expiration or earlier termination of this Lease, including, without limitation, the payment by Tenant of all amounts owed by Tenant under this Lease prior to the first (1st) day of the Option Term, with respect to the Downsized Space. In the event that Tenant fails to vacate, and surrender and deliver to Landlord exclusive possession of the Downsized Space, free of all subleases, prior to the first (1st) day of the Option Term in the condition required by this Lease, then, except as may otherwise be agreed to by the parties at such time, the provisions of Section 8.5, and Articles 15 and 16 of this Lease shall apply with respect to the Downsized Space. If Tenant fails to timely exercise the Reduction Right pursuant to the terms of this Section 2.2.1.1, then such Reduction Right shall terminate and be of no further force or effect with respect to the then-current Option to Extend (but shall remain applicable to any remaining Option to Extend, if any).

2.2.2 **Option Rent**. The Rent payable by Tenant during each Option Term for the applicable Renewal Premises shall be equal to the "Market Rent," as such Market Rent is determined pursuant to **Exhibit G**, attached to this Lease (such rent payable during any Option Term, the "**Option Rent**"). Except as set forth in the preceding sentence or as otherwise expressly set forth in this Lease, all of the terms of this Lease shall apply during any Option Term and the Lease Expiration Date shall be extended to the last day of the Option Term. The calculation of the Market Rent shall be derived from a review of, and comparison to, the "Net Equivalent Lease Rates" of the "Comparable Transactions," as provided for in **Exhibit G**, and, thereafter, the Market Rent shall be stated as a "Net Equivalent Lease Rate" for the Option Term.

2.2.3 **Exercise of Option**. An Option to Extend shall be exercised by Tenant, if at all, and only in the following manner: (i) at Tenant's election, Tenant may deliver written notice (the "**Option Interest Notice**") to Landlord not more than eighteen (18) months nor less

than seventeen (17) months prior to the expiration of the initial Lease Term or the first (1st) Option Term, as applicable, stating that Tenant is interested in exercising its Option to Extend; and (ii) if Tenant delivers the Option Interest Notice, Landlord shall, within thirty (30) days following Landlord's receipt of the Option Interest Notice, deliver notice (the "**Option Rent Notice**") to Tenant setting forth Landlord's good faith determination of the Option Rent; and (iii) in any event, if Tenant wishes to exercise such Option to Extend, whether or not Tenant has given the Option Interest Notice, Tenant shall, not earlier than the date that is eighteen (18) months, and not later than the date that is fifteen (15) months, prior to the expiration of the initial Lease Term or the first (1st) Option Term, as applicable, deliver written notice thereof (the "**Option Exercise Notice**") to Landlord, which notice shall be Tenant's irrevocable exercise of Tenant's then-applicable Option to Extend, and upon, and concurrent with, such exercise, Tenant may, at its option, accept or reject the Option Rent set forth in the Option Rent Notice (if Tenant has previously delivered an Option Interest Notice). If Tenant exercises its Option to Extend but fails to accept or reject the Option Rent set forth in the Option Rent Notice (if Tenant delivered an Option Interest Notice), then Tenant shall be deemed to have rejected the Option Rent set forth in the Option Rent Notice.

2.2.4 **Determination of Option Rent**. In the event Tenant timely and appropriately exercises an Option to Extend but rejects (or is deemed to reject) the Option Rent set forth in the Option Rent Notice pursuant to Section 2.2.3, above (or if Tenant did not deliver an Option Interest Notice, and therefore Landlord did not deliver an Option Rent Notice), then Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement upon the Option Rent applicable to the Option Term on or before the date that is one hundred eighty (180) days prior to the expiration of the initial Lease Term or the first Option Term, as applicable (the "**Outside Agreement Date**"), then the Option Rent shall be determined by arbitration pursuant to the terms of this Section 2.2.4. Each party shall make a separate determination of the Option Rent, within five (5) days following the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Sections 2.2.4.1 through 2.2.4.4, below.

2.2.4.1 Landlord and Tenant shall each appoint one arbitrator who shall by profession be a MAI appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the appraising and/or leasing of first class office and life science properties in the vicinity of the Project. The determination of the arbitrators shall be limited solely to the issue area of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Option Rent as determined by the arbitrators, taking into account the requirements of Section 2.2.2 of this Lease. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date. Landlord and Tenant may consult with their selected arbitrators prior to appointment and may select an arbitrator who is favorable to their respective positions (including an arbitrator who has previously represented Landlord and/or Tenant, as applicable). The arbitrators so selected by Landlord and Tenant shall be deemed "**Advocate Arbitrators**."

2.2.4.2 The two Advocate Arbitrators so appointed shall be specifically required pursuant to an engagement letter within ten (10) days of the date of the appointment of the last appointed Advocate Arbitrator to agree upon and appoint a third arbitrator ("**Neutral Arbitrator**") who shall be qualified under the same criteria set forth hereinabove for qualification of the two Advocate Arbitrators except that (i) neither the Landlord or Tenant or

either parties' Advocate Arbitrator may, directly or indirectly, consult with the Neutral Arbitrator prior or subsequent to his or her appearance, and (ii) the Neutral Arbitrator cannot be someone who has represented Landlord and/or Tenant or their affiliates during the five (5) year period prior to such appointment. The Neutral Arbitrator shall be retained via an engagement letter jointly prepared by Landlord's counsel and Tenant's counsel. Each party shall pay for the costs of its own Advocate Arbitrator and fifty percent (50%) of the cost of the Neutral Arbitrator.

2.2.4.3 Within ten (10) days following the appointment of the Neutral Arbitrator, Landlord and Tenant shall enter into an arbitration agreement (the "**Arbitration Agreement**") which shall set forth the following:

2.2.4.3.1 Each of Landlord's and Tenant's best and final and binding determination of the Option Rent exchanged by the parties pursuant to Section 2.2.4, above;

2.2.4.3.2 An agreement to be signed by the Neutral Arbitrator, the form of which agreement shall be attached as an exhibit to the Arbitration Agreement, whereby the Neutral Arbitrator shall agree to undertake the arbitration and render a decision in accordance with the terms of this Lease, as modified by the Arbitration Agreement, and shall require the Neutral Arbitrator to demonstrate to the reasonable satisfaction of the parties that the Neutral Arbitrator has no conflicts of interest with either Landlord or Tenant;

2.2.4.3.3 Instructions to be followed by the Neutral Arbitrator when conducting such arbitration;

2.2.4.3.4 That Landlord and Tenant shall each have the right to submit to the Neutral Arbitrator (with a copy to the other party), on or before the date that occurs fifteen (15) days following the appointment of the Neutral Arbitrator, an advocate statement (and any other information such party deems relevant) prepared by or on behalf of Landlord or Tenant, as the case may be, in support of Landlord's or Tenant's respective determination of Option Rent (the "**Briefs**");

2.2.4.3.5 That within five (5) business days following the exchange of Briefs, Landlord and Tenant shall each have the right to provide the Neutral Arbitrator (with a copy to the other party) with a written rebuttal to the other party's Brief (the "**Rebuttals**"); provided, however, such Rebuttals shall be limited to the facts and arguments raised in the other party's Brief and shall identify clearly which argument or fact of the other party's Brief is intended to be rebutted;

2.2.4.3.6 The date, time and location of the arbitration, which shall be mutually and reasonably agreed upon by Landlord and Tenant, taking into consideration the schedules of the Neutral Arbitrator, the Advocate Arbitrators, Landlord and Tenant, and each party's applicable consultants, which date shall in any event be within thirty (30) days following the appointment of the Neutral Arbitrator;

2.2.4.3.7 That no discovery shall take place in connection with the arbitration, other than to verify the factual information that is presented by Landlord or Tenant;

2.2.4.3.8 That the Neutral Arbitrator shall not be allowed to undertake an independent investigation or consider any factual information other than presented by Landlord or Tenant, except that the Neutral Arbitrator shall be permitted to visit the Project and the buildings containing the Comparable Transactions;

2.2.4.3.9 The specific persons that shall be allowed to attend the arbitration;

2.2.4.3.10 Tenant shall have the right to present oral arguments to the Neutral Arbitrator at the arbitration for a period of time not to exceed two (2) hours ("**Tenant's Initial Statement**");

2.2.4.3.11 Following Tenant's Initial Statement, Landlord shall have the right to present oral arguments to the Neutral Arbitrator at the arbitration for a period of time not to exceed two (2) hours ("**Landlord's Initial Statement**");

2.2.4.3.12 Following Landlord's Initial Statement, Tenant shall have up to one (1) additional hour to present additional arguments and/or to rebut the arguments of Landlord ("**Tenant's Rebuttal Statement**");

2.2.4.3.13 Following Tenant's Rebuttal Statement, Landlord shall have up to one (1) additional hour to present additional arguments and/or to rebut the arguments of Tenant;

2.2.4.3.14 That, not later than ten (10) days after the date of the arbitration, the Neutral Arbitrator shall render a decision (the "**Ruling**") indicating whether Landlord's or Tenant's submitted Option Rent is closer to the Option Rent;

2.2.4.3.15 That following notification of the Ruling, Landlord's or Tenant's submitted Option Rent determination, whichever is selected by the Neutral Arbitrator as being closer to the Option Rent shall become the then applicable Option Rent; and

2.2.4.3.16 That the decision of the Neutral Arbitrator shall be binding on Landlord and Tenant.

If a date by which an event described in Section 2.2.4.3, above, is to occur falls on a weekend or a holiday, the date shall be deemed to be the next business day.

2.2.4.4 In the event that the Option Rent shall not have been determined pursuant to the terms hereof prior to the commencement of the applicable Option Term, Tenant shall be required to pay the Option Rent initially provided by Landlord to Tenant in Landlord's Option Rent Notice, and upon the final determination of the Option Rent, the payments made by Tenant shall be reconciled with the actual amounts due, and the appropriate party shall make any corresponding payment to the other party.

2.3 **Entry Before Applicable Lease Commencement Date**. Notwithstanding the definition of Lease Commencement Date for each Phase of the Premises set forth above, Tenant shall have the right, at any time after Landlord's delivery of the applicable Phase in the

"Delivery Condition" pursuant to Section 1 of the Work Letter, to construct and install the Improvements in the applicable Phase and/or to test equipment and/or to install its furniture, fixtures, and equipment in the applicable Phase. Tenant's entry into the applicable Phase for such purposes shall not constitute the commencement of business, provided that all of the terms and conditions of this Lease and the Work Letter shall apply, except that Tenant shall have no obligation to pay Base Rent, Tenant's Share of Direct Expenses, and Tenant's payment of any other costs or expenses attributable to the period of such approved entry shall be as set forth in the Work Letter.

2.4 **Occupancy of Phase I Premises Prior to Phase I Lease Commencement Date**. Notwithstanding the foregoing, Tenant shall have the right to occupy the Phase I Premises or portions thereof for the conduct of Tenant's business therein prior to the Phase I Lease Commencement Date, provided that (i) Tenant shall give Landlord at least ten (10) days' prior notice of any such occupancy of the Phase I Premises or any portion thereof, (ii) a CofO (as defined in the Work Letter) shall have been issued by the appropriate governmental authorities for each such portion to be occupied, and (iii) all of the terms and conditions of the Lease shall apply (other than Tenant's obligation to pay Base Rent, though Tenant shall be obligated to pay Tenant's Share of Direct Expenses and all other Rent) as though the Phase I Lease Commencement Date had occurred (although the Phase I Lease Commencement Date shall not actually occur until the occurrence of the same pursuant to the terms of Section 3.2.1 of the Summary) upon such occupancy of a portion of the Phase I Premises by Tenant.

ARTICLE 3

BASE RENT

3.1 **Base Rent**. Commencing on the applicable Lease Commencement Date (as the same may be delayed by the express provisions of this Lease), as set forth in Section 3.2 of the Summary, Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the management office of the Project, or by wire transfer to the address set forth in Section 11 of the Summary, or, at Landlord's option, at such other place as Landlord may from time to time designate in writing, by a check or wire transfer for currency, which, at the time of payment, is legal tender for private or public debts in the United States of America, the applicable base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever except as expressly set forth elsewhere in this Lease. Concurrently with Tenant's execution of this Lease, Tenant shall provide Landlord with $1,860,000.00 as payment for the Base Rent for the minimum size of the Phase I Premises for the first full month of the Lease Term, which amount shall be adjusted to the actual amount of the Base Rent for the Phase I Premises for the first full month of the Lease Term concurrently with Tenant's delivery of the Phase Designation Notice. If any Rent payment date (including any Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 **Base Rent Abatement**. Provided that Tenant is not then in Default, and subject to the terms of this Section 3.2 below, then (i) during the last fifteen (15) full calendar months of the Lease Term with respect to the Phase I Premises, (ii) during the last three (3) full calendar months of the Lease Term with respect to the Phase II Premises, and (iii) during the last three (3) full calendar months of the Lease Term with respect to the Phase III Premises (collectively, the "**Base Rent Abatement Period**"), Tenant shall not be obligated to pay any Base Rent otherwise attributable to the applicable Phase during the applicable portion of the Base Rent Abatement Period (collectively, the "**Base Rent Abatement Amount**"). Tenant acknowledges and agrees that the foregoing Base Rent Abatement Amount has been granted to Tenant as additional consideration for entering into this Lease, and for agreeing to pay the Rent and perform the terms and conditions otherwise required under this Lease. Notwithstanding the foregoing, Landlord shall have the right, at Landlord's option, on a month by month basis commencing on the Lease Commencement Date applicable to each Phase, to accelerate any remaining Base Rent Abatement Amount relating to a full month during the Base Rent Abatement Period for such Phase forward, to apply to the Base Rent that would otherwise be due with respect to the next occurring month of the Lease Term for such Phase (the "**Landlord Base Rent Abatement Acceleration Election**"), in which case Tenant shall have no obligation to pay Base Rent attributable to such next occurring month of the Lease Term for such Phase, and the Base Rent Abatement Amount that is accelerated forward shall no longer be applicable during the Base Rent Abatement Period. Landlord may make such election on a month by month basis with respect to each of the months of the Base Rent Abatement Period. In addition, commencing on the Lease Commencement Date applicable to each Phase, and provided that this Lease has not been terminated as a result of any default of Tenant or rejection of this Lease in bankruptcy (the "**Abatement Condition**"), then Tenant shall have the right, at Tenant's option, on a month by month basis commencing on the Lease Commencement Date applicable to each Phase, to accelerate any Base Rent Abatement Amount relating to a full month during the Base Rent Abatement Period for a Phase forward to apply to the Base Rent that would otherwise be due with respect to the next occurring month of the Lease Term for such Phase (the "**Tenant Base Rent Abatement Acceleration Election**"), in which case Tenant shall have no obligation to pay Base Rent attributable in such next occurring month of the Lease Term for such Phase, and the Base Rent Abatement Amount that is accelerated forward shall no longer be applicable during the Base Rent Abatement Period. Tenant may not elect to accelerate more than one (1) month of such Base Rent Abatement Amount at any particular time. Notwithstanding the foregoing, as long as the Abatement Condition is satisfied, if Tenant fails to deliver notice to Landlord exercising the Tenant Base Rent Abatement Acceleration Election for a particular month of the Lease Term, then Tenant shall be deemed to have elected to exercise the Tenant Base Rent Abatement Acceleration Election for such month without the requirement of providing notice to Landlord. Notwithstanding the different monetary amount of one (1) full calendar month at the end of the Lease Term from the monetary amount of one (1) full calendar month at the beginning of the Lease Term, the value of any full month of Base Rent Abatement Amount, whether accelerated by Landlord or by Tenant, shall be equal to one (1) full month of Base Rent at the time it is applied.

ARTICLE 4

ADDITIONAL RENT

4.1 **General Terms**. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay, following the applicable Lease Commencement Date, "Tenant's Share" of the annual "Direct Expenses," as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the "**Additional Rent**", and the Base Rent and the Additional Rent are herein collectively referred to as "**Rent**." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent and of Landlord to reconcile and reimburse Tenant for overpayments of Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term.

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 Intentionally Deleted.

4.2.2 **"Direct Expenses**" shall mean "Operating Expenses" and "Tax Expenses."

4.2.3 **"Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.4 **"Operating Expenses**" shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, or operation of the Project, or any portion thereof, in accordance with sound real estate management and accounting practices, consistently applied. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities (but, subject to Section 6.1.2 below, excluding the cost of electricity, gas, water and sewer services consumed in the Premises, and in the premises of other tenants of the Project (since Tenant is separately paying for the cost of electricity, gas, water and sewer services pursuant to Section 6.1.2 of this Lease)), the cost of operating, repairing, maintaining, and renovating the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with a governmentally-mandated transportation system management program or similar program or any transportation system management program or similar program that Tenant participates; (iii) the cost of all insurance carried by Landlord in connection with the Project as reasonably determined

by Landlord (including, without limitation, commercial general liability insurance, physical damage insurance covering damage or other loss caused by fire, earthquake, flood and other water damage, explosion, vandalism and malicious mischief, theft or other casualty, rental interruption insurance and such insurance as may be required by any lessor under any present or future ground or underlying lease of the Buildings or Project or any holder of a mortgage, trust deed or other encumbrance now or hereafter in force against the Buildings or Project or any portion thereof or as required pursuant to the Underlying Documents); (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) costs incurred in connection with the Parking Facilities; (vi) fees and other costs, including management fees, consulting fees, legal fees (subject to exclusion (u), below) and accounting fees, of all contractors and consultants incurred by Landlord in connection with the management, operation, maintenance and repair of the Project; (vii) payments under any customary equipment rental agreements and the fair rental value of any management office space (provided, however, that if and to the extent that the personnel in such management office perform management responsibilities for other properties in addition to the Project, then the rental value of such management office shall be equitably allocated between the Project and such other properties; provided further, however, upon request from Tenant not more than once in any twelve (12) month period, Landlord shall inform Tenant of any personnel in such management office that performs management responsibilities for other properties in addition to the Project); (viii) wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, management, maintenance and security of the Project (other than persons generally considered to be higher in rank than the position of the person, regardless of title, who supervises property managers that manage the Project and other projects of Landlord and affiliates of Landlord, which person the Landlord refers to as a "Senior Asset Manager"); (ix) costs under any instrument pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Project; (xi) the cost of, alarm, security and other services, the cost of janitorial services provided to Common Areas, the cost of replacement of wall and floor coverings, ceiling tiles and fixtures in Common Areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including interest on the unamortized cost at an interest rate (the "**Amortization Interest Rate**") equal to the annual "Bank Prime Loan" rate, as that term is set forth in Article 25 of this Lease, plus two (2) percentage points) of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements, capital repairs or other capital costs incurred in connection with the Project (A) which are reasonably intended by Landlord, based upon qualified third party advice, to effect savings in the operation, cleaning or maintenance of the Project, or any portion thereof, to the extent of cost savings reasonably anticipated by Landlord at the time of such expenditure to be incurred in connection therewith ("**Cost Saving Capital Expenditures**"), or (B) that are required under any governmental law or regulation, except for capital improvements to remedy a condition existing prior to the Phase I Lease Commencement Date which an applicable governmental authority, if it had knowledge of such condition prior to the Phase I Lease Commencement Date, would have then required to be remedied pursuant to then-current governmental laws or regulations in their form existing as of the Phase I Lease Commencement Date and pursuant to the then-current interpretation of such governmental laws or regulations by the applicable governmental authority as of the Phase I

Lease Commencement Date (the costs described in clauses (xii) and (xiii)(A) and (B) being referred to collectively as "**Permitted Capital Expenditures**"); provided, however, that the cost of Permitted Capital Expenditures shall (subject to the limitation set forth above with respect to Landlord's ability to pass through the cost of Cost Saving Capital Expenditures) be amortized with interest at the Amortization Interest Rate over the useful life of the capital item in question, as reasonably determined by Landlord, in a manner consistent with the practices of landlords of Comparable Buildings and otherwise in accordance with sound real estate management and accounting principles or, with respect to Cost Saving Capital Expenditures, their recovery/payback period as Landlord shall reasonably determine, in a manner consistent with the practices of landlords of Comparable Buildings and otherwise in accordance with sound real estate management and accounting practices, consistently applied; (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "Tax Expenses" as that term is defined in Section 4.2.5, below; and (xv) payments under any Underlying Documents (as that term is defined in Article 24 below). Notwithstanding the foregoing, for purposes of this Lease, the following items shall be excluded from Operating Expenses:

(a) cost of repairs or other work incurred by reason of fire, windstorm or other casualty or by the exercise of the right of eminent domain to the extent Landlord is compensated through proceeds or insurance or condemnation awards, or would have been so reimbursed if Landlord had in force all of the insurance required to be carried by Landlord under this Lease;

(b) the cost and expense of correcting defects in the construction of the Project or repairs that are covered by warranties;

(c) costs, including fines or penalties, incurred due to a violation of Applicable Laws in force and effect as of the Phase I Lease Commencement Date relating to the Project, but not including on-going recurring compliance costs (by way of example only, costs to comply with an existing Applicable Law requiring periodic elevator maintenance, or related to fire-extinguisher inspections, shall be included in Operating Expenses);

(d) costs incurred due to the presence of Hazardous Substances (as defined in Section 5.2), except to the extent caused by the release or emission thereof by Tenant;

(e) charitable and political contributions or reserves of any kind;

(f) depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest, and any other costs which would properly be capitalized, other than Permitted Capital Expenditures;

(g) fees payable by Landlord for management of the Project in excess of (i) so long as Tenant continues to lease the entire initial Premises and has not subleased any portion of the initial Premises, two and one-half percent (2 ½%) or (ii) otherwise, three percent (3%) (as applicable, the "**Management Fee Percentage**"), of Landlord's gross revenues from the Project, adjusted and grossed up to reflect a one hundred percent (100%) occupancy of the Project with all tenants paying full rent, as contrasted with free rent, half-rent and the like, including Base

Rent, Additional Rent, and parking fees from the Project for any calendar year or portion thereof (provided that, that for the purpose of the calculation of the Management Fee Percentage, "gross revenues" shall not include (i) percentage rent received from retail tenants, (ii) parking fees and parking revenue other than attributable to "Project Related Parkers" (as opposed to parking fees and parking revenue generated as a result of "Public Use Parking" (as those terms are defined in Section 28.5 below)), or (iii) any lump sum or accelerated termination payment received by Landlord from Tenant unless such termination payment is, for the purposes of calculating gross revenues, spread proportionately over the number of years which the terminated lease would have continued); or

(h) expense reserves;

(i) Landlord's and Landlord's managing agent's general corporate or partnership overhead and general administrative expenses, and all costs associated with the operation of the business of the ownership or entity which constitutes "Landlord," as distinguished from the costs of Building operations, management, maintenance or repair, including, but not limited to, costs of entity accounting and legal matters, costs of any disputes with any ground lessor or mortgagee, costs of acquiring, selling syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in all or any part of the Project and/or Common Areas;

(j) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving or decorating, painting or redecorating space for tenants or other occupants or in renovating or redecorating vacant space, including the cost of alterations or improvements to the Premises or to the premises of any other tenant or occupant of the Project and any cash or other consideration paid by Landlord on account of, with respect to, or in lieu of the improvement or alteration work described herein;

(k) costs in connection with the original construction of the Project and related facilities, including costs of insurance, property taxes and other soft costs incurred during the "Construction Period" (as that term is defined in Section 10.2 below);

(l) costs to provide the Shuttle Service, subject to Section 29.40 below;

(m) costs for which the Landlord is to be reimbursed by any tenant (other than as a reimbursement of operating expenses) or occupant of the Project or by insurance by its carrier or any tenant's carrier or by anyone else including, without limitation, the cost of providing any janitorial services to any other tenant's space (or occupiable space) in the Project;

(n) costs of all items and services for which Tenant reimburses Landlord or pays to third parties or which Landlord provides selectively to one or more tenants or occupants of the Project (other than Tenant);

(o) depreciation and amortization except as permitted pursuant to items (xii) and (xiii), above;

(p) costs incurred due to violation by Landlord or its managing agent or any tenant of the terms and conditions of any lease;

(q) payments to subsidiaries or affiliates of Landlord, for management or other services in or to the Project, or for supplies or other materials to the extent that the costs of such services, supplies, or materials exceed the costs that would have been paid had the services, supplies or materials been provided by parties unaffiliated with the Landlord on a competitive basis;

(r) intentionally omitted;

(s) any compensation and benefits paid to personnel working in or managing a food service or health club or other commercial concession operated by Landlord or Landlord's managing agent;

(t) marketing, advertising and promotional costs and cost of signs in or on the Project identifying the owner of the Project or other tenants' signs;

(u) leasing commissions, attorneys fees, costs and disbursements and other expenses incurred in connection with negotiations or disputes with tenants or other occupants or prospective tenants or other occupants, or associated with the enforcement of any leases or the defense of Landlord's title to or interest in the Project or any part thereof or Common Areas or any part thereof;

(v) intentionally omitted;

(w) costs of repair or replacement for any item covered by a warranty to the extent actually covered by the warranty;

(x) costs of which Landlord is actually reimbursed by its insurance carrier or by any tenant's insurance carrier or by any other entity;

(y) costs, fees, dues, contributions or similar expenses for political or charitable organizations;

(z) bad debt loss, rent loss, or reserves for bad debt or rent loss;

(aa) acquisition or insurance costs for sculptures, paintings, or other art;

(bb) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-à-vis time spent on matters unrelated to operating and managing the Project;

(cc) the cost of any electric power and other utilities used by any Project tenant;

(dd) the cost of providing janitorial services to any Project tenant or any portion of the Project other than Common Areas;

(ee) Tax Expenses and costs expressly excluded from Tax Expenses;

(ff) the cost of tenant newsletters and Project promotional gifts, events or parties for existing occupants, and any costs related to the celebration or acknowledgment of holidays in excess of costs consistent with the general practice of landlords of the Comparable Buildings and any costs for parties for prospective occupants;

(gg) costs associated with the marketing of the Project (or any portion thereof) for sale or lease or the actual sale of the Project (or any portion thereof), and costs, fees, dues, contributions or similar expenses for industry associations or similar organizations and entertainment expenses and travel expenses of Landlord, its employees, agents, partners and affiliates; and

(hh) the cost of installing, operating and maintaining any observatory, broadcasting facilities, luncheon club, museum, athletic or recreational club, or child care facility.

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not one hundred percent (100%) occupied during all or a portion of any Expense Year, Landlord shall make an appropriate adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been one hundred percent (100%) occupied by tenants paying full rent; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year.

Further, notwithstanding the foregoing, in no event shall "Controllable Expenses," as that term is defined, below, for any Expense Year following the Expense Year that commences on January 1st of the second (2nd) full calendar year following the Phase III Lease Commencement Date (the "**Measuring Expense Year**") increase by more than five percent (5%) per Expense Year, on a compounded basis, calculated in a manner consistent with the following example. For purposes of example, if Controllable Expenses for the Measuring Expense Year are One Hundred Thousand and No/100 Dollars ($100,000.00), then Controllable Expenses for the next Expense Year could not exceed One Hundred Five Thousand and No/100 Dollars ($105,000.00), and if Controllable Expenses for the Expense Year following the Measuring Expense Year were actually One Hundred Three Thousand and No/100 Dollars ($103,000.00), then Controllable Expenses for the second Expense Year following the Measuring Expense Year could not exceed One Hundred Eight Thousand One Hundred Fifty and No/100 Dollars ($108,150.00), but, instead, if actual Controllable Expenses for the Expense Year following the Measuring Expense Year were One Hundred Six Thousand and No/100 Dollars ($106,000.00), then only One Hundred Five Thousand and No/100 Dollars ($105,000.00) would be includable in Operating Expenses, and, in such event, the Controllable Expenses for the second Expense Year following the Measuring Expense Year could not exceed One Hundred Ten Thousand Two Hundred Fifty and No/100 Dollars ($110,250.00). For purposes of this Lease, "**Controllable Expenses**" shall mean all Operating Expenses, except (A) the cost of union labor, which shall include current union labor as of the date of this Lease and labor which is not union as of the date of this Lease

but which unionizes after the date of this Lease, (B) market-wide labor-rate increases due to extraordinary circumstances, including without limitation, boycotts and strikes, (C) costs incurred due to an event of "Force Majeure," as that term is defined in Section 29.16 of this Lease, (D) costs incurred to comply with Applicable Laws, Mission Bay Requirements, or any Underlying Documents, (E) insurance costs, (F) costs of utilities or other governmental charges, (G) Permitted Capital Expenditures, and (H) costs for Landlord to provide security services and equipment to the Project, consistent with security services and equipment of landlords of Comparable Buildings.

4.2.5 **Taxes**.

4.2.5.1 **"Tax Expenses**" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of the Rent payable hereunder, including gross receipts or sales taxes applicable to the receipt of such Rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof (including, without limitation, the land upon which the Buildings, including the Parking Facilities, are located).

4.2.5.2 Tax Expenses shall include, without limitation: (i) any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("**Proposition 13**") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Project's contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; (iii) any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross receipts tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; (iv) any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises; and (v) all of the real estate taxes and assessments imposed upon or with respect to the Buildings and all of the real estate taxes and assessments imposed on the land and improvements comprising the Project, including any such taxes or assessments relating to the Underlying Documents or Mission Bay Requirements.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid. Refunds of Tax Expenses shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Tax Expenses under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord within thirty (30) days following demand accompanied by reasonably detailed back-up documentation, Tenant's Share of any such increased Tax Expenses included by Landlord as Tax Expenses pursuant to the terms of this Lease. Notwithstanding anything to the contrary contained in this Section 4.2.5 (except as set forth in Section 4.2.5.1, above), there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, documentary transfer taxes incurred in connection with the sale or financing of the Project or any portion thereof (including any gross receipts tax levied on the proceeds thereof, but any changes in Tax Expenses following a re-assessment of the Project relating to a change in ownership shall continue to be includable in Tax Expenses), gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease (as well as any similar items payable by other Project tenants pursuant to similar provisions contained in their leases), (iv) tax penalties incurred as a result of Landlord's failure to make payments and/or to file any tax or informational returns when due, and (v) any assessments on real property or improvements located outside of the Project. All assessments which can be paid by Landlord in installments, shall be paid by Landlord in the maximum number of installments permitted by law and shall be included as Tax Expenses in the year in which the installment is actually paid. For purposes of calculating Tax Expenses for the Project for any Expense Year, if such Tax Expenses do not reflect an assessment (or Tax Expenses) for a one hundred percent (100%) leased, completed and occupied project (such that existing or future leasing, improvements and/or occupancy may result in an increased assessment and/or increased Tax Expenses) with the Project being 100% occupied by tenants paying full rent, such Tax Expenses shall be adjusted, on a basis consistent with sound real estate accounting principles, to reflect an assessment for (and Tax Expenses for) a one hundred percent (100%) leased, completed and occupied project with the Project being 100% occupied by tenants paying full rent.

4.2.5.4 Notwithstanding anything to the contrary set forth in this Lease, only Landlord may institute proceedings to reduce Tax Expenses and the filing of any such proceeding by Tenant without Landlord's consent shall constitute a Default by Tenant. Notwithstanding the foregoing, Landlord shall not be obligated to file any application or institute any proceeding seeking a reduction in Tax Expenses, except as set forth in Section 4.4.4 below.

4.2.6 **"Tenant's Share**" shall mean the percentages set forth in Section 6 of the Summary, and shall be determined on a Building by Building basis, and shall also be determined separately for each Phase of the Premises.

4.3 **Allocation of Direct Expenses.**

4.3.1 **Method of Allocation**. The parties acknowledge that the Project contains four (4) Buildings and that the costs and expenses incurred in connection with the Project (i.e., the Direct Expenses) should be equitably allocated among those Buildings and shared by the tenants of each of those Buildings. Accordingly, as set forth in Section 4.2 above, Direct Expenses (which consists of Operating Expenses and Tax Expenses) attributable only to a particular Building or Buildings, but not the Project generally, shall be included in Direct Expenses for such Building or Buildings, but excluded from Direct Expenses for any other Buildings, and Direct Expenses that are attributable to the Project as a whole shall be allocated among the Buildings prorata based upon the relative rentable square footages of each of the Buildings as compared to the rentable square footage of the Project in the aggregate.

4.3.2 **Cost Pools**. The parties acknowledge that certain of the costs and expenses incurred in connection with the Project (*i.e.*, the Direct Expenses) should be separately allocated to the office space and the Retail Space. Direct Expenses shall be allocated between the office space and Retail Space (each, a "**Cost Pool**") based on the estimated benefit derived by the space which is the subject of the Cost Pool, and such allocations shall be reasonably determined by Landlord. Accordingly, Direct Expenses shall be charged to the Retail Space and the office space by virtue of the creation of Cost Pools. Direct Expenses which apply equally to the Retail Space and the office space (such as Landlord's insurance costs), as reasonably determined by Landlord, shall be allocated to the office space Cost Pool and the Retail Space Cost Pool based on the square footage of each of those spaces, respectively, compared to the total square footage of the applicable Building. After the date of this Lease, if Tenant ceases to lease the entirety of the initial Premises, Landlord may reasonably establish additional Cost Pools in connection with any new leases of the Project, such as a life sciences Cost Pool. Any costs allocated to a Cost Pool (e.g. the Retail Space Cost Pool) which does not include a portion of the Premises shall be excluded from the definition of Direct Expenses for the purposes of this Lease.

4.4 **Calculation and Payment of Additional Rent**.

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Landlord shall give to Tenant following the end of each Expense Year, a statement (the "**Statement**") which shall state in general the major categories the Direct Expenses incurred or accrued for such preceding Expense Year, as applicable (inclusive of a reasonable description of any Permitted Capital Expenditures which are included in Operating Expenses and, if applicable, the calculations made by Landlord to adjust Direct Expenses pursuant to the final two paragraphs of Section 4.2.4 and the final sentence of Section 4.2.5.3), and which shall indicate the amount of Tenant's Share of Direct Expenses. Landlord shall use commercially reasonable efforts to deliver such Statement to Tenant on or before May 1 following the end of the Expense Year to which such Statement relates. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, Tenant shall pay, within thirty (30) days after

receipt of the Statement, the full amount of Tenant's Share of Direct Expenses for such Expense Year, less the amounts, if any, paid during such Expense Year as "Estimated Direct Expenses" as that term is defined in Section 4.4.2, below, and if Tenant paid more as Estimated Direct Expenses than the actual amount of Tenant's Share of Direct Expenses, Tenant shall receive a credit in the amount of Tenant's overpayment against Rent next due under this Lease. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, if Tenant's Share of Direct Expenses is greater than the amount of Estimated Direct Expenses previously paid by Tenant to Landlord, Tenant shall, within thirty (30) days after receipt of the Statement, pay to Landlord such amount, and if Tenant paid more as Estimated Direct Expenses than the actual amount of Tenant's Share of Direct Expenses, Landlord shall, within thirty (30) days, deliver a check payable to Tenant in the amount of the overpayment. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term. Notwithstanding the immediately preceding sentence, Tenant shall not be responsible for Tenant's Share of any Direct Expenses attributable to any Expense Year which are first billed to Tenant more than two (2) calendar years after the Lease Expiration Date, provided that in any event Tenant shall be responsible for Tenant's Share of Direct Expenses levied by any governmental authority or by any public utility companies at any time following the Lease Expiration Date which are attributable to any Expense Year.

4.4.2 **Statement of Estimated Direct Expenses**. In addition, Landlord shall give Tenant a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth in the general major categories Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated amount of Tenant's Share of Direct Expenses (the "**Estimated Direct Expenses**"). Landlord shall use commercially reasonable efforts to deliver such Estimate Statement to Tenant on or before May 1 following the end of the Expense Year to which such Estimate Statement relates. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Additional Rent under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Direct Expenses theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, on the first day of the next calendar month which occurs at least thirty (30) days after receipt of the Estimate Statement, a fraction of the Estimated Direct Expenses for the then-current Expense Year (reduced by any amounts paid pursuant to the second to last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Direct Expenses set forth in the previous Estimate Statement delivered by Landlord to Tenant. Throughout the Lease Term Landlord shall maintain books and records with respect to Direct Expenses in accordance with sound real estate management and accounting practices, consistently applied.

4.4.3 **Mission Bay Requirements**. As set forth in **Exhibit F** attached hereto, the Project is subject to certain covenants, requirements, and disclosures (collectively, the "**Mission Bay Requirements**"), which include, without limitation, certain limitations on (i) Landlord's ability to lease space at the Project to a Tax Exempt Entity and (ii) Landlord's ability to obtain reductions in the assessed value of the Project below the Minimum Amount. In connection with the foregoing, to the extent that Tenant is exempt from certain Tax Expenses, but Landlord is otherwise obligated to continue to pay such Tax Expenses (the "**Tenant-Exempt Tax Expenses**"), then, notwithstanding Tenant's tax exempt status, Tenant shall continue to be obligated to pay to Landlord, as part of Direct Expenses, all such Tenant-Exempt Tax Expenses.

4.4.4 **Tenant's Right to Cause Landlord to Contest Tax Expenses**. Tenant may request that Landlord inform Tenant whether or not Landlord intends to file an appeal of any portion of Tax Expenses which are appealable by Landlord (the "**Appealable Tax Expenses**") for any tax fiscal year. Landlord shall deliver written notice to Tenant within ten (10) days after such request indicating whether Landlord intends to file an appeal of Appealable Tax Expenses for such tax fiscal year. If Landlord indicates that Landlord will not file an appeal of such Tax Expenses, then Tenant may provide Landlord with written notice ("**Appeals Notice**") at least thirty (30) days prior to the final date in which an appeal must be filed, requesting that Landlord file an appeal. Upon receipt of the Appeals Notice, but subject to the terms of this Section 4.4.4 below, Landlord shall promptly file such appeal and thereafter Landlord shall diligently prosecute such appeal to completion. Tenant may at any time in its sole discretion direct Landlord to terminate an appeal it previously elected pursuant to an Appeals Notice. In the event Tenant provides an Appeals Notice to Landlord and the resulting appeal reduces the Tax Expenses for the tax fiscal year in question as compared to the original bill received for such tax fiscal year and such reduction is greater than the costs for such appeal, then the costs for such appeal shall be included in Tax Expenses and passed through to the tenants of the Project. Alternatively, if the appeal does not result in a reduction of Tax Expenses for such tax fiscal year or if the reduction of Tax Expenses is less than the costs of the appeal, then Tenant shall reimburse Landlord, within thirty (30) days after written demand, for any and all costs reasonably incurred by Landlord which are not covered by the reduction in connection with such appeal. Tenant's failure to timely deliver an Appeals Notice shall waive Tenant's rights to request an appeal of the applicable Tax Expenses for such tax fiscal year. In addition, Tenant's obligations to reimburse Landlord for the costs of the appeal pursuant to this Section shall survive the expiration or earlier termination of this Lease in the event the appeal is not concluded until after the expiration or earlier termination of this Lease. Upon request, Landlord agrees to keep Tenant apprised of all tax protest filings and proceedings undertaken by Landlord to obtain a reduction or refund of Tax Expenses. Notwithstanding the foregoing, Landlord shall have no obligation to file any appeal under this Section 4.4.4, and Landlord may immediately terminate any appeal, if Landlord reasonably determines that such appeal could cause the assessed value of the Project to be reduced below the Minimum Amount (as that term is defined in **Exhibit F** attached hereto). Tenant shall indemnify, defend, and hold Landlord harmless from and against any Loss relating to Landlord filing an appeal at the request of Tenant.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible**.

4.5.1 Tenant shall be liable for and shall pay ten (10) days before delinquency, taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises or Project, including Tenant's Off-Premises Equipment (as that term is defined in Section 7.2 below). If any such taxes on Tenant's equipment, furniture,

fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.5.2 If the improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which "building standard" improvements are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above. Landlord and Tenant hereby agree that the valuation of Landlord's "building standard" improvements for all tenants of the Project shall be equal to One Hundred and 00/100 Dollars ($100.00) per rentable square foot. Landlord and Tenant shall cooperate with respect to the information provided by either of them to the appropriate taxing authority regarding the valuation of the improvements in the Premises so as to avoid duplicative assessments being levied on such improvements.

4.5.3 Notwithstanding any contrary provision herein, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, or (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Parking Facilities.

4.6 **Landlord's Books and Records**. Following Tenant's receipt of a Statement, Tenant shall have the right by written notice to Landlord to commence and complete an audit of Landlord's books concerning the Direct Expenses for the Expense Year which are the subject of such Statement, within the later to occur of (x) six (6) months following the delivery of such Statement and (y) the date that is sixty (60) days after Landlord makes Landlord's books and records available for Tenant's audit, provided that Tenant notifies Landlord of Tenant's intent to audit Landlord's books and records within the six (6) month period described in clause (x) above (the "**Audit Period**"). Following the giving of such written notice, Tenant shall have the right during Landlord's regular business hours taking into account the workload of Landlord's employees involved in the audit at the time of the audit request and on reasonable prior notice, to audit, at Landlord's corporate offices, at Tenant's sole cost, Landlord's records, provided that Tenant is not then in Default. The audit of Landlord's records may be conducted only by a reputable certified public accountant, subject to Landlord's approval, which approval shall not be unreasonably withheld. Any accounting firm selected by Tenant in connection with the audit (i) shall be a reputable independent nationally or regionally recognized certified public accounting firm which has previous experience in auditing financial operating records of landlords of office buildings; (ii) shall not already be providing accounting and/or lease administration services to Tenant and shall not have provided accounting and/or lease administration services to Tenant in the past three (3) years; (iii) shall not be retained by Tenant

on a contingency fee basis (i.e. Tenant must be billed based on the actual time and materials that are incurred by the accounting firm in the performance of the audit), a copy of the executed audit agreement, between Tenant and auditor, shall be provided to Landlord prior to the commencement of the audit; and (iv) at Landlord's option, both Tenant and its agent shall be required to execute a commercially reasonable confidentially agreement prepared by Landlord. Any audit report prepared by Tenant's auditors shall be delivered concurrently to Landlord and Tenant within the Audit Period. If, after such audit of Landlord's records, Tenant disputes the amount of Direct Expenses for the year under audit, Landlord and Tenant shall meet and attempt in good faith to resolve the dispute. If the parties are unable to resolve the dispute within sixty (60) days after completion of Tenant's audit, then, at Tenant's request, a certified public accounting firm selected by Landlord, and reasonably approved by Tenant, shall, at Tenant's cost, conduct an audit of the relevant Direct Expenses (the "**Neutral Audit**"). Tenant shall pay all costs and expenses of the Neutral Audit unless the final determination in such Neutral Audit is that Landlord overstated Direct Expenses in the Statement for the year being audited by more than five percent (5%) in which case Landlord shall pay all costs and expenses of the Neutral Audit, as well as Tenant's reasonable out-of-pocket costs actually incurred by Tenant in the audit of Landlord's books and records. In any event, Landlord will reimburse or provide a credit for any overstatement of Direct Expenses and Tenant shall pay to Landlord any understatement of Direct Expenses. To the extent Landlord and Tenant fail to otherwise reach mutual agreement regarding Direct Expenses, the foregoing audit and Neutral Audit procedures shall be the sole methods to be used by Tenant to dispute the amount of any Direct Expenses payable by Tenant pursuant to the terms of the Lease.

ARTICLE 5

USE OF PREMISES

5.1 **Permitted Use**. Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

5.2 **Prohibited Uses**. The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for (i) offices of any agency or bureau of the United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) offices of any health care professionals or service organization; (iv) schools or other training facilities which are not ancillary to corporate, executive or professional office use; (v) retail use or the operation of any restaurant offering services to the public; or (vi) communications firms such as radio and/or television stations. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the rules and regulations promulgated by Landlord from time to time ("**Rules and Regulations**"), the current set of which is attached hereto as **Exhibit D**, or in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project, including, without limitation, any such laws, ordinances, regulations or requirements relating to Hazardous Substances. Tenant shall not do or permit

anything to be done in or about the Premises which will in any way damage the reputation of the Project or obstruct or interfere with the rights of other tenants or occupants of the Project, or injure or annoy them or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Except for small quantities customarily used in business offices, Tenant shall not cause or permit any Hazardous Substance to be kept, maintained, used, stored, produced, generated or disposed of (into the sewage or waste disposal system or otherwise) on or in the Premises by Tenant or Tenant's agents, employees, contractors, invitees, assignees or sublessees, without first obtaining Landlord's written consent. Tenant shall immediately notify, and shall direct Tenant's agents, employees contractors, invitees, assignees and sublessees to immediately notify, Landlord of any incident in, on or about the Premises, the Buildings or the Project that would require the filing of a notice under any federal, state, local or quasi-governmental law (whether under common law, statute or otherwise), ordinance, decree, code, ruling, award, rule, regulation or guidance document now or hereafter enacted or promulgated, as amended from time to time, in any way relating to or regulating any Hazardous Substance. As used herein, "**Hazardous Substance**" means any substance which is toxic, ignitable, reactive, or corrosive and which is regulated by any local government, the State of California, or the United States government. "Hazardous Substance" includes any and all material or substances which are defined as "hazardous waste," "extremely hazardous waste" or a "hazardous substance" pursuant to state, federal or local governmental law. "Hazardous Substance" also includes asbestos, polychlorobiphenyls (i.e., PCB's) and petroleum.

5.3 **Tenant's Bicycles**. Tenant's employees shall be permitted to bring their bicycles ("**Bicycles**") into portions of the Buildings designated by Tenant, and with appropriate Improvements or Alterations providing for Bicycle storage, subject to the provisions of this Section 5.3, and such additional reasonable rules and regulations as may be promulgated by Landlord from time to time (in Landlord's reasonable discretion) that do not unreasonably interfere with Tenant's ability to park its Bicycles as contemplated herein and provided to Tenant, and only to the extent such Bicycles are used on a daily basis for commuting to and from work by such employees. AT NO TIME ARE RIDERS ALLOWED TO RIDE ANY BICYCLE IN THE PREMISES, THE PARKING FACILITIES OR THE BUILDINGS. Storage of any Bicycle anywhere on the Project other than as expressly set forth in this Section 5.3 is prohibited. Tenant shall keep its employees informed of these rules and regulations and any modifications thereto.

5.3.1 **Bicycle Storage Area**. As part of the construction of the Base, Shell and Core pursuant to Section 1 of the Work Letter, Landlord shall install a secured bicycle storage area within the Parking Facilities that will accommodate at least two hundred (200) Bicycles (collectively, the "**Landlord Bicycle Storage Area**"). Tenant shall have the exclusive right to utilize the Landlord Bicycle Storage Area for day use parking of Bicycles by Tenant and Tenant's employees, visitors, invitees and sublessees, and Tenant shall also have the right, at Tenant's sole cost and expense, to convert certain areas of the Parking Facilities, reasonably designated by Landlord and approved by Tenant, for additional exclusive day use parking (the "**Tenant Bicycle Storage Area**") for Bicycles by Tenant and its employees, visitors, invitees and sublessees, which shall include the installation of Bicycle storage lockers or other Bicycle storage facilities, either installed as an Improvement or an Alteration ("**Bicycle Improvements**"). The Landlord Bicycle Storage Area and Tenant Bicycle Storage Area are collectively, the

"**Bicycle Storage Area**". Other than the Bicycle Storage Area, Tenant and Tenant's employees, visitors, invitees and sublessees shall not be entitled to use any secured bicycle storage areas constructed by Landlord at the Project. Motorized vehicles of any kind, including motorcycles and mopeds, are prohibited in the Bicycle Storage Area, as is the storage of any property other than Bicycles. Each rider shall use the Bicycle Storage Area at is sole risk. Landlord specifically reserves the right to reasonably change the location, size, configuration, design, layout and all other aspects of the Landlord Bicycle Storage Area at any time (provided that no such action will materially diminish the capacity of the Landlord Bicycle Storage Area on other than a temporary basis), and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the Bicycle Storage Area for purposes of permitting or facilitating any such construction, alteration or improvements. Landlord has no obligation to provide any security whatsoever in connection with the Bicycle Storage Area except as expressly set forth in this Section 5.3.1. Landlord shall provide twenty-four (24) hours per day, seven (7) days per week, reasonable access control services for the Landlord Bicycle Storage Area in a manner materially consistent with the services provided by landlords of Comparable Buildings. Notwithstanding the foregoing, Landlord shall in no case be liable for personal injury or property damage for any error with regard to the admission to or exclusion from the Bicycle Storage Area of any person. Upon the expiration or earlier termination of this Lease, Tenant shall have removed all Bicycles belonging to its employees from the Bicycle Storage Area and Tenant, at Tenant's sole cost and expense, shall repair all damage to the Bicycle Storage Area caused by the removal of Tenant's property therefrom, and if Tenant fails to repair such damage, Landlord may undertake such repair on account of Tenant and Tenant shall pay to Landlord upon demand the cost of such repair. If Tenant fails to remove any Bicycles at the expiration or earlier termination of this Lease, Landlord may dispose of said Bicycles in such lawful manner as it shall determine in its sole and absolute discretion.

5.3.2 **Bicycles in the Premises**. Tenant's employees shall be permitted to bring their Bicycles in the Premises in accordance with the terms of this Section 5.3.2. The right provided to Tenant and its employees to bring Bicycles into the Premises shall be subject to the following terms and conditions: (i) Bicycles may only enter and exit the Buildings through the Parking Facilities; (ii) Bicycles may enter and exit the Buildings at all times; (iii) Bicycles must be taken directly from the Parking Facilities to the Premises via the Buildings' freight elevators or another elevator designated by Landlord, which Tenant's employees shall be entitled to operate at any time, and in no event shall Tenant's employees bring any Bicycles into or through the ground floor lobby of the Buildings; (iv) Landlord shall have the right to reasonably designate the path of travel that Tenant's employees must follow to/from the Parking Facilities and the freight elevators, or another elevator designated by Landlord; and (v) in no event shall Tenant permit any bicycles to be located within the Common Areas (other than the Bicycle Storage Area or in designated bicycle racks installed by Landlord at the Project) at any time.

5.4 **Commercial Kitchens**. To the extent permitted by Applicable Laws, Tenant may use a portion of the Premises for the operation of one or more commercial kitchens (individually and collectively, the "**Commercial Kitchen**"), for the exclusive use of Tenant's employees, visitors and invitees. Tenant shall not sell any food or beverages in or from the Premises at any time and/or serve any food and beverages in or from the Premises at any time to other tenants or occupants of the Project (or their employees) or to members of the general

public. No cooking odors shall be emitted from the Premises other than through ventilation equipment and systems installed therein to service the Commercial Kitchen in accordance with the provisions of this Section 5.4. Tenant's obligations under this Section 5.4 are cumulative and in addition to all other obligations of Tenant under this Lease.

5.4.1 **Licensing; Permits and Operation**. If Tenant elects to exercise its right to operate the Commercial Kitchen, Tenant shall give Landlord prior notice thereof and shall submit to Landlord (i) construction ready plans and specifications for the Commercial Kitchen (including, any cooking, ventilation, air conditioning, grease traps, kitchen and other equipment in or for the Premises with respect to the Commercial Kitchen) for Landlord's review and approval (such submission, review and approval shall be governed by Article 8 of the Lease, the Work Letter (if the Commercial Kitchen is being constructed as part of the Improvements) and this Section 5.4), and (ii) all necessary consents, approvals, permits or registrations, required for the construction and operation of the Commercial Kitchen in accordance with Applicable Laws. All such Alterations (or Improvements) shall be approved by Landlord, installed and constructed in accordance with Article 8 of this Lease, the Work Letter (if the Commercial Kitchen is being constructed as part of the Improvements) and this Section 5.4. Landlord shall use commercially reasonable efforts, at no cost to Landlord, to cooperate with Tenant to obtain all consents, approvals, permits or registrations required for operation of the Commercial Kitchen, to the extent Landlord's cooperation is required as owner of the Project. The Commercial Kitchen and the Commercial Kitchen facilities therein shall be maintained and operated by Tenant, at Tenant's expense: (a) in first-class order, condition and repair; (b) consistent with the character of the Project as a first-class office building; and (c) in compliance with all Applicable Laws, such reasonable rules and regulations as may be adopted by Landlord from time to time, and the other provisions of this Lease. In addition to Tenant's obligations to provide janitorial services to the Premises pursuant to Section 6.1.5 below, Tenant shall pay for all cleaning costs incurred by Landlord in cleaning any affected portions of the Buildings or Project resulting from Tenant's operation of the Commercial Kitchen. In addition, Tenant shall pay for all actual and reasonable out-of-pocket increased costs incurred by Landlord with respect to the management, operation, maintenance and repair of the Project resulting from Tenant's operation of the Commercial Kitchen, within thirty (30) days of receiving an invoice therefor.

5.4.2 **Personal Rights and Termination**. If Tenant fails to comply with the requirements set forth in this Section 5.4, without limitation of Landlord's other remedies, Landlord shall have the right to terminate Tenant's rights under this Section 5.4. The rights contained in this Section 5.4 shall be personal to Original Tenant and its Permitted Transferee Assignee, may only be exercised by Original Tenant or its Permitted Transferee Assignee (and not any other assignee, sublessee or other Transferee of original Tenant's interest in this Lease).

5.4.3 **Third Party Operator**. Tenant may retain a third party to operate the Commercial Kitchen (a "**Third Party Operator**"). Any such Third Party Operator must comply with all of the terms, covenants, conditions and obligations on Tenant's part to be observed and performed under this Lease with respect to the use or occupancy of the Premises, and any violation of any provision of this Lease by the Third Party Operator shall be deemed to be a default by Tenant under such provision. Any such Third Party Operator shall obtain such insurance as Landlord may reasonably require (consistent with the insurance requirements of landlords of Comparable Buildings for operators of similar commercial kitchens) and shall

indemnify, defend and hold Landlord harmless from and against any Loss (defined in Section 10.1 below) suffered by Landlord as a consequence of the negligence or willful misconduct of such Third Party Operator. Third Party Operator shall have no recourse against Landlord whatsoever on account of any failure by Landlord to perform any of its obligations under this Lease or on account of any other matter. All notices required of Landlord under this Lease shall be forwarded only to Tenant in accordance with the terms of this Lease and in no event shall Landlord be required to send any notices to any Third Party Operator. In no event shall any use or occupancy of any portion of the Premises by the Third Party Operator release or relieve Tenant from any of its obligations under this Lease. The Third Party Operator shall be a Tenant Party, and Tenant shall be fully and primarily liable for all acts and omissions of such Third Party Operator as fully and completely as if such Third Party Operator was an employee of Tenant. In no event shall the occupancy of any portion of the Premises by any Third Party Operator be deemed to create a landlord/tenant relationship between Landlord and such Third Party Operator or be deemed to vest in Third Party Operator any right or interest in the Premises or this Lease, and, in all instances, Tenant shall be considered the sole tenant under the Lease notwithstanding the occupancy of any portion of the Premises by any Third Party Operator. Upon request from Landlord, Tenant shall provide to Landlord a copy of any agreement between Tenant and the Third Party Operator and the insurance required to be maintained by Third Party Operator prior to the Third Party Operator being allowed access to the Premises by Tenant. Any equipment or other property of the Third Party Operator in the Project shall be subject to Section 8.5 and Article 15 of this Lease. However, nothing in this Section 5.4 shall diminish Landlord's rights elsewhere in this Lease or imply that Landlord has any duties to the Third Party Operator. No disputes between Tenant and the Third Party Operator shall in any way affect the obligations of Tenant hereunder.

5.5 **Tenant's Use of Base Building Stairwells**. Subject to Applicable Laws and Tenant's receipt of all necessary governmental or quasi-governmental approvals (collectively, "**Governmental Approvals**"), Tenant shall have right during the Lease Term to use the base building stairwells between the floors of the Premises (each, a "**Stairwell**") solely for purposes of ingress and egress from and between different floors of the Premises. In its use of the Stairwells, Tenant shall comply with all Applicable Laws, Governmental Approvals and the rules and regulations for the Project. Tenant shall have no right to alter or change any Stairwell in any manner whatsoever, except that Tenant may paint or perform other purely decorative Alterations or Improvements to the Stairwells in accordance with Article 8 or the Work Letter, as applicable, and may install Tenant's Security System as set forth in Section 6.1.11 below. Tenant acknowledges and agrees that Tenant's use of the Stairwells shall be at Tenant's sole risk and Landlord shall have no liability whatsoever in connection therewith. Tenant hereby waives any and all claims against Landlord for any damages arising from Tenant's exercise of its rights under this Section 5.5.

ARTICLE 6

SERVICES AND UTILITIES

6.1 **Standard Tenant Services**. Landlord shall provide the following services during the Lease Term.

6.1.1 **HVAC**. In accordance with the "Base Building" definition as provided in Section 1 of the Work Letter, each Building shall be equipped with a heating and air conditioning ("**HVAC**") system serving the applicable Building (the "**BB HVAC System**"). Subject to limitations imposed by all governmental rules, regulations and guidelines applicable thereto, Landlord shall provide BB HVAC System service during the "HVAC System Hours" (defined below). Tenant shall have the right to specify the hours of availability of the BB HVAC System which may be determined separately for each Complex (the "**HVAC System Hours**"); provided, however, (i) any initial determination or changes to the HVAC System Hours shall require at least thirty (30) days prior notice to Landlord, and shall not be effective until the first day of the subsequent calendar month occurring after the expiration of the thirty (30) day period, (ii) the HVAC System Hours shall consist of, at a minimum, the hours of 8:00 A.M. to 6:00 P.M. on Monday through Friday, and (iii) the HVAC System Hours shall consist only of consecutive time periods, as determined on a daily basis. Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the BB HVAC System. If the HVAC System Hours consist of more than seventy-five (75) hours per week ("**Excess Hours**"), then Landlord shall supply such HVAC to Tenant at Landlord's actual cost (which shall be treated as Additional Rent, but not as an Operating Expense) on a zone-by-zone basis, including the cost of increased depreciation on the BB HVAC System, but excluding the cost of electricity to the extent already paid for directly by Tenant, but including the electrical costs specified as follows. Landlord shall reasonably and equitably allocate the portion of the electrical costs of the BB HVAC System attributable to Tenant's direct use of the BB HVAC System for the Excess Hours to Tenant, and Tenant shall pay for the costs of such direct use along with the increased depreciation as set forth above, within thirty (30) days after demand, and as Additional Rent under this Lease (and not as part of the Operating Expenses) (the "**Extra HVAC Costs**").

6.1.2 **Electricity**. Landlord shall provide electrical wiring and facilities for connection to Tenant's lighting and Tenant's incidental use equipment as described in **Schedule 2 to Exhibit B**. Tenant shall not use combined electrical load for Tenant's incidental use equipment and Tenant's lighting fixtures in excess of the capacity of the feeders, which electrical usage shall be subject to Applicable Laws, including Title 24. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises (Landlord, as part of Operating Expenses, will replace Building-standard lamps, starters and ballasts). Tenant shall reasonably cooperate with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the Building Systems. All electricity usage at the Project shall be monitored using separate submeters (the "**Submetering Equipment**") which shall be (i) installed by Landlord or any tenant, for other tenant space in the Project, (ii) installed by Tenant for the Premises (not including the "Building Systems", as that term is defined in Article 7 of this Lease), and (iii) installed by Landlord for the Common Areas and Building Systems. Tenant shall have no obligation to pay for any costs of electricity (including as part of Operating Expenses) shown on the Submetering Equipment described in item (i) above. Tenant shall be responsible to pay directly, and not as a part of Operating Expenses, for the cost of all electricity shown on the Submetering Equipment described in item (ii) above. The cost of all electricity shown on the Submetering Equipment described in item (iii) above (except to the extent included in the Extra HVAC Costs) shall be included in Operating Expenses. Tenant may audit Landlord's readings of the Submetering Equipment and Landlord shall deliver reasonably detailed invoices to Tenant reflecting Landlord's reading of the Submetering Equipment and resulting electricity costs.

6.1.3 **Water and Sewer**. Landlord shall cause water and sewer to be supplied to the Buildings. Landlord shall reasonably and equitably allocate the portion of such utilities attributable to Tenant's direct use to Tenant, and Tenant shall pay for the costs of such direct use, within thirty (30) days after demand and as Additional Rent under this Lease (and not as part of the Operating Expenses), and other water and sewer costs shall be reasonably and equitably included as part of Operating Expenses, to the extent permitted by the terms of Section 4.2.4 above or charged directly to other tenants of the Project. Landlord shall designate the utility providers from time to time.

6.1.4 **Gas**. Landlord shall cause gas to be supplied to the Project. The portion of the gas used in connection with the Retail Space shall be separately submetered and paid for directly by such retail tenants. The cost of all other gas supplied to the Project shall be included in Operating Expenses; provided, however, if Tenant elects to install the Commercial Kitchen (or other equipment using gas), which would require the use of gas within the Premises, then Tenant shall, at Tenant's sole cost and expense, be responsible for installing a submeter to separately monitor such gas usage. Thereafter, Tenant shall pay for the costs of such direct gas use, within thirty (30) days after demand and as Additional Rent under this Lease (and not as part of the Operating Expenses).

6.1.5 **Janitorial**. Landlord shall provide janitorial services for the Common Areas and exterior window washing services, in a manner consistent with the standards of other first-class, institutionally owned office buildings in the City of San Francisco (the "**City**"), (provided that Tenant may reasonably require more frequent window washing as a consequence of the location of the Project adjacent to a freeway or otherwise); but Landlord shall not provide janitorial services for the Premises. Tenant shall perform all janitorial services and other cleaning within the Premises in a manner consistent with the standards of other first-class, institutionally owned office buildings in the City of San Francisco. Without Landlord's prior consent, Tenant shall not use (and upon notice from Landlord shall cease using) janitorial service providers who would, in Landlord's reasonable and good faith judgment, disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Buildings or the Common Areas.

6.1.6 **Elevator**. Landlord shall provide non-attended automatic passenger elevator service during the building hours reasonably designated by Landlord (the "**Building Hours**"), and shall have one (1) elevator available serving each Building at all other times.

6.1.7 **Loading Dock**. Landlord shall provide use of the Project loading dock(s) for deliveries to Tenant.

6.1.8 **Risers, Raceways, Shafts, Conduits**. Subject to Landlord's rules, regulations, and restrictions and the terms of this Lease, Landlord shall permit Tenant, at no additional charge to Tenant, to utilize the Buildings risers, raceways, shafts and conduit, provided that there is available space in the Buildings risers, raceways, shafts and/or conduit for Landlord's reasonable use and reasonable use by the other tenants of the Project, which availability shall be determined by Landlord in Landlord's reasonable discretion. Landlord shall have the right to re-route the planned location of Tenant's cabling in such risers, raceways, shafts and conduit, as determined by Landlord in its reasonable discretion.

6.1.9 **Access Control**. As part of the construction of the Base Buildings, Landlord shall install an access-control system for the Buildings and Parking Facilities, including, without limitation, door access controls, lobby turnstiles and elevator access controls; provided that the parties acknowledge that the North Lobby is open to the public, and access will not be restricted during general business hours. Landlord shall not be obligated to provide any other security equipment. Notwithstanding any provision to the contrary set forth in this Lease, in no case, shall Landlord be liable for personal injury or property damage for any lack of security in the Building or for any error with regard to the admission to or exclusion from the Buildings or Project of any person.

6.1.10 **Security Personnel**. Landlord shall provide on-site security services, including security personnel in the North Lobby and the Parking Facilities, consistent with the services provided by landlords at Comparable Buildings ("**Landlord's Security Personnel**"), the costs of which shall be included in Direct Expenses. Landlord hereby acknowledges that Tenant may, at its election and at its sole cost, hire security personnel ("**Tenant's Security Personnel**"), and Tenant's Security Personnel may staff the desk located in the North Lobby and the South Lobby; provided that (i) Tenant's Security Personnel must not carry a firearm or other weapon in the Common Areas unless reasonably concealed, and Tenant's Security Personnel shall not utilize any weapons when in any portion of the Project, except to the extent reasonably required in an emergency circumstance, (ii) Tenant's Security Personnel must reasonably cooperate with Landlord's Security Personnel, including providing Landlord's Security Personnel with access to, and reasonable use of, the lobby desk located in the North Lobby, (iii) the security contractor (if any) providing Tenant's Security Personnel to Tenant hereunder shall comply with Landlord's reasonable insurance requirements, and (iv) Tenant's Security Personnel shall comply with rules and regulations reasonably established by Landlord relating to security and access control for the Project. Tenant shall provide Landlord written notice of the names of Tenant's Security Personnel prior to any of Tenant's Security Personnel performing security services hereunder. Landlord's Security Personnel and Tenant's Security Personnel are each "**Security Personnel**". In addition, (a) all of the Security Personnel shall be licensed and bonded and shall at all times maintain any and all required licenses or other governmental permits required in connection with any weapons carried by Security Personnel and/or the performance of its duties under this Lease and shall at all times conduct themselves in a manner consistent with a first class office building project, (b) a commercially reasonable background check shall be performed on all Security Personnel, and (c) all of the Security Personnel shall be union labor and comply with the Mission Bay Requirements and the Underlying Documents.

6.1.11 **Tenant's Security System**. Landlord hereby agrees that Tenant shall have the right to install a card key security system ("**Tenant's Security System**") in the Premises and Stairwells on the floors of the Premises and to connect such system to Landlord's access-control system for the Project. So long as Tenant continues to lease an entire Complex, Tenant's Security System may include security cameras and card readers in areas of the Project, reasonably approved by Landlord, located outside of the Premises that pertain to such Complex; provided that Tenant shall work with Landlord to connect Landlord's existing access card keys

for the Project to Tenant's Security System, or, if such connection is not possible, shall provide Landlord with a reasonable number of card keys for Landlord's access to the Buildings and/or the Premises pursuant to the terms of this Lease. In addition, upon Landlord's request, Tenant shall make the footage from Tenant's exterior Building cameras reasonably available to Landlord. Tenant's Security Systems shall by subject to Landlord's prior review and approval (not to be unreasonably withheld), and the installation thereof shall be deemed an Alteration and shall be performed pursuant to Article 8 of this Lease, below or shall be installed as an Improvement pursuant to the Work Letter. In addition, Tenant shall coordinate the selection, installation and operation of Tenant's Security System with Landlord in order to ensure that Tenant's Security System is compatible with the Building Systems and permits Landlord to identify any persons entering and existing any Buildings, and Tenant shall not be entitled to install and/or operate the Tenant's Security System if Tenant's Security System does not comply with the foregoing. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the installation, monitoring, operation and removal of Tenant's Security System.

6.1.12 **Access**. Subject to Applicable Laws and the other provisions of this Lease, and except in the event of an emergency, Tenant shall have access to the above utilities and the Buildings, the Premises and the Common Areas, other than common areas requiring access with a Building engineer, the Parking Facilities and freight elevator, if any, twenty-four (24) hours per day, seven (7) days per week, every day of the year; provided, however, that Tenant shall pay Landlord's reasonable out-of-pocket costs that are incurred if Tenant uses the loading dock, mailroom and other limited-access areas of the Buildings during other than normal Building Hours.

6.1.13 **Emergency Generator**. As part of the construction of the Base Building, Landlord shall install one (1) generator for each Complex, which shall be available, on a non-exclusive basis, for connection to Tenant's standby equipment and systems (each, a "**Generator**"). All connections (cables, cable trays, etc.) (the "**Generator Facilities**") from each such Generator to the Premises shall be located in areas approved by Landlord, in its sole discretion, and shall comply with Applicable Laws. Commencing on the date that Tenant first connects the Generator Facilities to a Generator, as reasonably determined by Landlord, Tenant shall reimburse Landlord within thirty (30) days of request, as Additional Rent, Tenant's pro rata share (based on Tenant's use of such Generator and use of such Generator by other parties, as reasonably determined by Landlord based on the respective connections to such Generator (not the respective rentable square footage of any space leased in the Project by such users)), of all costs and expenses incurred by Landlord as a result of or in connection with operation, use, repairs, and maintenance of such Generator, including costs for fuel, and depreciation (as reasonably determined by Landlord). Tenant acknowledges that Landlord shall not be liable for any damage that may occur with respect to a Generator. The cost of design (including engineering costs) and installation of the Generator Facilities shall be Tenant's sole responsibility.

6.2 **Interruption of Use**. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise (except as specifically set forth in Section 19.5.2 of this Lease), for failure to furnish or delay in furnishing any service (including telephone and telecommunication services and Generator service), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by

breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Buildings or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent (except as specifically set forth in Section 19.5.2 of this Lease) or performing any of its obligations under this Lease.

6.3 **Use of Shafts and Utility Connections**. Landlord shall have reasonable access, and shall be entitled to allow other tenants of the Buildings, if any, reasonable access, through existing Building shafts to other portions of the Buildings (including the roof, mechanical floors and tenant spaces (including the Premises)), or to utility connections outside the Buildings, for the installation, repair, and maintenance of ducts, pipes, connections, and equipment for cables, conduits, transmitters, receivers, and other office, computer, communications and word and data processing equipment and facilities, including any technological devices not yet developed, whether similar or dissimilar to the foregoing, which may hereafter become necessary or desirable for any permitted use of the Project; provided, however, that to the extent such shafts or utility connections are located within the Premises, such access shall not materially and unreasonably interfere with Tenant's occupancy of the Premises (Landlord's efforts in such regard will include, where reasonably possible, limiting the performance of any such work which might be disruptive to weekends or the evening and the cleaning of any work area prior to the commencement of the next business day). To the extent that Landlord installs, maintains, uses, repairs or replaces pipes, cables, ductwork, conduits, utility lines, and/or wires through hung ceiling space, exterior perimeter walls and column space, adjacent to and in demising partitions and columns, in or beneath the floor slab or above, below, or through the Premises, then in the course of making any such installation or repair: (x) Landlord shall not reduce Tenant's usable space, except to a de minimus extent, if the same are not installed behind existing walls or ceilings; (y) Landlord shall box in any of the same installed adjacent to existing walls with construction materials substantially similar to those existing in the affected area(s) of the Premises; and (z) Landlord shall repair all damage caused by the same and restore such area(s) of the Premises to substantially the condition existing immediately prior to such work. The terms of this Section 6.3 shall be subject to the terms of Section 29.33 below.

6.4 **Supplemental HVAC**. Subject to Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant shall have the right to install a supplemental HVAC system serving all or any portion of the Premises. Any such supplemental HVAC system shall be installed pursuant to the terms of Article 8 or the Work Letter, if installed as part of the initial Improvements, and shall be deemed an Alteration (or Improvement, as applicable) for purposes of this Lease; provided, however, it shall be deemed reasonable for Landlord to withhold its approval to the extent any such installation would materially interfere with, or materially increase the cost of, Landlord's maintenance or operation of the Project, unless Tenant agrees to pay for such increased costs, or if any such installation would violate Applicable Laws or the Mission Bay Requirements or the Underlying Documents (as that term is defined in Section 24.4 below). Any such supplemental HVAC system installed by Tenant shall utilize the Building's chilled or condenser water, at Landlord's actual cost without markup. If Tenant connects into the Building's chilled or condenser water system

pursuant to the terms of the foregoing sentence, then Landlord shall install a submetering device at Tenant's sole cost and expense, which shall measure the flow of chilled or condenser water to the Premises, and Tenant shall pay Landlord for Tenant's use of chilled or condenser water at Landlord's actual cost. Tenant shall bear all costs of the equipment, and all costs of installation and removal thereof.

ARTICLE 7

REPAIRS

7.1 **Landlord's Repair Obligations**. Landlord shall at all times during the Lease Term maintain in good condition and operating order and in a manner reasonably commensurate with the maintenance standards of owners of Comparable Buildings, the structural portions of the Buildings, including, without limitation, the foundation, floor slabs, ceilings, roof, columns, beams, shafts, stairs, stairwells, escalators, elevators, base building restrooms and all Common Areas (collectively, the "**Building Structure**"), and the Base Building mechanical, electrical, life safety, plumbing, sprinkler, security and HVAC systems installed or furnished by Landlord (collectively, the "**Building Systems**"). In addition, Landlord shall use commercially reasonable efforts, at all times during the Lease Term, to cause the Building Systems to perform in accordance with the design specifications for such equipment as set forth in the "Base Building Plans" as that term is defined in Section 1 of the Work Letter. Except as specifically set forth in this Lease to the contrary, Tenant shall not be required to repair the Building Structure and/or the Building Systems, except to the extent required because of Tenant's use of the Premises for other than normal and customary business office operations.

7.2 **Tenant's Repair Obligations**. Tenant shall, at Tenant's own expense, pursuant to the terms of this Lease, including without limitation, Article 8 hereof, keep the Premises, including all improvements, fixtures and furnishings therein, and the floor or floors of the Buildings on which the Premises is located and any of Tenant's improvements, property or equipment located outside of the Premises (such items located outside of the Premises, are, collectively, "**Tenant's Off-Premises Equipment**"), in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense, but under the supervision and subject to the prior approval of Landlord and the terms of Article 8 hereof, promptly and adequately repair all damage to the Premises and replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant; provided however, that if Tenant fails to commence to make such repairs within ten (10) business days following notice from Landlord, Landlord may, but need not, make such repairs and replacements, and Tenant shall pay Landlord the cost thereof, including a percentage of the cost thereof (to be uniformly established for the Building and/or the Project) sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses arising from Landlord's involvement with such repairs and replacements forthwith upon being billed for same. Subject to the provisions of Article 27 below, Landlord may, but shall not be required to, enter the Premises at all reasonable times to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations**. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than twenty (20) business days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which may adversely affect the Building Structure or Building Systems, or is visible from the exterior of any Building, and further provided, that in no event shall Tenant paint the underside or top of the structural slab. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations following ten (10) business days' notice to Landlord, but without Landlord's prior consent, to the extent that such Alterations (i) do not affect the Building Structure, Building Systems or equipment, (ii) do not require a building or construction permit, (iii) cost less than $300,000.00 for a particular job of work, and (iv) do not consist of painting the underside or top of the structural slab. The construction of the initial improvements to the Premises shall be governed by the terms of the Work Letter and not the terms of this Article 8.

8.2 **Manner of Construction**. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises or Tenant's Off-Premises Equipment, such requirements as Landlord in its sole discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen selected by Tenant from a list provided and approved by Landlord, the requirement that upon Landlord's request, Tenant shall, at Tenant's expense, remove any "Specialty Alterations" (defined below) upon the expiration or any early termination of the Lease Term. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the City, all in conformance with Landlord's construction rules and regulations. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord shall, at Tenant's expense, make such changes to the Base Building. The "**Base Building**" shall mean the Building Structure, the Building Systems, including the Building Systems on the floor or floors on which the Premises is located as well as the Common Areas. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Project is located in accordance with Section 8182 of the

Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements**. If payment is made directly to contractors, Tenant shall, at Tenant's cost, comply with Landlord's requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors. For purposes of determining the cost of an Alteration, work done in phases or stages shall be considered part of the same Alteration, and any Alteration shall be deemed to include all trades and materials involved in accomplishing a particular result.

8.4 **Construction Insurance**. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "**Builder's All Risk**" insurance in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Tenant shall reimburse Landlord for Landlord's reasonable, actual, out-of-pocket costs and expenses actually incurred in connection with Landlord's review of Tenant's work. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Specialty Alterations**. At any time during the Lease Term, Tenant may remove any of "Tenant's Property" (as that term is defined in Section 15.2 below) located in the Premises. Landlord may, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to remove any Specialty Alterations and to repair any damage to the Premises, Building, and Project and return the affected portion of the Premises to the condition existing prior to the installation of such Specialty Alteration as reasonably determined by Landlord; provided; however, that notwithstanding the foregoing, upon request by Tenant at the time of Tenant's request for Landlord's consent to any Alteration or improvement (or at the time of Landlord's approval of the "Final Space Plan" or the "Final Working Drawings" (as defined in the Work Letter)), Landlord shall notify Tenant whether the applicable Alteration or Improvement constitutes a Specialty Alteration that will be required to be removed pursuant to the terms of this Section 8.5. If Tenant fails to complete any required removal and/or to repair any damage caused by the required removal of any Specialty Alterations, and return the affected portion of the Premises to the condition existing prior to the installation of such Specialty Alteration as reasonably determined by Landlord, Landlord may do so and may charge the actual and reasonable cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease. As used herein, "**Specialty Alterations**" shall mean any Alteration or Improvement 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, the Commercial Kitchen, 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, the Bicycle Improvements installed by Tenant in the Tenant Bicycle Storage Area or the Commercial Kitchen), (vi) are located in Common Areas (such as, Tenant's Off-Premises Equipment), or (vii) are otherwise expressly required to be removed pursuant to the terms of this Lease. An open ceiling will not be considered a Specialty Alteration.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project, Buildings and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under Applicable Laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within five (5) business days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable within thirty (30) days after demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Project, Buildings or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract.

ARTICLE 10

INDEMNIFICATION AND INSURANCE

10.1 **Indemnification and Waiver**. Except to the extent arising from the negligence or willful misconduct of Landlord or any Landlord Parties (defined below) but subject to this Section 10.1, Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises, the Bicycle Storage Area and any of Tenant's Off-Premises Equipment from any cause whatsoever and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage

is sustained by Tenant or by other persons claiming through Tenant. Subject to this Section 10.1, Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from and against any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) (collectively, "**Loss**") incurred in connection with or arising from (a) any cause in, on or about the Premises, the Bicycle Storage Area or Tenant's Off-Premises Equipment, or (b) the negligence or willful misconduct of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees of Tenant who are at the Project at Tenant's request (including any Third Party Operator and any of Tenant's Security Personnel), as well as guests or licensees of Tenant occurring in, on or about the Project but outside of the Premises, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord or any Landlord Party. Should Landlord be named as a defendant in any suit brought against Tenant for which Tenant's indemnity obligation is applicable, Tenant shall pay to Landlord its reasonable and actual out-of-pocket costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Subject to this Section 10.1, Landlord shall indemnify, defend, protect, and hold harmless Tenant, its partners, and their respective officers, agents, servants, employees, and independent contractors (collectively, "**Tenant Parties**") from and against any and all Loss arising from the negligence or willful misconduct of Landlord or any Landlord party in, on or about the Project, except to the extent caused by the negligence or willful misconduct of the Tenant Parties. Should Tenant be named as a defendant in any suit brought against Landlord for which Landlord's indemnity obligation is applicable, Landlord shall pay to Tenant its reasonable and actual out-of-pocket costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Notwithstanding anything to the contrary set forth in this Lease, either party's agreement to indemnify the other party as set forth in this Section 10.1 shall be ineffective to the extent the matters for which the indemnitor agreed to indemnify the indemnitee are covered by insurance required to be carried by the indemnitee pursuant to this Lease (or would have been covered had the indemnitee carried the insurance required). Further, Tenant's agreement to indemnify Landlord and Landlord's agreement to indemnify Tenant pursuant to this Section 10.1 are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried pursuant to the provisions of this Lease, to the extent such policies cover, or if carried, would have covered the matters, subject to the parties' respective indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2 **Construction Period**. Notwithstanding anything set forth in the foregoing Section 10.1 or any other provision of this Lease or the Work Letter to the contrary, during the "Construction Period" (defined below) only, the following provisions shall be applicable:

10.2.1 with respect to any indemnity obligation of Tenant arising at any time during the Construction Period only, (A) the term "Landlord Parties" shall mean and shall be limited to KR Mission Bay, LLC, a Delaware limited liability company (or any entity that that succeeds to KR Mission Bay, LLC's interest as Landlord under this Lease) and shall not include any other person or entity; provided, however, that Landlord may include in any claim owed by

Tenant to it any amount which Landlord shall pay or be obligated to indemnify any other person or entity, and (B) any indemnity obligation shall be limited to Losses caused by, or arising as a result of any act or failure to act of, Tenant or Tenant's employees, agents or contractors; and

10.2.2 during the Construction Period only, Tenant's liability under this Lease (calculated in accordance with Accounting Standards Codification (ASC) 840-40-55) for (A) Tenant's actions or failures to act under the Lease during the Construction Period, including, without limitation, Tenant's indemnity obligations, plus (B) all payments to Landlord, including, without limitation, Base Rent and Additional Rent (though the parties acknowledge that Tenant's obligation to pay Base Rent and Additional Rent shall not occur until Tenant is obligated to pay the same pursuant to the terms of Articles 3 and 4 of this Lease) shall be limited to eighty-nine and five-tenths percent (89.5%) of "Landlord's Project Costs" (defined hereinbelow) determined as of the date of Landlord's claim for such amount owed by Tenant. As used herein, "**Landlord's Project Costs**" shall mean the amount capitalized in the Project by Landlord in accordance with U.S. generally accepted accounting principles, plus other costs related to the Project paid to third parties (other than lenders or owners of Landlord), excluding land acquisition costs, but including land carrying costs, such as interest or ground rent incurred during the construction period, and including all costs incurred by Landlord in connection with the development and construction of the Base Building and Common Areas of the Project.

For the avoidance of doubt, Landlord and Tenant agree that:

(x) no claim by Landlord for Tenant's repudiation of this Lease at any time shall be limited under this Section 10.2; and

(y) for any claim other than under clause (x) above, if during the Construction Period, Landlord makes any claim for any anticipatory breach by Tenant of any obligation under this Lease owed to Landlord for any period after the Construction Period and the amount payable by Tenant for such claim is limited by the provisions of Section 10.2.2 above, the entire amount (to the extent not theretofore paid) shall be payable promptly after the Construction Period.

As used herein, "**Construction Period**" shall mean the period from the full execution and delivery of this Lease to the date that Landlord substantially completes construction of the Base Buildings, regardless of the occurrence of any delays caused by Tenant.

10.3 **Tenant's Insurance**. Tenant shall maintain the following coverages in the following amounts.

10.3.1 **Commercial General Liability Insurance**. Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements) including a Broad Form endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in Section 10.1 of this Lease. Such insurance shall be written on an "occurrence" basis. Landlord and any other party the Landlord so specifies that has a material financial interest in the Project, including Landlord's managing agent, ground lessor and/or lender, if any, shall be named as additional insureds as their interests

may appear using Insurance Service Organization's form CG2011 or a comparable form approved by Landlord. The coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations. Limits of liability insurance shall not be less than the following; provided, however, such limits may be achieved through the use of an Umbrella/Excess Policy :

Bodily Injury and Property Damage Liability	$25,000,000 each occurrence
Personal Injury and Advertising Liability	$25,000,000 each occurrence
Tenant Legal Liability/Damage to Rented Premises Liability	$10,000,000.00

10.3.2 **Property Damage Insurance**. Property Damage Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the "Improvements," as that term is defined in Section 2.1 of the Work Letter, and any other improvements, if any, which exist in the Premises as of the applicable Lease Commencement Date (excluding the Base Building) (the "**Original Improvements**"), and (iii) all other improvements, alterations and additions to the Premises. Such insurance shall be written on a Special Form basis, for the full replacement cost value (subject to reasonable deductible amounts) new, without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for (a) all perils included in the CP 10 30 04 02 Coverage Special Form, (b) water damage from any cause whatsoever, including, but not limited to, sprinkler leakage, bursting, leaking or stoppage of any pipes, explosion, and backup or overflow from sewers or drains, and (c) terrorism (to the extent such terrorism insurance is available as a result of the Terrorism Risk Insurance Act of 2002 (Pub. L. 107-297, 116 Stat. 2322), the Terrorism Risk Insurance Program Reauthorization Act of 2005 (Pub. l. 109-144), and the Terrorism Risk Insurance Program Reauthorization Act of 2007 (Pub. L. 110-160, 121 Stat. 183), any successor statute or regulation, or is otherwise available at commercially reasonable rates).

10.3.2.1 **Increase in Project's Property Insurance**. Tenant shall pay for any increase in the premiums for the property insurance of the Project if said increase is caused by Tenant's acts, omissions, use or occupancy of the Premises.

10.3.2.2 **Property Damage**. Tenant shall use the proceeds from any such insurance for the replacement of personal property, trade fixtures, Improvements, Original Improvements and Alterations.

10.3.2.3 **No Representation of Adequate Coverage**. Landlord makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Tenant's property, business operations or obligations under this Lease.

10.3.3 **Worker's Compensation**. Worker's Compensation or other similar insurance pursuant to all applicable state and local statutes and regulations, and Employer's Liability with minimum limits of not less than $1,000,000 each accident/employee/disease.

10.3.4 **Commercial Automobile Liability Insurance**. Commercial Automobile Liability Insurance covering all Owned (if any), Hired, or Non-owned vehicles with limits not less than $1,000,000 combined single limit for bodily injury and property damage.

10.4 **Form of Policies**. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, and any other party the Landlord reasonably specifies in writing, as an additional insured as their interests may appear using Insurance Service Organization's form CG2011 or a comparable form approved by Landlord, including Landlord's managing agent, ground lessor and/or lender, if any; (ii) cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-VIII in Best's Insurance Guide or which is otherwise acceptable to Landlord and permitted to do business in the State of California; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant, as evidenced by an endorsement or policy excerpt; and (v) be in form and content reasonably acceptable to Landlord. Tenant shall endeavor to cause said insurance to provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice (ten (10) days' in the event of non-payment of premium) shall have been given to Landlord and any mortgagee of Landlord. Tenant shall deliver certificates thereof and applicable endorsements or policy excerpts which meet the requirements of this Article 10 to Landlord on or before (I) the earlier to occur of: (x) the Phase I Lease Commencement Date, and (y) the date Tenant and/or its employees, contractors and/or agents first enter the Premises for occupancy, construction of improvements, alterations, or any other move-in activities, and (II) ten (10) business days after the renewal of such policies. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate and applicable endorsements, Landlord may, at its option with notice to Tenant, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor.

10.5 **Additional Insurance Obligations**. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord; provided, however, that (a) in no event shall such new or increased amounts or types of insurance exceed that required of comparable tenants by landlords of the Comparable Buildings and (b) Landlord shall not have the right to require that Tenant adjust its insurance coverage more than once in any twenty-four (24) month period, and not during the initial twenty-four (24) months of the Lease Term.

10.6 **Landlord's Fire and Casualty Insurance**. Landlord shall insure the Buildings during the period following the mutual execution of this Lease and thereafter during Lease Term against loss or damage due to fire and other casualties covered within the classification of

fire and extended coverage, vandalism coverage and malicious mischief, sprinkler leakage, water damage and special extended coverage. Such coverage shall be in such amounts, from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine. Landlord shall also carry rental loss insurance. Additionally, at the option of Landlord, such insurance coverage may include the risks of earthquakes and/or flood damage and additional hazards, a rental loss endorsement and one or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Project or the ground or underlying lessors of the Project, or any portion thereof. Notwithstanding the foregoing provisions of this Section 10.7, the coverage and amounts of insurance carried by Landlord in connection with the Buildings shall, at a minimum, be comparable to the coverage and amounts of insurance which are carried by reasonably prudent landlords of Comparable Buildings (provided that in no event shall Landlord be required to carry earthquake insurance). Tenant shall, at Tenant's expense, promptly following notice, comply with all insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.7 **Property Insurance Subrogation**. Landlord and Tenant intend that their respective property loss risks shall be borne by insurance carriers to the extent above provided (and, in the case of Tenant, by an insurance carrier satisfying the requirements of Section 10.4(iii) above), and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. The parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers. Landlord and Tenant hereby represent and warrant that their respective "all risk" property insurance policies include a waiver of (i) subrogation by the insurers, and (ii) all rights based upon an assignment from its insured, against Landlord and/or any of the Landlord Parties or Tenant and/or any of the Tenant Parties (as the case may be) in connection with any property loss risk thereby insured against. Tenant will cause all subtenants and licensees of the Premises claiming by, under, or through Tenant to execute and deliver to Landlord a waiver of claims similar to the waiver in this Section 10.7 and to obtain such waiver of subrogation rights endorsements. If either party hereto fails to maintain the waivers set forth in items (i) and (ii) above, the party not maintaining the requisite waivers shall indemnify, defend, protect, and hold harmless the other party for, from and against any and all Losses arising out of, resulting from, or relating to, such failure.

10.8 **Third-Party Contractors**. Tenant shall obtain and deliver to Landlord, Third Party Contractor's certificates of insurance and applicable endorsements at least seven (7) business days prior to the commencement of work in or about the Premises by any vendor or any other third-party contractor (collectively, a "**Third Party Contractor**"). All such insurance shall (i) name Landlord as an additional insured under such party's liability policies as required by Section 10.3.1 above and this Section 10.8, (ii) provide a waiver of subrogation in favor of Landlord under such Third Party Contractor's commercial general liability insurance, (iii) be primary and any insurance carried by Landlord shall be excess and non-contributing, and (iv) comply with Landlord's minimum insurance requirements as may be appropriate, taking into account the nature of the work or service to be provided by such Third Party Contractor, as shall be reasonably determined by Landlord.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 **Repair of Damage to Premises by Landlord**. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises or any Building Systems necessary for the use and occupancy of the Premises shall be damaged by fire or other casualty, Landlord will, as soon as reasonably possible following the date of the damage, deliver to Tenant an estimate of the time necessary to repair the damage in question such that the Premises may be used by and accessible to Tenant and the Buildings and Common Areas operable in a manner consistent with the operation prior to such damage; such notice will be based upon the review and opinions of Landlord's architect and contractor ("**Landlord's Completion Notice**"). Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Building Structure and Building Systems. Such restoration shall be to substantially the same condition of the Building Structure and Building Systems prior to the casualty, except for modifications required by zoning and building codes and other laws or by the holder of a mortgage on the Buildings or Project or any other modifications to the Common Areas deemed desirable by Landlord, provided that access to the Premises and any common restrooms serving the Premises shall not be materially impaired. Upon the occurrence of any damage to the Premises, upon notice (the "**Landlord Repair Notice**") to Tenant from Landlord delivered on or before the date that is ninety (90) days after the date of the damage, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under clauses (ii) and (iii) of Section 10.3.2 of this Lease, and Landlord shall repair any injury or damage to the Improvements and the Original Improvements and shall return such Improvements and Original Improvements to their original condition (any such work will be competitively bid by Landlord to ensure that Landlord receives commercially reasonable pricing for the performance of such work so that, to the extent reasonably possible, the cost of such work does not unnecessarily exceed the proceeds of Tenant's insurance); provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the portion of the cost of such repairs which is not so covered by Tenant's insurance proceeds shall be paid by Tenant to Landlord prior to Landlord's commencement of repair of the damage. In the event that Landlord does not deliver the Landlord Repair Notice within ninety (90) days following the date the casualty becomes known to Landlord, Tenant shall, at its sole cost and expense, repair any injury or damage to the Improvements and the Original Improvements installed in the Premises and shall return such Improvements and Original Improvements to their original condition, or an alternate condition described by Tenant (but subject to Landlord's prior written approval). Whether or not Landlord delivers a Landlord Repair Notice, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto (it being acknowledged that the cost to

prepare such plans may be paid for out of the applicable insurance proceeds received by Tenant), and Landlord shall select the contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises, Common Areas or Building Systems necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Rent, during the time and to the extent the Premises is unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a result thereof; provided, further, however, that if the damage or destruction is due to the negligence or willful misconduct of Tenant or any of its agents, employees, contractors, invitees or guests, Tenant shall be responsible for any reasonable, applicable insurance deductible (which shall be payable to Landlord upon demand, not to materially exceed the levels of deductibles for such insurance then maintained by owners of Comparable Buildings). In the event that Landlord shall not deliver the Landlord Repair Notice, Tenant's right to rent abatement pursuant to the preceding sentence shall terminate as of the date which is reasonably determined by Landlord to be the date Tenant should have completed repairs to the Premises assuming Tenant used reasonable due diligence in connection therewith.

11.2 **Landlord's Option to Repair; Tenant Termination Rights**. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Buildings and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within ninety (90) days after the date of discovery of the damage, such notice to include a termination date giving Tenant ninety (90) days to vacate the Premises, but Landlord may so elect only if the Buildings or Project shall be damaged by fire or other casualty or cause, whether or not the Premises is affected, provided that Landlord terminates the leases of all tenants of the Buildings, if any, whose premises are similarly damaged by the casualty (to the extent Landlord retains such right pursuant to the terms of the applicable tenants' leases), and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, as set forth in Landlord's Completion Notice, the repairs cannot reasonably be completed so as to render the Premises suitable for occupancy within eighteen (18) months after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Buildings or Project or ground lessor with respect to the Buildings or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) more than Two Million Dollars ($2,000,000.00) of the cost of repair of the damage is not fully covered by Landlord's insurance policies; or (iv) the damage materially affects the Buildings and occurs during the last twelve (12) months of the Lease Term; provided, however, that if such fire or other casualty shall have damaged the Premises or a portion thereof or Common Areas necessary to Tenant's occupancy and as a result of such damage the Premises is unfit for occupancy, and provided that Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and either (a) the repairs cannot, in the reasonable opinion of Landlord's contractor, as set forth in Landlord's Completion Notice, be completed within eighteen (18) months after being commenced, or (b) the damage occurs during the last twelve (12) months of the Lease Term and will reasonably require in excess of ninety (90) days to repair, Tenant may elect, no earlier than sixty (60) days after the date of the damage and not later than the later of (A) forty-five (45) days following the date of delivery of Landlord's Completion Notice, and (B) ninety (90) days

after the date of the damage, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. In addition, if such restoration is not substantially complete on or before the later of (i) the date that occurs twelve (12) months after the date of discovery of the damage, and (ii) the date that occurs ninety (90) days after the expiration of the estimated period of time to substantially complete such restoration, as set forth in Landlord's Completion Notice (the "**Outside Restoration Date**"), then Tenant shall have the additional right during the first ten (10) business days of each calendar month following the Outside Restoration Date until such repairs are complete, to terminate this Lease by delivery of written notice to Landlord (the "**Damage Termination Notice**"), which termination shall be effective on a date specified by Tenant in such Damage Termination Notice (the "**Damage Termination Date**"), which Damage Termination Date shall not be less than ten (10) business days, nor greater than thirty (30) days, following the date such Damage Termination Notice was delivered to Landlord. In the event this Lease is terminated in accordance with the terms of this Section 11.2, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under subsections (ii) and (iii) of Section 10.3.2 of this Lease.

11.3 **Waiver of Statutory Provisions**. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Buildings or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Buildings or the Project.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice

given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment. No payment of Rent by Tenant after a breach by Landlord shall be deemed a waiver of any breach by Landlord.

ARTICLE 13

CONDEMNATION

If the whole or any material part of the Premises, Buildings or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any material part of the Premises, Buildings or Project, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority; provided, however, that Landlord shall only have the right to terminate this Lease as provided above if Landlord terminates the leases of all other tenants in the Buildings, if any, similarly affected by the taking and provided further that to the extent that the Premises is not adversely affected by such taking and Landlord continues to operate the Buildings as office buildings or life sciences buildings, Landlord may not terminate this Lease. If more than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or if access to the Premises is substantially impaired, in each case for a period in excess of one hundred eighty (180) days, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claims do not diminish the award available to Landlord, its ground lessor with respect to the Buildings or Project or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 **Transfers**. Except as otherwise specifically provided or permitted in this Article 14, Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of Tenant's interest in this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than twenty (20) days nor more than one (1) year after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "Transfer Premium", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee, (v) any other information required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space, which information is requested within five (5) business days following Tenant's submission to Landlord of the items described in clauses (i), (ii), (iii), (iv) and (vi) of this Section 14.1, and (vi) an executed estoppel certificate from Tenant in the form attached hereto as **Exhibit E**. Any Transfer requiring Landlord's consent which is made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a Default by Tenant under this Lease if not rescinded or terminated within ten (10) business days following notice from Tenant. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord, not to exceed $2,500.00 for a Transfer in the ordinary course of business, within thirty (30) days after written request by Landlord.

14.2 **Landlord's Consent**. Landlord shall not unreasonably withhold its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice and shall grant or withhold such consent within twenty (20) days following the date upon which Landlord receives a "complete" Transfer Notice from Tenant (i.e., a Transfer Notice that includes all documents and information required pursuant to Section 14.1 of this Lease, above). If Landlord fails to timely deliver to Tenant notice of Landlord's consent, or the withholding of consent, to a proposed Transfer, 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 14 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 assignment or 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. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any Applicable Law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Buildings or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof; provided, however, that Tenant shall be entitled to assign, sublet or otherwise transfer to a governmental agency or instrumentality thereof to the extent Landlord has leased or has permitted the lease of space to a comparable (in terms of security, foot traffic, prestige, eminent domain and function oriented issues) governmental agency or instrumentality thereof in comparably located space of comparable size;

14.2.4 The Transferee is a Tax Exempt Entity (as defined in **Exhibit F** attached hereto), unless such Transferee, at no cost to Landlord, complies with and satisfies all of the applicable Mission Bay Requirements relating to a Transfer to a Tax Exempt Entity as set forth in **Exhibit F** attached hereto, to the extent that Landlord continues to be subject to such requirements at the time of such Transfer; or

14.2.5 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2, Tenant may thereafter enter into such Transfer of the Premises or portion thereof, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14. Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a suit for contract damages (other than damages for injury to, or interference with, Tenant's business including, without limitation, loss of profits, however

occurring) or a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant hereby waives the provisions of Section 1995.310 of the California Civil Code, or any successor statute, and all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all Applicable Laws, on behalf of the proposed Transferee. Tenant shall indemnify, defend and hold harmless Landlord from any and all Losses, causes of action and proceedings involving any third party or parties (including without limitation Tenant's proposed subtenant or assignee) who claim they were damaged by Landlord's wrongful withholding or conditioning of Landlord's consent.

14.3 **Transfer Premium**. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this Section 14.3, received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any free base rent reasonably provided to the Transferee, (iii) marketing costs associated with such Transfer, (iv) reasonable attorneys' fees incurred in the documentation and negotiation of such Transfer and (v) any brokerage commissions in connection with the Transfer. "**Transfer Premium**" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. For purposes of calculating any such effective rent all such concessions shall be amortized on a straight-line basis over the relevant term.

14.4 **Landlord's Option as to Contemplated Transfer Space**. Notwithstanding anything to the contrary contained in this Article 14, in the event Tenant contemplates a Transfer of the entire Premises or a portion of the Premises consisting of not less than a full floor of a Building (as opposed to a "superfloor" spanning across an entire Complex or all of the Buildings), for all or substantially all of the remaining Lease Term, Tenant shall give Landlord notice (the "**Intention to Transfer Notice**") of such contemplated Transfer (whether or not the contemplated Transferee or the terms of such contemplated Transfer have been determined). The Intention to Transfer Notice shall specify the portion of and amount of rentable square feet of the Premises which Tenant intends to Transfer (the "**Contemplated Transfer Space**"), the contemplated date of commencement of the contemplated Transfer (the "**Contemplated Effective Date**"), and the contemplated length of the term of such contemplated Transfer, and shall specify that such Intention to Transfer Notice is delivered to Landlord pursuant to this Section 14.4 in order to allow Landlord to elect to recapture the Contemplated Transfer Space. Thereafter, Landlord shall have the option, by giving written notice to Tenant within thirty (30) days after receipt of any Intention to Transfer Notice, to recapture the Contemplated Transfer Space. Such recapture shall cancel and terminate this Lease with respect to the Contemplated Transfer Space as of the Contemplated Effective Date stated in the Intention to Transfer Notice. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than

the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner to recapture the Contemplated Transfer Space under this Section 14.4, then, subject to the other terms of this Article 14, for a period of six (6) months (the "**Six Month Period**") commencing on the last day of such thirty (30) day period, Landlord shall not have any right to recapture the Contemplated Transfer Space with respect to any Transfer made during the Six Month Period, provided that any such Transfer is substantially on the terms set forth in the Intention to Transfer Notice, and provided further that any such Transfer shall be subject to the remaining terms of this Article 14. If such a Transfer is not so consummated within the Six Month Period (or if a Transfer is so consummated, then upon the expiration of the term of any Transfer of such Contemplated Transfer Space consummated within such Six Month Period), Tenant shall again be required to submit a new Intention to Transfer Notice to Landlord with respect any contemplated Transfer of the Contemplated Transfer Space, as provided above in this Section 14.4.

14.4.1 **Demising Work**. If Landlord exercises its recapture right pursuant to this Section 14.4, and the portion of the Premises recaptured by Landlord is not separately demised from the remainder of the Premises (i.e., the portions of the Premises located within the adjacent Building), Landlord, at Landlord's sole cost and expense, shall construct or cause to be constructed a demising wall separating that portion of the Premises recaptured by Landlord from that portion of the Premises retained by Tenant; provided that, Tenant hereby agrees that, notwithstanding Tenant's occupancy of its retained portion of the Premises during the construction of such demising wall by Landlord, Landlord shall be permitted to construct such demising wall during normal business hours, without any obligation to pay overtime or other premiums, and the construction of such demising wall by Landlord shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent, and Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the construction of such demising wall, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of its retained portion of the Premises or of Tenant's personal property or improvements resulting from the construction of such demising wall, or for any inconvenience or annoyance occasioned by the construction of such demising wall.

14.5 **Effect of Transfer**. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books,

records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than two percent (2%), Tenant shall pay Landlord's reasonable costs of such audit.

14.6 **Additional Transfers**. For purposes of this Lease, the term "**Transfer**" shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of more than fifty percent (50%) of the partners, or transfer of more than fifty percent (50%) of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (*i.e.*, whose stock is not publicly held and not traded through an exchange or over the counter), (A) the dissolution, merger, consolidation or other reorganization of Tenant or (B) the sale or other transfer of an aggregate of more than fifty percent (50%) of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period, or (C) the sale, mortgage, hypothecation or pledge of an aggregate of more than fifty percent (50%) of the value of the unencumbered assets of Tenant within a twelve (12)-month period.

14.7 **Occurrence of Default**. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in Default, Landlord is hereby irrevocably authorized to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such Default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in Default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

14.8 **Deemed Consent Transfers**. Notwithstanding anything to the contrary contained in this Lease (including Section 14.6, above), (A) an assignment or subletting of all or a portion of the Premises to an "**Affiliate**" of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant as of the date of the assignment or subletting), (B) an assignment of Tenant's interest in this Lease to an entity which acquires all or substantially all of the stock or assets of Tenant and has (i) at least One Billion Dollars ($1,000,000,000) in annual revenue in the preceding twelve (12) month period and (ii) "Operating Cashflow" (as that term is defined in Section 21.7 below) of Two Hundred Fifty Million Dollars ($250,000,000) during the preceding twelve (12) month period (collectively, the "**Affiliate Threshold**"), or (C) an assignment of this Lease to an entity which is the resulting or surviving

entity of a merger or consolidation of Tenant during the Lease Term and satisfies the Affiliate Threshold, shall not be deemed a Transfer requiring Landlord's consent under this Article 14 or triggering Landlord's rights under Section 14.3 or 14.4 (any such assignee or sublessee described in items (A) through (C) of this Section 14.8 hereinafter referred to as a "**Permitted Transferee**"), provided that (i) Tenant notifies Landlord at least five (5) business days prior to the effective date of any such assignment or sublease (unless such prior notice is prohibited by Applicable Laws or the terms of an applicable confidentiality agreement, in which event Tenant shall notify Landlord as soon as permissible) and promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such transfer or transferee as set forth above, (ii) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, and (iii) no assignment relating to this Lease, whether with or without Landlord's consent, shall relieve Tenant from any liability under this Lease, and, in the event of an assignment of Tenant's entire interest in this Lease, the liability of Tenant and such transferee shall be joint and several. An assignee of Tenant's entire interest in this Lease who qualifies as a Permitted Transferee may also be referred to herein as a "**Permitted Transferee Assignee**". "**Control**", as used in this Section 14.8, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity.

14.9 **Occupancy by Others**. Furthermore, and notwithstanding any contrary provision of this Article 14, the Tenant shall have the right, without the receipt of Landlord's consent and without payment to Landlord of the Transfer Premium, but on not less than five (5) business days prior written notice to Landlord, to permit the occupancy of up to ten percent (10%) of the rentable square footage of the Premises, pursuant to an occupancy agreement between Tenant and such occupant, which agreement must be approved in advance by Landlord (such approval not to be unreasonably withheld, conditioned or delayed), to any individual(s) or entity(ies) with an ongoing business relationship with Tenant, including Tenant's partners, agents, contractors and consultants performing services for Tenant or its clients. Such occupancy pursuant to this Section 14.9 shall include the use of a corresponding interior support area and other portions of the Premises which shall be common to Tenant and the permitted occupants, on and subject to the following conditions: (i) each individual or entity shall be of a character and reputation consistent with the quality of the Buildings and the Project; (ii) no individual or entity shall occupy a separately demised portion of the Premises or which contains an entrance to such portion of the Premises other than the primary entrance to the Premises; (iii) the rent, if any, paid by such occupants shall not be greater than the rent allocable on a pro rata basis to the portion of the Premises occupied by such occupants; (iv) such occupancy shall not be a subterfuge by Tenant to avoid its obligations under this Lease or the restrictions on Transfers pursuant to this Article 14; and (v) no such occupant shall be required to maintain the insurance coverage required to be maintained by Tenant hereunder (and, solely for the purposes of determining Tenant's liability hereunder for the acts or omissions of such occupants and the applicability of Tenant's insurance coverage towards such liability, any such occupant shall be deemed to be an employee of Tenant for the purposes of insurance and indemnity provisions of this Lease). Any occupancy permitted under this Section 14.9 shall not be deemed a Transfer under this Article 14. Notwithstanding the foregoing, no such occupancy shall relieve Tenant from any liability under this Lease.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 **Surrender of Premises**. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant**. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of Section 8.5 above and this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs which are specifically made the responsibility of Landlord hereunder (including casualty or condemnation) excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitions and other articles of personal property, including all Lines, owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant (collectively, "**Tenant's Property**"), as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises, Buildings and Project resulting from such removal. Other than Tenant's Property and any Specialty Alterations required to be removed by Tenant pursuant to the terms of Section 8.5 above, upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall not be required, and shall have no right, to remove any other Alterations or Improvements in the Premises.

ARTICLE 16

HOLDING OVER

If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, without the express written consent of Landlord, such tenancy shall be a tenancy at sufferance, and shall not constitute a renewal hereof or an extension for any further term, and in such case daily damages in any action to recover possession of the Premises shall be calculated at a daily rate equal to (i) one hundred fifty percent (150%) of the Base Rent applicable during the last rental period of the Lease Term under this Lease for the first (1st) two (2) months of such

holdover, and (ii) two hundred percent (200%) thereafter plus one hundred percent (100%) of all Additional Rent. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant holds over without Landlord's express written consent, and tenders payment of rent for any period beyond the expiration of the Lease Term by way of check (whether directly to Landlord, its agents, or to a lock box) or wire transfer, Tenant acknowledges and agrees that the cashing of such check or acceptance of such wire shall be considered inadvertent and not be construed as creating a month-to-month tenancy, provided Landlord refunds such payment to Tenant promptly upon learning that such check has been cashed or wire transfer received. Tenant acknowledges that any holding over without Landlord's express written consent may compromise or otherwise affect Landlord's ability to enter into new leases with prospective tenants regarding the Premises. Therefore, if Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from and against all claims made by any succeeding tenant founded upon such failure to vacate and deliver, and any losses suffered by Landlord, including lost profits, resulting from such failure to vacate and deliver. Tenant agrees that any proceedings necessary to recover possession of the Premises, whether before or after expiration of the Lease Term, shall be considered an action to enforce the terms of this Lease for purposes of the awarding of any attorney's fees in connection therewith.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within ten (10) business days following a request in writing by Landlord, Tenant shall execute, and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of **Exhibit E**, attached hereto (or such other form as may be required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee; provided, however, that if such estoppel certificate is not factually correct, then Tenant may make such changes as are necessary to make such estoppel certificate factually correct and shall thereafter return such signed estoppel certificate to Landlord within said ten (10) business day period. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term, but only in the case of (x) a proposed sale or financing of the Project, (y) a Default by Tenant or (z) a proposed Permitted Transfer by Tenant, Landlord may require Tenant to provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Failure of Tenant to timely execute, acknowledge and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Buildings or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Buildings or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto (collectively, the "**Superior Holders**"). However, in consideration of and a condition precedent to Tenant's agreement to subordinate this Lease to any future mortgage, trust deed or other encumbrances, shall be the receipt by Tenant of a subordination non-disturbance and attornment agreement in a commercially reasonable form (a "**SNDA**") executed by Landlord and the appropriate Superior Holder. Pursuant to such SNDA, Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, and such lienholder or purchaser or ground lessor shall agree to accept this Lease and perform the obligations of Landlord hereunder (including, without limitation, the funding of the Improvement Allowance (or in the alternative, the recognition of Tenant's right to offset rent for failure of Landlord to pay the Improvement Allowance as provided in Section 2 of the Work Letter), but excluding any obligation to complete any of Landlord's construction obligations set forth in Section 1 of the Work Letter), and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within ten (10) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law 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. Landlord represents to Tenant that there are not any Superior Holders as of the date of this Lease.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 **Events of Default**. The occurrence of any of the following shall constitute a "**Default**" of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay (i) any Rent or any other charge required to be paid under this Lease, or (ii) any Base Rent required to be paid under that certain Office Lease, dated as of January 1, 2014 (as amended, supplemented or modified, the "**333 Brannan Lease**"), by and between Kilroy Realty Finance Partnership, L.P., a Delaware limited partnership and Tenant, for certain premises in the office building located at 333 Brannan Street, San Francisco, California (the "**333 Brannan Building**"), as applicable, or any part thereof, when due, which failure is not cured within five (5) days after written notice from Landlord that said amount was not paid when due; provided, however, that clause (ii) of this Section 19.1.1 shall only be effective until the earlier of (a) the date upon which both the Project and the 333 Brannan Building are no longer owned by affiliated Landlord entities and (b) the Phase III Lease Commencement Date; or

19.1.2 Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default; or

19.1.3 Abandonment of the Premises by Tenant pursuant to California Civil Code Section 1951.3; or

19.1.4 The failure by Tenant to observe or perform according to the provisions of Articles 5, 10, 14, 17 or 18 of this Lease where such failure continues for more than three (3) business days after notice from Landlord.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 **Remedies Upon Default**. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim for damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant ("**Costs of Reletting**"); notwithstanding the above, if Landlord relets the Premises for a term (the "**Relet Term**") that extends past the originally scheduled Lease Expiration Date, the Costs of Reletting which may be included in Landlord's damages shall be limited to a prorated portion of the Costs of Reletting, based on the percentage that the length of the originally scheduled Lease Term remaining on the date Landlord terminates this Lease or Tenant's right to possession bears to the length of the Relet Term. For example, if there are two (2) years left on the Lease Term at the time that Landlord terminates possession and, prior to the expiration of the two (2) year period, Landlord enters into a lease with a new tenant with a Relet Term of ten (10) years, then only twenty percent (20%) of the Costs of Reletting shall be included when determining Landlord's damages; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Law.

The term "rent" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Section 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Section 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or any law or other provision of this Lease), without prior demand or notice except as required by Applicable Law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 **Subleases of Tenant**. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 **Efforts to Relet**. No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.5 **Landlord Default**.

19.5.1 **General**. 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 of notice from Tenant specifying in detail Landlord's 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 shall commence such performance within such thirty (30) day period and thereafter diligently pursue the same to completion. Upon any such default by Landlord under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity.

19.5.2 **Abatement of Rent**. In the event that Tenant is prevented from using, and does not use, the Premises or any portion thereof, as a result of (i) any repair, maintenance or alteration performed by Landlord, or which Landlord failed to perform, after the applicable Lease Commencement Date and required by this Lease, which substantially interferes with Tenant's use of the Premises, or (ii) any failure of Landlord to provide services, utilities or access to the Premises as required by this Lease (either such set of circumstances as set forth in items (i) or (ii), above, to be known as an "**Abatement Event**"), then Tenant shall give Landlord notice of such Abatement Event (which notice, for the purpose of determining the effective date of delivery, will be deemed given when delivered to the Project's property management office during regular business hours), and if such Abatement Event continues for five (5) consecutive business days after Landlord's receipt of any such notice (the "**Eligibility Period**"), then the Base Rent, Tenant's Share of Direct Expenses, and Tenant's obligation to pay for parking (to the extent not utilized by Tenant) shall be abated or reduced, as the case may be, after expiration of the Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use for the normal conduct of Tenant's business, the Premises or a portion thereof, in the

proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises; provided, however, in the event that Tenant is prevented from using, and does not use, a portion of the Premises for a period of time in excess of the Eligibility Period and the remaining portion of the Premises is not sufficient to allow Tenant to effectively conduct its business therein, and if Tenant does not conduct its business from such remaining portion, then for such time after expiration of the Eligibility Period during which Tenant is so prevented from effectively conducting its business therein, the Base Rent and Tenant's Share of Direct Expenses for the entire Premises and Tenant's obligation to pay for parking shall be abated for such time as Tenant continues to be so prevented from using, and does not use, the Premises. If, however, Tenant reoccupies any portion of the Premises during such period, the Rent allocable to such reoccupied portion, based on the proportion that the rentable area of such reoccupied portion of the Premises bears to the total rentable area of the Premises, shall be payable by Tenant from the date Tenant reoccupies such portion of the Premises. To the extent an Abatement Event is caused by an event covered by Articles 11 or 13 of this Lease, then Tenant's right to abate rent shall be governed by the terms of such Article 11 or 13, as applicable, and the Eligibility Period shall not be applicable thereto. Such right to abate Base Rent and Tenant's Share of Direct Expenses shall be Tenant's sole and exclusive remedy for rent abatement at law or in equity for an Abatement Event. Except as provided in this Section 19.5.2, nothing contained herein shall be interpreted to mean that Tenant is excused from paying Rent due hereunder.

19.6 **Tenant's Right to Make Repairs**. During any period in which Tenant is then leasing one hundred percent (100%) of the office space in a Building, if an "Emergency Situation" (as defined herein) or "Adverse Condition" (as defined herein) involving the portion of the Premises located in such Building exists, and Landlord is obligated under the terms of this Lease to cure or remediate such Emergency Condition or Adverse Condition, then Landlord shall promptly commence and diligently perform all repairs required by Landlord under this Lease or take such other actions, if any, required of Landlord under this Lease to cure or remediate such Emergency Situation or Adverse Condition. Notwithstanding anything to the contrary contained herein, if (i) any Emergency Situation occurs or (ii) there is an actual breach by Landlord of one of its obligations under this Lease ("**Landlord Breach**"), and such Emergency Situation or Landlord Breach will have a material and adverse impact on Tenant's ability to conduct its business in the Premises, or any material portion thereof (an "**Adverse Condition**"), including, for example, any failure to provide (or cause to be provided) electricity, HVAC, water or elevator access to the Premises, then Tenant shall give Landlord notice of the same. Thereafter, Landlord shall have (i) two (2) business days to commence a cure with respect to such Emergency Situation or (ii) twenty (20) business days to commence a cure of such Adverse Condition, and, in each case, shall diligently prosecute such cure to completion (collectively "**Emergency Repairs**"). For purposes hereof, the term "**Emergency Situation**" shall mean a situation which poses an imminent threat: (x) to the physical well-being of persons at the Building or (y) of material damage to Tenant's personal property in the Premises. If Landlord fails to commence to perform such Emergency Repairs within the applicable timeframe (i.e., two (2) business days with respect to an Emergency Situation or twenty (20) business days with respect to Adverse Conditions) after Landlord receives notice of the applicable Emergency Condition or Adverse Condition, or, to the extent Landlord commences to cure with such time period but fails to thereafter diligently pursue such Emergency Repairs to completion, then Tenant, upon providing Landlord, as to an Emergency Situation, with such prior written notice,

as is reasonable under the circumstances or as to an Adverse Condition, with twenty (20) business days prior notice (which notice shall clearly indicate that Tenant intends to take steps necessary to remedy the event giving rise to the Emergency Situation or Adverse Condition in question), may perform such Emergency Repairs or other actions at Landlord's expense; provided, however, that in no event shall Tenant undertake any actions which will or are reasonably likely to materially and adversely affect (A) the Retail Space or the space of any other tenant or occupant of the Project, (B) the Building Structure, (C) any Building Systems, or (D) the exterior appearance of any Building. If Tenant exercises its right to perform Emergency Repairs or other actions on Landlord's behalf, as provided above, then Landlord shall reimburse the actual out-of-pocket reasonable cost thereof within thirty (30) days following Tenant's delivery of: (i) a written notice describing in reasonable detail the action taken by the Tenant, and (ii) reasonably satisfactory evidence of the cost of such remedy. Landlord shall, within thirty (30) days following Tenant's written request for reimbursement of the costs of the Emergency Repairs notify Tenant of whether Landlord reasonably and in good faith disputes that (1) Tenant did not perform the Emergency Repairs in the manner permitted by this Lease, (2) that the amount Tenant requests be reimbursed from Landlord for performance of the Emergency Repairs is incorrect or excessive, or (3) that Landlord was not obligated under the terms of this Lease to make all or a portion of the Emergency Repairs ("**Landlord's Set-Off Notice**"). If Landlord delivers a Landlord's Set-Off Notice to Tenant, then Tenant shall not be entitled to such deduction from Rent (provided, if Landlord contends the amount spent by Tenant in making such repairs is excessive and does not otherwise object to Tenant's actions pursuant to this Section 19.6, then Landlord shall pay the amount it contends would not have been excessive); provided that Tenant may proceed to claim a default by Landlord under this Lease for any amount not paid by Landlord. Any final award in favor of Tenant for any such default, which is not subject to appeal, from a court or arbitrator in favor of Tenant, which is not paid by Landlord within the time period directed by such award (together with interest at the Interest Rate from the date Landlord was required to pay such amount until such offset occurs), may be offset by Tenant from Rent next due and payable under this Lease; provided, however, Tenant may not deduct the amount of the award against more than fifty percent (50%) of Base Rent next due and owing (until such time as the entire amount of such judgment is deducted) to the extent following a foreclosure or a deed-in-lieu of foreclosure. In any case, in the event any Emergency Repairs are not accomplished by Landlord within a two (2) business day period with respect to an Emergency Condition or twenty (20) business day period with respect to Adverse Conditions despite Landlord's diligent efforts, Landlord, within three (3) business days following Tenant's written request therefore, shall provide to Tenant a schedule determined in good faith setting forth the basic steps Landlord proposes to be taken to effect the Emergency Repairs or other actions in a commercially reasonable time frame given the specifics of the Emergency Repairs required and the times when such work is proposed to be done and thereafter Landlord shall proceed to complete such Emergency Repairs within the time schedule so provided. If Tenant undertakes any action pursuant to this paragraph, Tenant shall (a) proceed in accordance with all Applicable Laws; (b) retain to effect such actions only such reputable contractors and suppliers as are duly licensed in the City of San Francisco and are listed on the most recent list furnished to Tenant of Landlord's approved contractors for the Project and are insured in accordance with the provisions of Article 10 of this Lease; (c) effect such repairs or perform such other actions in a good and workmanlike and commercially reasonable manner; (d) use new or like new materials; (e) take reasonable efforts to minimize any material interference or impact on the other

tenants and occupants of the Project, and (f) otherwise comply with all applicable requirements set forth in Article 8 of this Lease. Notwithstanding anything in this Article 19 to the contrary, the foregoing self-help right (i) shall not apply in the event of any fire or casualty at the Project, it being acknowledged and agreed that Article 11 shall govern with respect to any such fire or casualty event, (ii) shall not apply in the event of any condemnation, it being acknowledged and agreed that Article 13 shall govern with respect to any such condemnation, and (iii) shall not permit Tenant to access any other tenant's or occupant's space at the Project.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

LETTER OF CREDIT

21.1 **Delivery of Letter of Credit**. Concurrently with Tenant's execution of this Lease, Tenant shall deliver to Landlord, as protection for the full and faithful performance by Tenant of all of its obligations under this Lease and for all losses and damages Landlord may suffer (or which Landlord reasonably estimates that it may suffer) as a result of any breach or default by Tenant under this Lease, an unconditional, clean, irrevocable negotiable standby letter of credit (the "**L-C**") in the amount set forth in Section 8 of the Summary (the "**L-C Amount**"), in the form attached hereto as **Exhibit I**, running in favor of Landlord, drawn on one of the following banks: (i) Wells Fargo Bank, N.A., (ii) Citibank, N.A., (iii) JP Morgan Chase, (iv) Bank of America, (v) Goldman Sachs Bank USA, (vi) Morgan Stanley Bank, N.A. or (vii) Royal Bank of Canada, and otherwise conforming in all respects to the requirements of this Article 21, including, without limitation, all of the requirements of Section 21.2 below, all as set forth more particularly hereinbelow. The issuer of the L-C shall be referred to herein as the "**Issuing Bank**". Notwithstanding the foregoing, Landlord hereby pre-approves the form of L-C attached hereto as **Exhibit I-1** for issuance by Goldman Sachs Bank USA. In addition, Tenant may request the right to include additional banks in the foregoing list of approved Issuing Banks, which additional banks shall be subject to Landlord's approval in its sole discretion. Tenant hereby agrees that the L-C shall expressly provide that (i) presentation of the L-C for draw can be made locally, which for purposes of this Article 21 shall mean either in the City of San Francisco, California, or in the City of Los Angeles, California, or (ii) presentation of the L-C for draw can be made by facsimile, in which case the appropriate facsimile number for presentment shall be stated on the L-C. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining and maintaining the L-C. In the event of an assignment by Tenant of its interest in this Lease (and irrespective of whether Landlord's consent is required for such assignment), the acceptance of any replacement or substitute letter of credit by Landlord from the assignee shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld.

21.2 **In General**. The L-C shall be "callable" at sight, permit partial draws and multiple presentations and drawings, and be otherwise subject to the Uniform Customs and Practices for Documentary Credits (1993-Rev), International Chamber of Commerce Publication #500, or the International Standby Practices-ISP 98, International Chamber of Commerce Publication #590. Tenant further covenants and warrants as follows:

21.2.1 **Landlord Right to Transfer**. The L-C shall provide that Landlord, its successors and assigns, may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) all of its interest in and to the L-C to another party, person or entity, as a part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in the Buildings, Landlord shall transfer the L-C, to the transferee and thereupon Landlord shall, without any further agreement between the parties but upon the written assumption by the transferee of Landlord's obligations hereunder with respect to the L-C, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole or any portion of said L-C to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Issuing Bank such applications, documents and instruments as may be necessary to effectuate such transfer, and Tenant shall be responsible for paying the Issuing Bank's transfer and processing fees in connection therewith.

21.2.2 **No Assignment by Tenant**. Tenant shall neither assign nor encumber the L-C or any part thereof. Neither Landlord nor its successors or assigns will be bound by any assignment, encumbrance, attempted assignment or attempted encumbrance by Tenant in violation of this Section 21.2.2.

21.2.3 **Replenishment**. If, as a result of any drawing by Landlord on the L-C pursuant to its rights set forth in Section 21.3 below, the amount of the L-C shall be less than the L-C Amount, Tenant shall, within ten (10) days after written notice thereof from Landlord, provide Landlord with (i) an amendment to the L-C restoring such L-C to the L-C Amount or (ii) additional L-Cs in an amount equal to the deficiency, which additional L-Cs shall comply with all of the provisions of this Article 21, and if Tenant fails to comply with the foregoing, notwithstanding anything to the contrary contained in Section 19.1 above, the same shall constitute an incurable Default by Tenant under this Lease (without the need for any additional notice and/or cure period).

21.2.4 **Renewal; Replacement**. If the L-C expires earlier than the date (the "**LC Expiration Date**") that is sixty (60) days after the expiration of the Lease Term, Tenant shall deliver a new L-C or a certificate of renewal or extension to Landlord at least thirty (30) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, which new L-C shall be irrevocable upon the same terms as the expiring L-C or such other terms as may be acceptable to Landlord in its sole discretion. In furtherance of the foregoing, Landlord and Tenant agree that the L-C shall contain a so-called "evergreen

provision," whereby the L-C will automatically be renewed unless at least thirty (30) days' prior written notice of non-renewal is provided by the issuer to Landlord. In the event that Landlord draws upon the L-C solely due to Tenant's failure to renew the L-C at least thirty (30) days before its expiration, such failure shall not constitute a default hereunder and Tenant shall thereafter have the right to provide a substitute L-C that satisfies the requirements of this Lease, and Landlord shall concurrently refund the proceeds of the draw.

21.2.5 **Issuing Bank's Financial Condition**. If, at any time during the Lease Term, the Issuing Bank's long term credit rating is reduced below a long term issuer credit rating from Standard and Poor's Professional Rating Service of BBB+ or a comparable rating from Moody's Professional Rating Service (either, a "**Bank Credit Threat**"), then Landlord shall have the right to require that Tenant obtain from a different issuer a substitute L-C that complies in all respects with the requirements of this Article 21, and Tenant's failure to obtain such substitute L-C within ten (10) business days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) shall entitle Landlord, or Landlord's then managing agent, to immediately draw upon the then existing L-C in whole or in part, without notice to Tenant, as more specifically described in Sections 21.3 and 21.6 below. Tenant shall be responsible for the payment of Landlord's reasonable attorneys' fees to review any replacement L-C, which replacement is required pursuant to this Section or is otherwise requested by Tenant.

Notwithstanding anything to the contrary in this Article 21 or elsewhere in this Lease, during the Construction Period, Landlord shall, upon five (5) business days following receipt of notice from Tenant, along with an invoice therefor, pay all fees and costs incurred in connection with the replacement or reissuance of the L-C as a consequence of a Bank Credit Threat, or the Issuing Bank's placement into "Receivership" (as that term is defined in Section 21.6 below), and Tenant shall have no obligation to pay any such fees or costs; provided, however, that to the extent that Landlord has paid any such fees or costs or otherwise incurred any expense as a consequence of the replacement or reissuance of the L-C during the Construction Period, then at any time after the Construction Period, Landlord may submit a statement to Tenant of the amount of any such fees, costs or expenses incurred by Landlord during the Construction Period, and Tenant shall be obligated to pay such amount as Additional Rent hereunder within ten (10) days after Tenant's receipt of such statement from Landlord; and further, provided, however, in no event shall Landlord's payment of any of the foregoing fees or costs include the obligation to supply any collateral in connection with the replacement or reissuance of the L-C.

21.3 **Application of Letter of Credit**. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C as protection for the full and faithful performance by Tenant of all of its obligations under this Lease and for all losses and damages Landlord may suffer (or which Landlord reasonably estimates that it may suffer) as a result of any breach or default by Tenant under this Lease. Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is past due to Landlord under the terms and conditions of this Lease, or (B) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code that is not dismissed within thirty (30) days, or

(D) the Issuing Bank has notified Landlord that the L-C will not be renewed or extended through the LC Expiration Date and Tenant has not provided a replacement L-C that satisfies the requirements of this Article 21 within thirty (30) days prior to the expiration thereof, or (E) a Bank Credit Threat or Receivership (as such term is defined in Section 21.6.1 below) has occurred and Tenant has failed to comply with the requirements of either Section 21.2.5 above or 21.6 below, as applicable. If Tenant shall breach any provision of this Lease or otherwise be in default hereunder in each case beyond applicable notice and cure periods or if any of the foregoing events identified in Sections 21.3(B) through (E) shall have occurred, Landlord may, but without obligation to do so, and without notice to Tenant, draw upon the L-C, in part or in whole, and the proceeds may be applied by Landlord (i) to cure any breach or default of Tenant and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default, (ii) against any Rent payable by Tenant under this Lease that is not paid when due and/or (iii) to pay for all losses and damages to which Landlord is entitled pursuant to California Civil Code Section 1951.2. If Landlord draws on the L-C pursuant to subpart (A) above, Landlord shall only draw on the L-C to the extent required to cure the default. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any Applicable Law, it being intended that Landlord shall not first be required to proceed against the L-C, and shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. Tenant agrees not to interfere in any way with payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw upon the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional to justify the issuer of the L-C in failing to honor a drawing upon such L-C in a timely manner. Tenant agrees and acknowledges that (i) the L-C constitutes a separate and independent contract between Landlord and the Issuing Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise.

21.4 **Letter of Credit not a Security Deposit**. Landlord and Tenant acknowledge and agree that in no event or circumstance shall the L-C, the "Security Deposit" (as that term is defined in Section 21.6 below), if applicable, or any renewal thereof or any proceeds thereof be (i) deemed to be or treated as a "security deposit" within the meaning of California Civil Code Section 1950.7, (ii) subject to the terms of such Section 1950.7, or (iii) intended to serve as a "security deposit" within the meaning of such Section 1950.7. The parties hereto (A) recite that the L-C and the Security Deposit (if applicable) are not intended to serve as a security deposit and such Section 1950.7 and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("**Security Deposit Laws**") shall have no applicability or relevancy thereto and (B) 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.

21.5 **Proceeds of Draw**. In the event Landlord draws down on the L-C pursuant to Section 21.3(D) or (E) above, the proceeds of the L-C may be held by Landlord and applied by Landlord against any Rent payable by Tenant under this Lease that is not paid when due (subject to applicable notice and cure periods) and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease. Any unused proceeds shall constitute the property of Landlord and need not be segregated from Landlord's other assets. Tenant hereby (i) agrees that (A) Tenant has no property interest whatsoever in the proceeds from any such draw, and (B) such proceeds shall not be deemed to be or treated as a "security deposit" under the Security Deposit Laws, and (ii) waives all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws. Landlord agrees that the amount of any proceeds of the L-C received by Landlord, and not (a) applied against any Rent payable by Tenant under this Lease that was not paid when due or (b) used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease (the "**Unused L-C Proceeds**"), shall be paid by Landlord to Tenant (x) upon receipt by Landlord of a replacement L-C in the full L-C Amount, which replacement L-C shall comply in all respects with the requirements of this Article 21, and (y) immediately after the LC Expiration Date; provided, however, that if prior to the LC Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the Unused L-C 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.

21.6 **Issuing Bank Placed Into Receivership**. In the event the Issuing Bank is placed into receivership or conservatorship (any such event, a "**Receivership**") by the Federal Deposit Insurance Corporation or any successor or similar entity (the "**FDIC**"), then, effective as of the date such Receivership occurs, the L-C shall be deemed to not meet the requirements of this Article 21, and, within ten (10) business days following Landlord's notice to Tenant of such Receivership, Tenant shall replace the L-C with a substitute L-C from a different issuer reasonably acceptable to Landlord and that complies in all respects with the requirements of this Article 21. In the event that Landlord draws upon the L-C due to solely Tenant's failure to provide a substitute L-C due to a Bank Credit Threat or Receivership, such failure shall not constitute a default hereunder and Tenant shall thereafter have the right to provide a substitute L-C that satisfies the requirements of this Lease, in which case, Landlord shall concurrently refund the proceeds of the draw or the Security Deposit, as applicable. If Landlord improperly draws on the L-C or the Security Deposit (if applicable), Tenant may offset against Rent the amounts improperly drawn. If, during the Construction Period, Landlord draws upon the then existing L-C pursuant to a Bank Credit Threat or as of the result of the Issuing Bank's placement into Receivership, then Landlord shall deposit the proceeds from the draw into an account, in Landlord's name, with either Wells Fargo Bank, JP Morgan Chase Bank or Union Bank (as determined by Landlord in its sole discretion) (each a "**Security Deposit Bank**"), which proceeds shall be held by Landlord as a security deposit (the "**Security Deposit**") until receipt of a replacement L-C. In connection with the foregoing, (i) Tenant shall not be entitled to any interest on the Security Deposit, (ii) Landlord shall request that the Security Deposit Bank provide Tenant with a courtesy copy of any bank statements pertaining to the Security Deposit account, and (iii) Landlord's use of the Security Deposit shall be subject to the terms and conditions of the Lease pertaining to Landlord's right to use the proceeds of the L-C.

21.7 **Reduction of L-C Amount**. The L-C Amount may be reduced upon or following the "Initial Reduction Date", and upon or following each "Reduction Date" (as defined below) occurring thereafter, by the "L-C Reduction Amount"; provided, however, the L-C Amount shall never be less than Five Million Dollars ($5,000,000). The reduction of the L-C Amount shall be effectuated by Tenant's delivery to Landlord of a certificate of amendment to the existing L-C, conforming in all respects to the requirements of this Article 21, in the amount of the applicable reduced L-C Amount. If Tenant is allowed to reduce the L-C Amount pursuant to the terms of this Section 21.7, then Landlord shall reasonably cooperate with Tenant in order to effectuate such reduction.

21.7.1 **Definitions**. For purposes hereof, the following terms shall have the meanings set forth below.

21.7.1.1 **"No Reduction Period**" shall mean the period commencing on the Effective Date and expiring on the last day of the twelfth (12th) full calendar month following Landlord's receipt of all of the items described in Section 4 of **Schedule 4 to Exhibit B** with respect to the Improvements in the entire Premises.

21.7.1.2 **"Initial Reduction Date**" shall mean the first (1st) day of the first (1st) calendar month following the month in which the No Reduction Period expires and the L-C Reduction Conditions are satisfied, whether or not Tenant has delivered evidence to Landlord that such L-C Reduction Conditions are satisfied.

21.7.1.3 **"Reduction Date**" shall mean the date, if any, in each calendar year following the calendar year in which the Initial Reduction Date occurs that Tenant first satisfies (or maintains the satisfaction of) the L-C Reduction Conditions.

21.7.1.4 **"L-C Reduction Amount**" shall mean an amount equal to $2,434,163.08.

21.7.1.5 **"L-C Reduction Conditions**" shall mean that Tenant is not then in Default under this Lease, and either of the following conditions is satisfied, as demonstrated, in the case of item (i) below, by Tenant's most recent year-end annual financial reports prepared and certified by an independent certified public accountant and delivered to Landlord within one hundred fifty (150) days following the end of the financial year in question: (i) Tenant has (A) positive "Operating Cashflow" (defined below) of at least Two Hundred Fifty Million Dollars ($250,000,000) *and* (B) "Total Liquidity" (defined below) of at least Three Hundred Fifty Million Dollars ($350,000,000) *or* (ii) the stock of Tenant is traded on a national public exchange and Tenant's "equity market capitalization" as of the Reduction Date in question is greater than Eight Billion Dollars ($8,000,000,000) determined based upon the average of the closing price of Tenant's stock on the last trading day of each calendar quarter during the four (4) quarters preceding such Reduction Date.

21.7.1.6 **"Operating Cashflow**" shall mean cash flow from operating activities as stated in Tenant's audited financials, as determined by generally accepted accounting principles

21.7.1.7 **"Total Liquidity**" shall mean cash on hand and borrowings available under Tenant's credit agreement or revolver.

21.7.2 **Inspection Right**. After Tenant has met the L-C Reduction Conditions set forth in item (i), but not item (ii) of Section 21.7.1.5, above, upon request, Landlord shall have the right to inspect, at Tenant's offices in San Francisco, California, Tenant's current quarterly financial reports, provided that any reports made available to Landlord shall be certified as true and correct by Tenant's chief financial officer, and at a minimum shall include an income statement, balance sheet and cash flow, and applicable notes thereto.

ARTICLE 22

USE OF ROOF DECK

22.1 **In General**. Tenant shall have the right to use, on an exclusive basis, but subject to "Landlord Use Rights" (as defined hereinbelow), the roof deck to be located on the seventh (7th) floor of the North Building (the "**Roof Deck**"), which Roof Deck shall, for purposes of this Lease, be deemed part of the Common Areas. Tenant's use of the Roof Deck shall be subject to such reasonable rules and regulations as may be prescribed by Landlord from time to time, and Landlord shall also comply with such rules and regulations in connection with the Landlord Use Rights. Tenant shall not make any improvements or alterations to the Roof Deck, nor shall Tenant be permitted to install or place on the Roof Deck any furniture, fixtures, plants, graphics, signs or insignias or other items of any kind whatsoever, without Landlord's prior consent, which consent shall not be unreasonably withheld.

22.2 **Landlord Use Rights**. Landlord shall have the right to temporarily close the Roof Deck or limit access thereto (i) from time to time in connection with Landlord's maintenance or repair of the Roof Deck or Buildings and (ii) no more than twice within any twelve (12) month period, for a period of no more than six (6) consecutive hours (excluding set up and take down time) for other reasonable purposes, including, without limitation, for events hosted on behalf of or for Landlord (and not hosted by Landlord on behalf of another tenant or occupant of the Project) at any time (collectively, "**Landlord Use Rights**", and such Landlord Use Rights described in clause (ii) above are "**Landlord Event Use Rights**"); provided, however, that Landlord shall provide reasonable advance notice to Tenant of the anticipated period of closure or limited use of the Roof Deck, and in the case of Landlord Event Use Rights, Landlord shall schedule any such use of the Roof Deck in consultation with Tenant so as to avoid conflicts with any particular pre-planned use of the Roof Deck by Tenant for an event that does not occur routinely. Subject to the terms of this Article 22, Tenant shall allow Landlord and Landlord's permitted users of the Roof Deck access to Tenant's restrooms located in its Premises during any Landlord Use Rights. Tenant shall have the right to provide janitorial and security services to the Roof Deck in connection with any Landlord Event Use Rights, and Landlord shall reimburse Tenant's actual, reasonable, out-of-pocket costs of providing the same, promptly following receipt of an invoice therefor.

22.3 **Other Terms**. Landlord and Tenant acknowledge and agree that (i) Tenant shall be responsible for supervising and controlling access to the Roof Deck by Tenant's employees, officers, directors, shareholders, agents, representatives, contractors and invitees (the "**Roof**

Deck Users") and Landlord shall be responsible for supervising and controlling access to the Roof Deck by Landlord's Roof Deck Users; and (ii) Landlord is not responsible for supervising and controlling access to the Roof Deck, except in connection with Landlord's exercise of Landlord's Use Rights. Except to the extent arising as a consequence of the negligence or willful misconduct of Landlord: (a) Tenant assumes the risk for any Loss arising out of the use or misuse of the Roof Deck by Tenant's Roof Deck Users, and Tenant releases and discharges Landlord from and against any such loss, claim, damage or liability; (b) Tenant further agrees to indemnify, defend and hold Landlord and the Landlord Parties, harmless from and against any and all losses and claims relating to or arising out of the use or misuse of the Roof Deck by Tenant or Tenant's Roof Deck Users. Except to the extent arising as a consequence of the negligence or willful misconduct of Tenant: (A) Landlord assumes the risk for any Loss arising out of the use or misuse of the Roof Deck by Landlord's Roof Deck Users, and Landlord releases and discharges Tenant from and against any such Loss; (B) Landlord further agrees to indemnify, defend and hold Tenant and the Tenant Parties, harmless from and against any and all Losses relating to or arising out of the use or misuse of the Roof Deck by Landlord or Landlord's Roof Deck Users. Neither party shall have any liability or responsibility to monitor the use, or manner of use, by the Roof Deck Users of the other party.

ARTICLE 23

SIGNS; ROOF RIGHTS

23.1 **Full Floors**. Subject to Landlord's prior written approval, in its reasonable discretion, and provided all signs are in keeping with the quality, design and style of the Buildings and Project, (a) to the extent that the Premises includes any full floor(s) of any Building, Tenant, at its sole cost and expense, may install identification signage anywhere on such floor(s), and (b) to the extent that the Premises includes any partial floor(s) of any Building, Tenant, at its sole cost and expense, may install Building standard identification signage in the elevator lobby and at the entrance to the Premises on such floor(s).

23.2 **Reserved**.

23.3 **Lobby Signage**. Original Tenant and any Permitted Transferee Assignee, at Tenant's sole cost and expense, shall have the exclusive right to install, repair and maintain its name and/or logo in the North Lobby and the South Lobby. Any such installation, repair and/or maintenance shall be subject to compliance with Applicable Laws and Landlord's prior approval of any such signs, which approval shall not be unreasonably withheld, conditioned or delayed. In any event, Tenant shall be entitled to building standard signage in the lobby directory of the North Complex and the South Complex throughout the Lease Term.

23.4 **Prohibited Signage and Other Items**. Any signs, notices, logos, pictures, names or advertisements which are installed which are visible from the exterior or the Premises and that have not been separately approved by Landlord (which approval shall not be unreasonably withheld) may be removed without notice by Landlord at the sole expense of Tenant. Except as described in Section 23.5 below, Tenant may not install any signs on the exterior or roof of any Building, the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Buildings, shall be subject to the prior approval of Landlord, in its sole discretion.

23.5 **Exterior Signage**. Throughout the Lease Term, as the same may be extended, Original Tenant and any Permitted Transferee Assignee, at Tenant's sole cost and expense, shall have the exclusive right (except to the extent provided below) to install, repair and maintain (i) its name and logo on any monument sign installed by Landlord (in Landlord's sole discretion) and associated with a particular Building (provided that Tenant hereby acknowledges and agrees that no monument sign exists as of the date of this Lease, and Landlord has no obligation to install any monument sign for any Building), and (ii) signs on the exterior of Buildings in the locations shown on **Exhibit J** attached hereto, which exterior signs may be Tenant's name and/or logo. Landlord shall work with Tenant to obtain City and other required approvals of such monument and exterior signs. Any such installation, repair and/or maintenance (including the exact location thereof) shall be subject to compliance with Applicable Laws, the Underlying Documents and Landlord's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary set forth herein, Landlord shall be entitled to grant any retail tenants the rights to install their standard building sign package, including, eyebrow signage, blade signage, and store front signage, on or about their premises, and may grant such retail tenants monument signage rights, with the name and/or logo of such tenant located below Tenant's name and logo on any shared monument sign. The anticipated size, types and locations of retail signage are set forth on **Exhibit J-1** attached hereto; provided that the exact size, types and locations of such signage shall be reasonably determined by Landlord in consultation with Tenant (but such consultation shall not be required if Landlord does not depart from the signage shown on **Exhibit J-1**) and subject to City and other required approvals and the Underlying Documents.

23.6 **Name Change**. If Tenant changes its name at any time, Tenant shall have the right, at Tenant's cost, to make such changes to its signage as necessary to reflect the changed name, and may modify or change existing signs to do so. Any such changes or alterations to existing signage at the Project shall be subject to compliance with Applicable Laws and in connection with any exterior and lobby signage, Landlord's prior approval as to the shape, size and location of any such changes or alterations, which approval shall not be unreasonably withheld, conditioned or delayed. To the extent Tenant desires to change the name and/or logo set forth on new or existing signs, such name and/or logo shall not have a name which relates to an entity which is of a character or reputation, or is associated with a political faction or orientation, which is inconsistent with the quality of the Project, or which would otherwise reasonably offend a landlord of the Comparable Buildings.

23.7 Roof Rights.

23.7.1 **Right to Install Equipment**. Throughout the Lease Term, as the same may be extended, subject to Landlord's reasonable approval and the terms of this Section 23.7, Tenant shall have the non-exclusive right to install, repair, maintain (including access thereto) and replace on the roof of the Buildings, two (2) satellite dishes, television or communications antennae or facilities, related receiving or transmitting equipment, related cable connections and any and all other related or similar equipment (collectively, the "**Communications Equipment**"), for use in connection with Tenant's business within the Premises, in a location

reasonably designated by Landlord and subject to the execution by Landlord and Tenant of a separate license agreement outlining the terms and conditions of Tenant's use of such rooftop space; provided, however, any installation shall be performed pursuant to this Section 23.7, and it shall be deemed reasonable for Landlord to withhold its approval to the extent any such installation would interfere with the Landlord's or any other tenant's use, operation, repair and/or maintenance of then-existing equipment and systems installed on the roof or use of the Roof Deck or would violate Code, the Mission Bay Requirements or the Underlying Documents. The exact location, physical appearance and all specifications of the Communications Equipment (including, without limitation, mounting and structural support specifications) shall be subject to Landlord's reasonable approval, and Landlord may require Tenant to install screening around such Communications Equipment, at Tenant's sole cost and expense, as reasonably designated by Landlord. Without having to pay any additional rental or license fees therefor, but subject to Landlord's reasonable rules and regulations, Tenant may also use a Building's risers, conduits and towers for purposes of installing cabling from the Communications Equipment to the Premises in the interior of such Building. Tenant may not license, assign or sublet the right to use any of such Communications Equipment or podium roof space, other than to Transferees permitted under Article 14, without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. Notwithstanding any provision set forth in the Lease, Tenant shall be responsible, at Tenant's sole cost and expense, for (i) obtaining, as applicable, and maintaining all permits or other governmental approvals required in connection with the Communications Equipment, (ii) repairing and maintaining and causing the Communications Equipment to comply with all Applicable Laws, and (iii) the removal of the Communications Equipment and all associated wiring promptly following the expiration or earlier termination of this Lease (and the repair of all affected areas to the condition existing prior to the installation thereof). In no event shall Tenant permit the Communications Equipment to interfere with the Building Systems or any other communications equipment at the Project.

23.7.2 **Right of Use**. Landlord may grant to other tenants of the Project and to other third parties the right to use the roofs of the Buildings for the installation of Communications Equipment, provided that such installations do not materially interfere with any then-existing Communications Equipment of Tenant.

ARTICLE 24

COMPLIANCE WITH LAW

24.1 **By Tenant**. Tenant shall not do anything or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated (collectively, "**Applicable Laws**"). At its sole cost and expense, Tenant shall promptly comply with all Applicable Laws which relate to (i) Tenant's use of the Premises, (ii) any Alterations made by Tenant to the Premises, and any Improvements in the Premises, or (iii) the Base Building, but as to the Base Building, only to the extent such obligations are triggered by Alterations made by Tenant to the Premises to the extent such Alterations are not normal and customary business office improvements in Comparable Buildings, or triggered by the Improvements to the extent such Improvements are not normal and customary business

office improvements, or triggered by Tenant's use of the Premises for non-general office use. Tenant shall not, however, be responsible for the cost of complying with Applicable Laws to the extent that any such compliance is required as a result of the Base Building failing to comply with Applicable Laws in effect as of the Delivery Date. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations to the extent they apply to Tenant's use or occupancy of the Premises. Tenant shall be responsible, at its sole cost and expense, to make all alterations to the Premises as are required to comply with the governmental rules, regulations, requirements or standards described in this Article 24 with which Tenant is responsible for compliance. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Tenant shall promptly pay all fines, penalties and damages that may arise out of or be imposed because of its failure to comply with the provisions of this Article 24.

24.2 **By Landlord**. Notwithstanding anything to the contrary in this Lease, to the extent required in order for Tenant to obtain a CofO to legally occupy the Premises for normal and customary office use, assuming normal and customary office occupancy density, or to the extent required in order for Tenant to pull a construction permit or to otherwise comply with the requirements of the applicable permitting authority, Landlord (rather than Tenant) shall comply with all Applicable Laws relating to the Base Building and Common Areas, except to the extent such compliance is triggered by (a) Tenant's particular use of the Premises for other than normal and customary business office use or (b) Tenant's construction of Alterations or Improvements in the Premises that are not normal and customary office improvements for Comparable Buildings in which case compliance with such Applicable Laws shall be the responsibility of Tenant under this Lease. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this Article 24 to the extent not prohibited by the terms of Article 4 above.

24.3 **Certified Access Specialist**. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Premises have not undergone inspection by a Certified Access Specialist ("**CASp**"). As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of the foregoing, Landlord and Tenant hereby agree as follows: (a) any CASp inspection requested by Landlord or Tenant shall be conducted, at the requesting party's sole cost and expense, by a

CASp approved by Landlord, subject to the non-requesting party's reasonable rules and requirements; and (b) the cost of making any improvements or repairs within the Premises, the Buildings or the Project to correct violations of construction-related accessibility standards shall be allocated as provided in Section 24.1 and 24.2 above.

24.4 **Underlying Documents**. Tenant shall comply with all easements, licenses, operating agreements, declarations, restrictive covenants, or instruments pertaining to the sharing of costs by Landlord with respect to the Project, including, without limitation, any covenants, conditions and restrictions affecting the Project, and reciprocal easement agreements affecting the Project, any parking licenses, and any agreements with transit agencies affecting the Project (collectively, "**Underlying Documents**"), including, without limitation, (i) that certain Amended and Restated Declaration and Agreement of Covenants, Conditions and Restrictions for the UCSF Mission Bay Campus recorded July 19, 1999 in the Official Records as Instrument No. 99-G622193-00, (ii) that certain Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Mission Bay Commercial, recorded January 16, 2001 in the Official Records as Instrument No. 2001-G889923-00, (iii) that certain Mission Bay South Owner Participation Agreement between the Redevelopment Agency of the City and County of San Francisco (the "**Redevelopment Agency**") and Catellus Development Corporation ("**CDC**") recorded December 3, 1998 in the Official Records as Instrument No. 98-G477258-00 (as amended, the "**OPA**"), (iv) that certain Redevelopment Plan for the Mission Bay South Redevelopment Project recorded November 18, 1998 in the Official Records as Instrument No. 98-G470337-00 (the "**Redevelopment Plan**"), and (v) that certain Mission Bay South Redevelopment Plan Area Declaration of Restrictions recorded December 3, 1998 in the Official Records as Instrument No. 98-G477250-00. Additionally, Tenant acknowledges that the Project may be subject to future Underlying Documents, which Landlord, in Landlord's discretion, deems reasonably necessary or desirable, and Tenant agrees that this Lease shall be subject and subordinate to such Underlying Documents and Tenant shall promptly execute and acknowledge, within fifteen (15) business days of a request by Landlord, a "Recognition of Covenants, Conditions, and Restrictions," in a form substantially similar to that attached hereto as **Exhibit H**, agreeing to and acknowledging the applicable Underlying Document.

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within five (5) business days after said amount is due, then Tenant shall pay to Landlord a late charge equal to three percent (3%) of the overdue amount plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder; notwithstanding the foregoing to the contrary, Tenant shall be entitled to notice of non-payment and a five (5) business day grace period prior to the imposition of such late charge on the first (1st) occasion in any Lease Year in which any installment of Rent is not timely paid by Tenant. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after the date they are due shall bear interest

from the date when due until paid at a rate (the "**Interest Rate**") per annum equal to the lesser of (i) the annual "**Bank Prime Loan**" rate cited in the Federal Reserve Statistical Release Publication H.15(519), published weekly (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus four (4) percentage points, and (ii) the highest rate permitted by Applicable Laws.

ARTICLE 26

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 **Landlord's Cure**. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 **Tenant's Reimbursement**. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's Defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all Losses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect any past-due Rent, including, without limitation, all legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord reserves the right at all reasonable times and upon reasonable notice to Tenant (except in the case of an emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or (during the final twelve (12) months of the Lease Term) tenants, or to current or prospective mortgagees, ground or underlying lessors or insurers; (iii) post notices of non-responsibility; or (iv) make reasonably necessary alterations, improvements or repairs to the Premises or the Building Systems. Notwithstanding anything to the contrary contained in this Article 27, Landlord may enter the Premises at any time to (A) perform services required of Landlord; (B) take possession due to any Default of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails to perform following applicable notice and cure periods. Landlord shall use commercially reasonable efforts to minimize interference with the conduct of Tenant's business in connection with such entries into the Premises. To the extent reasonably practical given the nature of the work, Landlord will provide Tenant with at least five (5) days prior notice of any of the actions set forth in this Article 27, to be taken by Landlord if such action will substantially interfere with

Tenant's ability to (i) conduct business in the Premises, (ii) gain access to and from the Premises, or (iii) use or have access to and egress from the Parking Facilities. Tenant shall additionally have the right to require that Landlord be accompanied by a representative of Tenant during any such entry so long as Tenant makes a representative available at commercially reasonable times. Landlord shall use good faith efforts to ensure that the performance of any such work of repairs or alterations shall not materially interfere with Tenant's use of the Premises (or any portion thereof) for Tenant's business purposes (Landlord's efforts in such regard will include, where reasonably possible, limiting the performance of any such work which might be disruptive to weekends or the evening and the cleaning of any work area prior to the commencement of the next business day). Landlord may make any such entries without the abatement of Rent (except as specifically set forth in Section 19.5.2 of this Lease) and may take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Notwithstanding anything to the contrary set forth in this Article 27, Tenant may designate in writing certain reasonable areas of the Premises as "**Secured Areas**" should Tenant require such areas for the purpose of securing certain valuable property or confidential information. In connection with the foregoing, Landlord shall not enter such Secured Areas except in the event of an emergency. Landlord need not clean any area designated by Tenant as a Secured Area and shall only maintain or repair such secured areas to the extent (i) such repair or maintenance is required in order to maintain and repair the Base Building; (ii) as required by Applicable Law, or (iii) in response to specific requests by Tenant and in accordance with a schedule reasonably designated by Tenant, subject to Landlord's reasonable approval. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

TENANT PARKING

28.1 **Parking Passes; Give-Back Parking Passes; Subleased Parking Passes**. Subject to the terms of this Article 28, Tenant shall be obligated to rent from Landlord, commencing on the applicable Lease Commencement Date, the amount of parking passes set forth in Section 9 of the Summary ("**Parking Passes**"), on a monthly basis throughout the Lease Term, which Parking Passes shall pertain to the Project parking facilities ("**Parking Facilities**"). Notwithstanding the foregoing, no more than once in a twelve (12) calendar month period, Tenant may decrease the number of Parking Passes rented by Tenant by a total of fifty (50) Parking Passes per year (any such Parking Passes no longer rented by Tenant are, the "**Give-Back Parking Passes**"), upon ninety (90) days prior written notice to Landlord; provided, however, that prior to the Phase III Lease Commencement Date, the annual maximum number

of Give-Back Parking Passes shall be equal to fifty (50) times a fraction the numerator of which is the then-current rentable square footage of the Premises and the denominator of which is 735,700. The total number of Give-Back Parking Passes shall not exceed two hundred thirty-five (235) Parking Passes. Landlord shall have the right to rent or grant use of the Give-Back Parking Passes to any party designated by Landlord, including members of the general public. Notwithstanding the foregoing, upon ninety (90) days prior written notice to Landlord, Tenant may elect to re-rent any Give-Back Parking Passes. Further, Tenant may from time to time sublease, on a monthly basis, or otherwise make available for use, on a monthly basis, by any party designated by Tenant, including members of the general public, some or all of Tenant's Parking Passes (the "**Subleased Parking Passes**"), upon thirty (30) days prior written notice to Landlord. Landlord shall reasonably assist and cooperate with Tenant, and shall cause its parking operator to reasonably assist and cooperate with Tenant, in implementing and carrying out any such subleasing of Parking Passes by Tenant (e.g., providing 'garage only' access cards), and Tenant shall reimburse Landlord for any costs of operating the Parking Facilities that are incurred specifically as a consequence of Tenant's subleasing of Parking Passes.

28.2 **Parking Pass Rates**. Tenant shall pay to Landlord for Parking Passes on a monthly basis the monthly parking rate charged by Landlord, which monthly rate for Parking Passes (the "**Parking Rate**") shall initially be equal to, and during the Lease Term shall not be less than, $345.00 per Parking Pass per month (the "**Parking Rate Floor**"). Subject to the Parking Rate Floor, the Parking Rate shall be adjusted annually to be consistent with the prevailing monthly parking rate for similar parking spaces then being charged by landlords in Mission Bay. In addition, Tenant shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with the renting of such Parking Passes by Tenant for the use of the Parking Facilities by Tenant.

28.3 **Use of Parking Passes**. Tenant's continued right to use the Parking Passes is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the Parking Facilities, including any sticker or other identification system established by Landlord, and Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Parking Facilities at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the Parking Facilities for purposes of permitting or facilitating any such construction, alteration or improvements; provided, however, that Landlord will use reasonable efforts to provide Tenant with reasonable advance notice of any such anticipated temporary close-off or restriction in access to the Parking Facilities. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord. The Parking Passes rented by Tenant pursuant to this Article 28 are provided to Tenant solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant, except in connection with a Transfer of the Premises pursuant to Article 14 of this Lease or as relates to the Subleased Parking Passes, without Landlord's prior approval. Tenant may validate visitor parking by such method or methods as the Landlord may establish, at the validation rate from time to time generally applicable to visitor parking. Tenant's use of the Parking Facilities are on a non-exclusive basis.

28.4 **Electrical Vehicle Charging**. Landlord shall install, at Landlord's sole cost and expense, ten (10) electrical vehicle charging stations in the Parking Facilities, which shall be available for non-exclusive use by Tenant. In addition to the electrical vehicle charging stations installed by Landlord, Tenant shall have the right to install additional electrical vehicle charging stations in the Parking Facilities, at Tenant's sole cost and expense, and Tenant shall be obligated to pay the monthly parking rate allocated to the parking spaces utilized by such electrical vehicle charging stations. In the event Tenant elects to install any such electrical vehicle charging stations, the same shall be designated for exclusive use by Tenant, except as required by Applicable Laws. Landlord may, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to remove any electrical vehicle charging stations installed by Tenant and to repair any damage to the Parking Facilities and return the affected portion of the Parking Facilities to the condition existing prior to the installation of such charging stations as reasonably determined by Landlord.

28.5 **Public Parking Use**. In addition to Landlord's rights to rent the Give-Back Parking Passes as set forth above, Landlord shall have the right to permit use (the "**Public Parking Use**") of the Parking Facilities by the general public (or for any other use). Landlord may accommodate the Public Parking Use through valet parking, tandem or stack parking, or any other parking program using parking personnel and/or systems and equipment; provided, however, in connection with the Public Parking Use, Landlord shall cooperate with Tenant to minimize interference with Tenant's use of the Parking Facilities, which may include developing a system to partially or totally segregate the areas designated for Public Parking Use in the Parking Facilities from the areas designated for use (the "**Project Parking Use**") by Tenant, other tenants or occupants of the Project, visitors of the Project, transient parkers of the Project, and Landlord and its affiliates and service providers for the Project (collectively, the "**Project Related Parkers**"). To account for the shared use of the Parking Facilities for the Public Parking Use and Project Parking Use, Landlord and Tenant agree that any incremental increase in (i) parking and security personnel costs and (ii) costs for parking access control equipment, which is directly attributable to the Public Parking Use shall be excluded from Operating Expenses.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 **Terms; Captions**. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect**. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights**. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 **Modification of Lease**. Should any current or prospective mortgagee or ground lessor for the Buildings or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute (or make good faith comments to) whatever documents are reasonably required therefor and to deliver the same to Landlord within thirty (30) days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute (or make good faith comments to) a short form of Lease and deliver the same to Landlord within thirty (30) days following the request therefor.

29.5 **Transfer of Landlord's Interest**. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Buildings and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease arising from and after the date of such transfer and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord, including the return of any security deposit and/or letter of credit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

29.6 **Prohibition Against Recording**. Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 **Landlord's Title**. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties**. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Application of Payments**. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.10 **Time of Essence**. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity**. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty**. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 **Landlord Exculpation**. The liability of Landlord or the Landlord Parties 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 which is equal to the net interest of Landlord in the Buildings, including any condemnation, rental, sales or insurance proceeds received by Landlord in connection with the Buildings. Neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, 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 the Landlord Parties shall be liable under any circumstances for 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; similarly, except with respect to Tenant's violations of the provisions of this Lease regarding Hazardous Substances and Tenant's holding over in the Premises following the expiration or sooner termination of this Lease, Tenant shall not be liable under any circumstances for injury or damage to, or interference with, Landlord's business, including, but not limited to, loss of profits or other revenues (not including, however, loss of rents), loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 **Entire Agreement**. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease**. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Buildings or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Buildings or Project.

29.16 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease and except as to Tenant's obligations under Articles 5 and 24 of this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure. The provisions of this Section 29.16 shall not, however, delay (i) the trigger date for Tenant's right to abatements in Rent as set forth in Section 19.5.2 above, or (ii) the date upon which Tenant may exercise its right to terminate this Lease following casualty described in Section 11.2 above except as expressly set forth in Section 11.2. In the event that either party is delayed from performing any obligation hereunder as a result of Force Majeure, such party shall promptly give notice to the other party of the delay in question, specifying in such notice the nature of the delay and, without any such estimate being deemed a representation or warranty, such party's good faith estimate of the length of the delay in question.

29.17 **Waiver of Redemption by Tenant**. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

29.18 **Notices**. All notices, demands, statements or communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder shall be in writing, shall be (A) delivered by a nationally recognized overnight courier, or (B) delivered personally. Any such Notice shall be delivered (i) to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord; or (ii) to Landlord at the addresses set forth in Section 11 of the Summary, or to such other firm or to such other place as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given on the date of receipted delivery, of refusal to accept delivery, or when delivery is first attempted but cannot be made

due to a change of address for which no Notice was given. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail. The party delivering Notice shall use commercially reasonable efforts to provide a courtesy copy of each such Notice to the receiving party via electronic mail.

29.19 **Joint and Several**. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority**. If Tenant is a corporation, trust or partnership, each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, upon request from Landlord prior to or after execution of this Lease, deliver to Landlord satisfactory evidence of such authority and, if a corporation, upon demand by Landlord, also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of incorporation and (ii) qualification to do business in California.

29.21 **Attorneys' Fees**. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY**. This Lease, including the terms of Article 21 (which shall include any dispute between Landlord and Tenant relating to the L-C), shall be construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A 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. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The Brokers shall be compensated by Landlord pursuant to the provisions of a separate agreement.

29.25 **Independent Covenants**. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary; and, except as otherwise expressly provided for herein, Tenant 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.

29.26 **Project or Building(s) Name**. Landlord shall have the right at any time to change the name of the Project or Building(s). Tenant shall not use the name of the Project or Building(s) or use pictures or illustrations of the Project or Building(s) 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.

29.27 **Counterparts**. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **Confidentiality**. Tenant acknowledges that the content of this Lease and any related documents are confidential information. Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal, and space planning consultants, or its directors, officers, employees, attorneys, accountants, prospective lenders, prospective purchasers, brokers, underwriters, and current and potential partners or investors, or to the extent that disclosure is mandated by Applicable Laws, the Securities Exchange Commission, the rules of any public exchange upon which Tenant's shares are from time to time traded, or in connection with a stock or debt offering. Additionally, Tenant shall have the right to deliver a copy of this Lease to any proposed subtenant or assignee (with, in the case of a subtenant, economic terms redacted), provided such subtenant or assignee agrees to keep the contents hereof confidential. Landlord acknowledges that the content of this Lease and any related documents (including financial statements provided by Tenant pursuant to Articles 17 and 21

above) are confidential information. Landlord shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Landlord's financial, legal and space planning consultants, or its directors, officers, employees, attorneys, accountants, prospective lenders, prospective purchasers, brokers, and current and potential partners or investors, or to the extent that disclosure is mandated by Applicable Laws, or the Securities Exchange Commission. Moreover, Landlord has advised Tenant that Landlord is obligated to regularly provide financial information concerning the Landlord and/or its affiliates (including Kilroy Realty Corporation, a public company whose shares of stock are listed on the New York Stock Exchange) to the shareholders of its affiliates, to the Federal Securities and Exchange Commission and other regulatory agencies, and to auditors and underwriters, which information may include summaries of financial information concerning leases, rents, costs and results of operations of its real estate business, including any rents or results of operations affected by this Lease. Notwithstanding the foregoing, the parties acknowledge that Landlord may use the name of Tenant without Tenant's consent (i) on the Building directory, and (ii) to the extent that Tenant is only referenced by name as a customer or tenant of Landlord, in investor presentations and earnings calls or earnings related releases, and in connection with the marketing efforts of Landlord or any real estate broker or agent on Landlord's behalf with respect to the proposed leasing, financing, sale or other conveyance of the Building, or any portion thereof. This provision shall survive the expiration or earlier termination of this Lease for one (1) year.

29.29 **Transportation Management**. Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Project, including, without limitation, any programs promulgated or required by the Transportation System Management Plan administered by the Mission Bay Transportation Management Association, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

29.30 **Renovations**. It is specifically understood and agreed that Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Buildings, Project, or any part thereof and that no representations respecting the condition of the Premises, the Buildings, or Project have been made by Landlord to Tenant except as specifically set forth herein or in the Work Letter. However, Tenant hereby acknowledges that following Landlord's completion of construction of the Base Building, Landlord may during the Lease Term renovate, improve, alter, or modify (collectively, the "**Renovations**") the Project and/or the Buildings, including without limitation, the Parking Facilities, Common Areas, Building Systems and/or Building Structure, which Renovations may include, without limitation, (i) modifying the Common Areas and tenant spaces to comply with Applicable Laws, including regulations relating to the physically disabled, seismic conditions, and Project safety and security, and (ii) installing new floor covering, lighting, and wall coverings in the Building Common Areas, and in connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Project, limit or eliminate access to portions of the Project, including portions of the Common Areas, or perform work in the Project, which work may create noise, dust or leave debris in the Buildings. Landlord shall use commercially reasonable efforts to undertake

and complete any Renovations in a manner which does not materially, adversely affect Tenant's use of or access to the Premises. Notwithstanding the foregoing, Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor, subject to the provisions of Section 19.5.2 above, entitle Tenant to any abatement of Rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, 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 the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions, provided that the foregoing shall not limit Landlord's liability, if any, pursuant to Applicable Law for personal injury and property damage to the extent caused by the gross negligence or willful misconduct of Landlord, its agents, employees or contractors.

29.31 **No Violation**. Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from Tenant's breach of this warranty and representation.

29.32 **Communications and Computer Lines**. Tenant may install, maintain, replace, remove or use any communications or computer wires and cables (collectively, the "**Lines**") at the Project in or serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent to the installation of any such Lines (such consent not to be unreasonably withheld), use an experienced and qualified contractor approved in writing by Landlord (such approval not to be unreasonably withheld), and comply with all of the other provisions of Articles 7 and 8 of this Lease, (ii) an acceptable amount of space for additional Lines shall be maintained for future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the 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, (iv) any Lines servicing the Premises shall comply with all Applicable Laws, (v) as a condition to permitting the installation of new Lines, Landlord may require that Tenant remove existing Lines located in or serving the Premises that will no longer be used by Tenant and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any Applicable Laws or represent a dangerous or potentially dangerous condition. Upon the expiration of the Lease Term, or immediately following any earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove all Lines installed by Tenant, and repair any damage caused by such removal.

29.33 **Office and Communications Services**.

29.33.1 **The Provider**. Tenant shall be permitted to contract with an office and communications services concessionaire (the "**Provider**") selected by Tenant and subject to Landlord's reasonable approval (which may include, without limitation, cable or satellite television service).

29.33.2 **Other Terms**. Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, or the quality, reliability or suitability thereof; (ii) Landlord shall have no responsibility or liability for the installation, alteration, repair, maintenance, furnishing, operation, adjustment or removal of any such services, equipment or facilities; and (iii) any contract or other agreement between Tenant and Provider shall be independent of this Lease, the obligations of Tenant hereunder, and the rights of Landlord hereunder, and, without limiting the foregoing, no default or failure of Provider with respect to any such services, equipment or facilities, or under any contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and timely performance of its obligations hereunder, or entitle Tenant to any abatement of rent or additional rent or any other payment required to be made by Tenant hereunder, or constitute any accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

29.34 **Development of the Project**.

29.34.1 **Subdivision**. Landlord reserves the right to further 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.

29.34.2 **The Other Improvements**. If portions of the Project or property adjacent to the Project (collectively, the "**Other Improvements**") are owned by an entity other than Landlord, Landlord, at its option, may enter into an agreement with the owner or owners of any or all of the Other Improvements to provide (i) for reciprocal rights of access and/or use of the Project and the Other Improvements, (ii) for the common management, operation, maintenance, improvement and/or repair of all or any portion of the Project and the Other Improvements, (iii) for the allocation of a portion of the Direct Expenses to the Other Improvements and the operating expenses and taxes for the Other Improvements to the Project, and (iv) for the use or improvement of the Other Improvements and/or the Project in connection with the improvement, construction, and/or excavation of the Other Improvements and/or the Project. Nothing contained herein shall be deemed or construed to limit or otherwise affect Landlord's right to convey all or any portion of the Project or any other of Landlord's rights described in this Lease.

29.35 **Water Sensors**. Tenant shall, at Tenant's sole cost and expense, be responsible for promptly installing web-enabled wireless water leak sensor devices designed to alert the Tenant on a twenty-four (24) hour seven (7) day per week basis if a water leak is occurring in the Premises (which water sensor device(s) located in the Premises shall be referred to herein as "**Web-Enabled Water Sensors**"). Notwithstanding the foregoing, Tenant, at Tenant's sole cost and expense, may instead install water sensors that are not web-enabled ("**Non Web-Enabled Water Sensors**"), of a model and specifications to be approved by Landlord, provided, however, that in the event the performance of the Non Web-Enabled Water Sensors is in any way deficient (i.e., fails to detect a water leak with the same or similar speed as the web enabled

Water Sensors, or in any way fails to detect a water leak), Tenant shall, upon Landlord's written demand, at Tenant's sole cost and expense, remove the Non Web-Enabled Water Sensors and install Web-Enabled Water Sensors in accordance with this Section 29.35. Web-Enabled Water Sensors and Non Web-Enabled Water Sensors are each "**Water Sensors**". The Water Sensors shall be installed in any areas in the Premises where water is utilized (such as sinks, pipes, faucets, water heaters, coffee machines, ice machines, water dispensers and water fountains), and in locations that may be reasonably designated from time to time by Landlord (the "**Sensor Areas**"). In connection with any Alterations affecting or relating to any Sensor Areas, Landlord may require Water Sensors to be installed or updated in Landlord's reasonable discretion. With respect to the installation of any such Water Sensors, Tenant shall use an experienced and qualified contractor reasonably approved by Landlord, and comply with all of the other provisions of Article 8 of this Lease. Tenant shall, at Tenant's sole cost and expense, pursuant to Article 7 of this Lease keep any Water Sensors located in the Premises in good working order, repair and condition at all times during the Lease Term and comply with all of the other provisions of Article 7 of this Lease. Notwithstanding any provision to the contrary contained herein, Landlord has neither an obligation to monitor, repair or otherwise maintain the Water Sensors, nor an obligation to respond to any alerts it may receive from the Water Sensors or which may be generated from the Water Sensors. Upon the expiration of the Lease Term, or immediately following any earlier termination of this Lease, Tenant shall leave the Water Sensors in place together with all necessary user information such that the same may be used by a future occupant of the Premises (*e.g.*, the Water Sensors shall be unblocked and ready for use by a third-party).

29.36 **Utility Billing Information**. In the event that Landlord permits Tenant to contract directly for the provision of electricity, gas and/or water services to the Premises with the third-party provider thereof, Tenant shall provide Landlord with a copy of each invoice received from the applicable utility provider promptly following Tenant's receipt thereof. Landlord may be required to disclose information concerning Tenant's energy usage at the Project to certain third parties, including, without limitation, prospective purchasers, lenders and tenants of the Project (the "**Tenant Energy Use Disclosure**"). Tenant hereby consents to all such Tenant Energy Use Disclosures, and Landlord shall use commercially reasonable efforts to notify Tenant of any Tenant Energy Use Disclosures made by Landlord. Further, Tenant hereby releases Landlord from any and all losses, costs, damages, expenses and liabilities relating to, arising out of and/or resulting from any Tenant Energy Use Disclosure. The terms of this Section 29.36 shall survive the expiration or earlier termination of this Lease.

29.37 **Green Cleaning/Recycling Program**. Tenant shall cooperate if and to the extent Landlord implements a green cleaning program and/or recycling program for the Project, and hereby agrees that the reasonable costs associated with any such green cleaning and/or recycling program shall be included in Operating Expenses.

29.38 **LEED Certification**. Landlord may, in Landlord's sole and absolute discretion, elect to apply to obtain or maintain a LEED certification for the Project (or portion thereof), or other applicable certification in connection with Landlord's sustainability practices for the Project (as such sustainability practices are to be determined by Landlord, in its sole and absolute discretion, from time to time). In the event that Landlord elects to pursue such an aforementioned certification, Tenant shall, at Tenant's sole cost and expense, promptly

cooperate with the Landlord's efforts in connection therewith and provide Landlord with any documentation it may need in order to obtain or maintain the aforementioned certification (which cooperation may include, but shall not be limited to, Tenant complying with certain standards pertaining to the purchase of materials used in connection with any Alterations or improvements undertaken by the Tenant in the Project, the sharing of documentation pertaining to any Alterations or improvements undertaken by Tenant in the Project with Landlord, and the sharing of Tenant's billing information pertaining to trash removal and recycling related to Tenant's operations in the Project).

29.39 **Approvals**. Whenever this Lease requires an approval, consent, determination, selection or judgment by either Landlord or Tenant, unless another standard is expressly set forth, such approval, consent, determination, selection or judgment and any conditions imposed thereby shall be reasonable and shall not be unreasonably withheld or delayed.

29.40 **Shuttle Service**. Subject to the provisions of this Section 29.40, so long as no Default is continuing, Landlord shall operate (or provide for the operation of), throughout the Lease Term, a shuttle service (the "**Shuttle Service**") at the Project, for exclusive use by Tenant's employees at the Project ("**Shuttle Service Riders**"). The use of the Shuttle Service shall be subject to the reasonable rules and regulations reasonably established from time to time by Landlord, and/or the operator of the Shuttle Service, provided that any such rules and regulations do not expressly contradict any of the terms set forth in this Section 29.40. Landlord will reasonably designate (a) the hours of operation of the Shuttle Service, which shall at least include the hours of 8 a.m. through 10:30 a.m. and 4:30 p.m. through 7:30 p.m., five (5) days a week (excluding weekends and holidays) (the "**Shuttle Service Hours**"), (b) the frequency of stops, and (c) designated routes, which shall include stops at the nearest BART Station and CalTrain Station. Upon request from Tenant, Landlord shall provide Shuttle Service during hours other than Shuttle Service Hours (which additional hours shall be contiguous with the Shuttle Service Hours), provided that, Tenant shall reimburse Landlord, as Additional Rent, within thirty (30) days of request, Landlord's costs and expenses incurred in providing the Shuttle Services outside of the Shuttle Service Hours. Landlord and Tenant acknowledge that the use of the Shuttle Service by the Shuttle Service Riders shall be at their own risk. Landlord agrees that, if Tenant so elects and appoints a representative, Landlord shall meet and confer with Tenant's representative from time to time regarding the manner in which the Shuttle Service is operated, including the Shuttle Service Hours, the number and capacity of shuttles, and the designated routes of the Shuttle Service; provided, however, any suggestions or requests made by Tenant's representative shall not be binding on Landlord, but shall be taken into reasonable consideration. Subject to Tenant's obligation to reimburse Landlord for after-Shuttle Service Hours costs, as set forth above, there shall be no fee payable by the Shuttle Service Riders for use of the Shuttle Service and the cost of the Shuttle Service shall be excluded from the Operating Expenses of the Project, as set forth in Section 4.2.4(l) above.

29.41 **Prohibited Persons; Foreign Corrupt Practices Act and Anti-Money Laundering**. Neither (i) Tenant nor any of its officers, directors or managers, or (ii) to Tenant's knowledge, any of Tenant's affiliates, nor any of their respective members, partners, other equity holders (excluding any holders of any publicly traded stock or other equity interests of Tenant, if any), officers, directors or managers is, nor prior to or during the Lease Term, will they become a person or entity with whom U.S. persons or entities are restricted from doing

business under (a) the Patriot Act (as defined below), (b) any other requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") (including any "blocked" person or entity listed in the Annex to Executive Order Nos. 12947, 13099 and 13224 and any modifications thereto or thereof or any other person or entity named on OFAC's Specially Designated Blocked Persons List) or (c) any other U.S. statute, Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism) or other governmental action (collectively, "**Prohibited Persons**"). Tenant is not entering into this Lease, directly or indirectly, in violation of any laws relating to drug trafficking, money laundering or predicate crimes to money laundering. As used herein, "**Patriot Act**" shall mean the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) and all other statutes, orders, rules and regulations of the U.S. government and its various executive departments, agencies and offices interpreting and implementing the Patriot Act.

29.42 **Multi-Tenant Lease Provisions**. At any time that any party other than Tenant and/or its Permitted Transferees are no longer leasing or anticipated to lease the entirety of the office space within the Project pursuant to the terms of this Lease, Landlord and Tenant shall promptly enter into a lease amendment consistent with the terms and conditions of the Lease, but documenting the nature of any Building, as applicable, and the Project, as no longer a single-tenant office project, as further set forth in **Exhibit K** attached hereto.

ARTICLE 30
FLOWER MART EXPANSION

30.1 **Flower Mart**. An affiliate of Landlord, KR Flower Mart, LLC, a Delaware limited liability company ("**KRFM**"), is the owner of certain property located at 630-686 Brannan Street, San Francisco, California, upon which, KRFM anticipates constructing a mixed use office project, commonly known as the Flower Mart (the "**Flower Mart**"). Landlord shall cause KRFM to comply with the terms of this Article 30.

30.2 **Landlord Notice of Discretionary Approvals**. KRFM shall provide written notice to Tenant after all discretionary approvals for the construction of the Flower Mart have been finally granted (the "**Discretionary Approvals Notice**"), which notice shall include information regarding the then approved square footage of the Flower Mart project and Landlord's anticipated schedule for the development thereof. Within ten (10) business days following Tenant's receipt of the Discretionary Approvals Notice, Tenant shall have the right to provide written notice to KRFM of Tenant's interest in leasing space in the Flower Mart ("**Tenant's Interest Notice**"), which Tenant's Interest Notice shall include a description of the amount of space that Tenant is then interested in leasing.

30.3 **Landlord Notice of Availability**. In addition, regardless of whether or not Landlord has delivered Landlord's Discretionary Approvals Notice, KRFM shall provide, written notice to Tenant prior to entering into a lease pertaining to at least 250,000 rentable square feet of office space at the Flower Mart (the "**Availability Notice**"), which Availability Notice shall include a description of the space that KRFM determines is available and which is the subject of the anticipated, aforementioned lease. Within ten (10) business days following Tenant's receipt of the Availability Notice, Tenant shall have the right to provide written notice to KRFM of Tenant's interest in leasing the space described in the Availability Notice ("**Tenant's Availability Interest Notice**").

30.4 **Meeting Period**. Following KRFM's timely receipt of Tenant's Interest Notice or Tenant's Availability Interest Notice, for a period of thirty (30) days thereafter (the "**Meeting Period**"), KRFM and Tenant shall use good faith to schedule an initial discussion, but on a non-exclusive basis, and thereafter discuss terms acceptable to each party in their sole discretion, without the necessity of either party acting in good faith to reach agreement (other than with respect to the scheduling of the initial discussion as set forth above), for Tenant's lease of the amount of space designated in Tenant's Interest Notice or in the Availability Notice, as applicable. If Tenant does not so notify KRFM within the ten (10) business day period described in Section 30.3 above, or if KRFM or Tenant, in its sole discretion, decides not to continue to discuss a lease of space at the Flower Mart prior to the expiration of the Meeting Period, then KRFM shall be free to lease the applicable space to anyone to whom KRFM desires on any terms KRFM desires.

30.5 **Notices**. All Notices by means identified in Section 29.18 above, and if to Tenant shall be delivered to the addresses identified in Section 10 of the Summary (as the same may be modified from time to time pursuant to Section 29.18 above), and if to KRFM shall be delivered to the addresses set forth in Section 11 of the Summary (as the same may be modified from time to time pursuant to Section 29.18 above), except that any reference therein to "KR Mission Bay, LLC" shall instead be "KR Flower Mart, LLC".

30.6 **Termination**. Tenant's rights under this Article 30 shall terminate and be of no further force or effect upon the occurrence of any of the following: (i) Tenant's assignment of this Lease to any entity that is not a Permitted Transferee Assignee, (ii) the sale of this Project or the Flower Mart (or prior to the date of the construction of the Flower Mart, the sale of the land upon which the Flower Mart is anticipated to be constructed) to any entity other than an affiliate (an entity which controls, is controlled by, or is under common control with Landlord or KRFM), (iii) the date that KRFM notifies Tenant, in good faith, that KRFM has determined to permanently cease seeking discretionary approvals for the construction of the Flower Mart, or (iv) the date that KRFM has entered into a lease or leases pertaining to at least seventy-five percent (75%) of the rentable square footage of the Flower Mart.

[Signature Page to Follow]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

"LANDLORD":

KR MISSION BAY, LLC,
a Delaware limited liability company

By: Kilroy Realty, L.P.,
a Delaware partnership

Its: Sole Member

By: Kilroy Realty Corporation,
a Maryland corporation,

Its: General Partner

By: /s/ Robert Paratte
Name: Robert Paratte
Its: Executive Vice President

By: /s/ Richard Buziak
Name: Richard Buziak
Its: Senior Vice President, Asset Management

[signatures continue on next pages]

“TENANT”:

DROPBOX, INC.,
a Delaware corporation

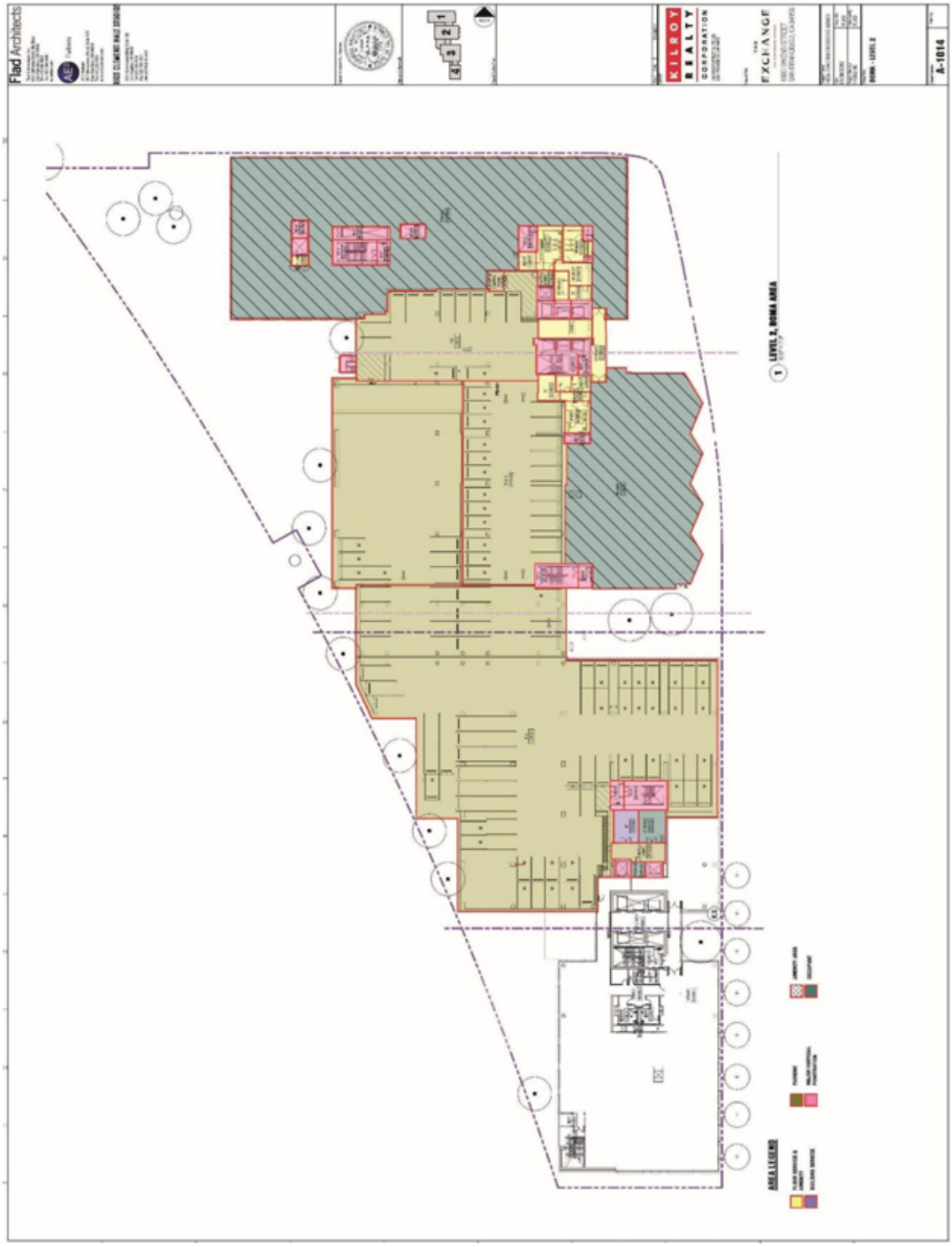
By: /s/ Drew Houston
Name: Drew Houston
Its: Chief Executive Officer

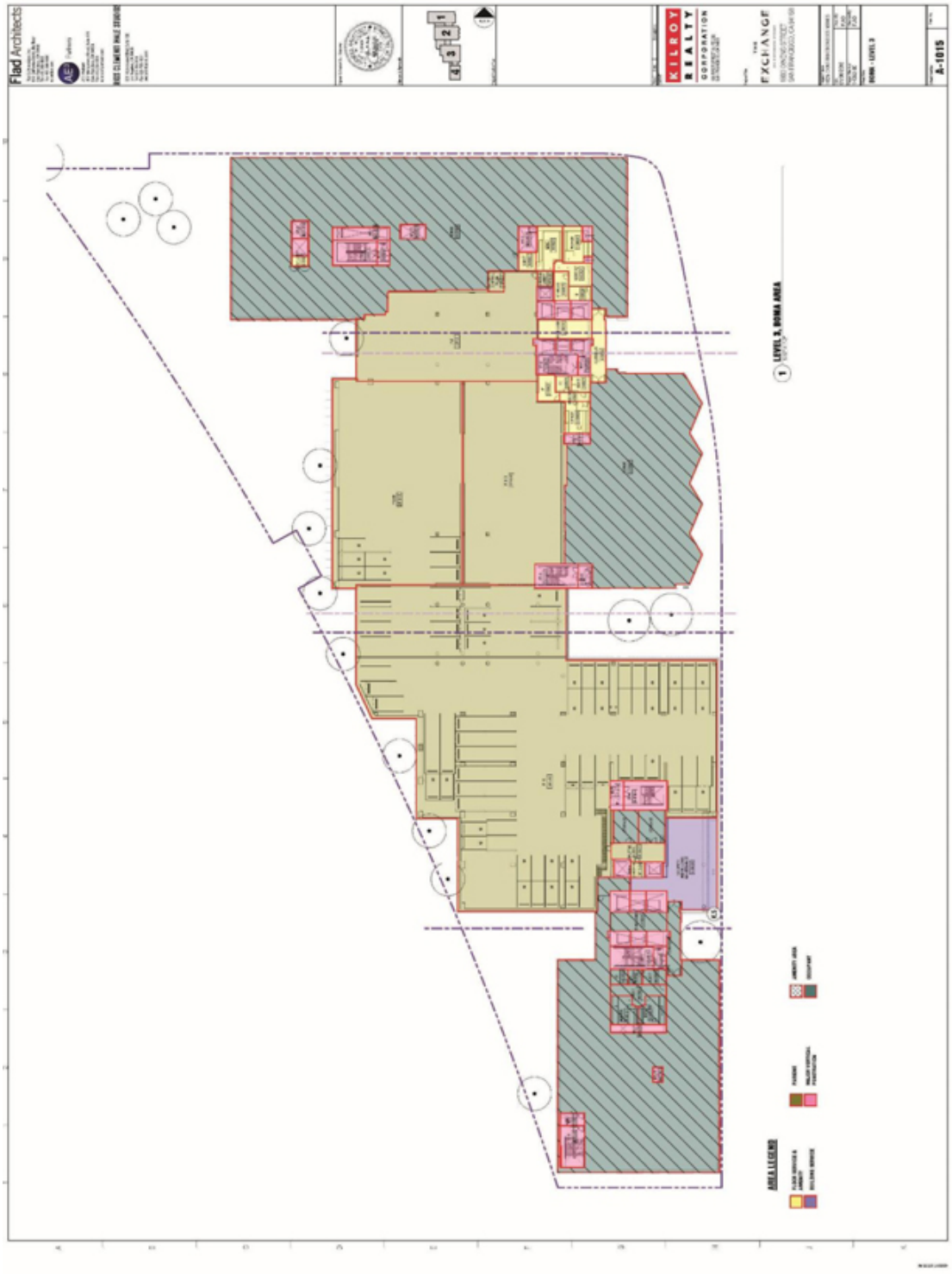
By: /s/ Bart Volkmer
Name: Bart Volkmer
Its: General Counsel

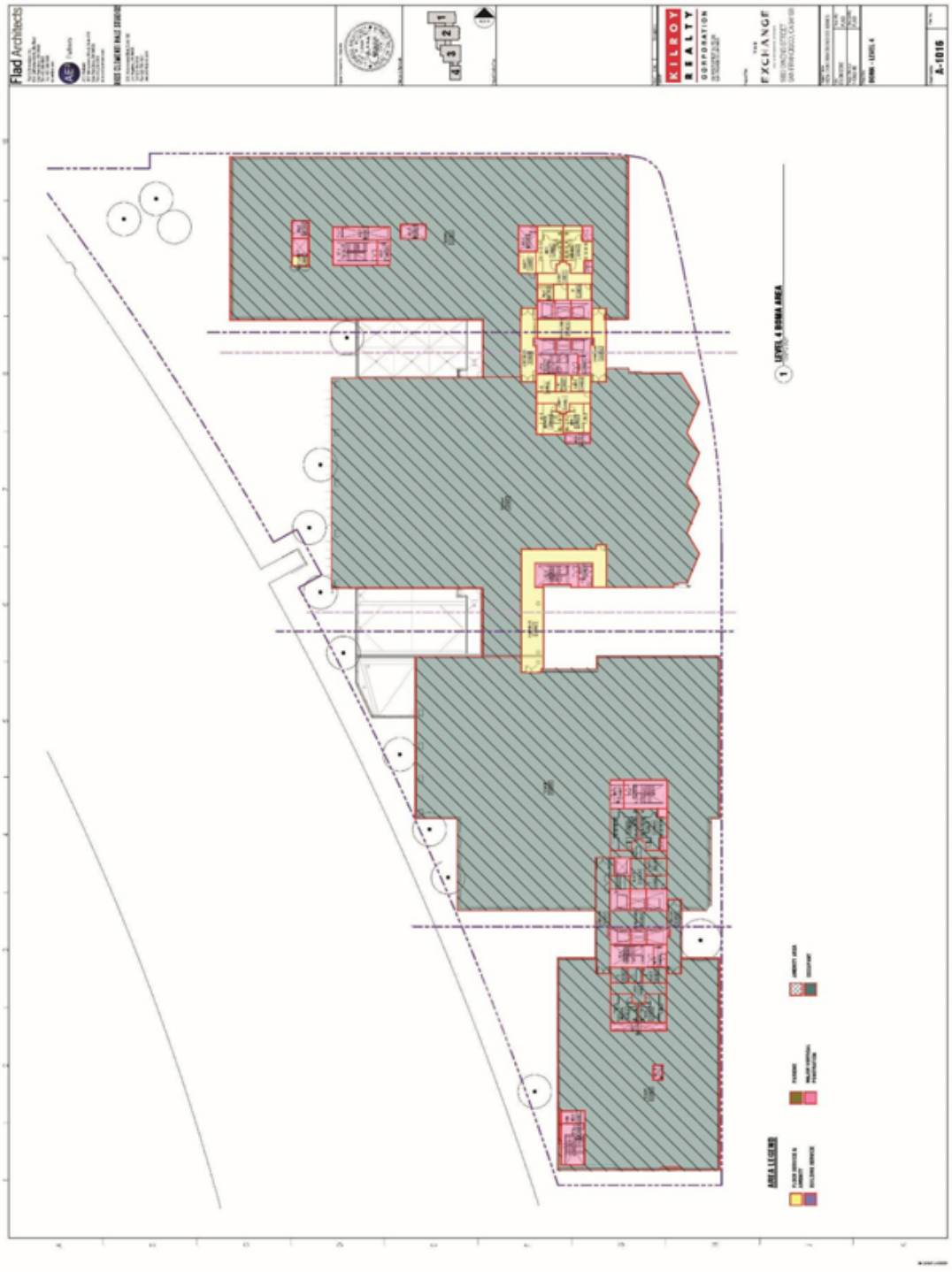
EXHIBIT A

THE EXCHANGE
OUTLINE OF PREMISES

The Premises is shown in the pages that follow as the area marked with diagonal lines.




Flad Architects
KILROY
REALTY
CORPORATION
EXCHANGE
A-1015
LEVEL 3 - DOMA AREA
AREA LEGEND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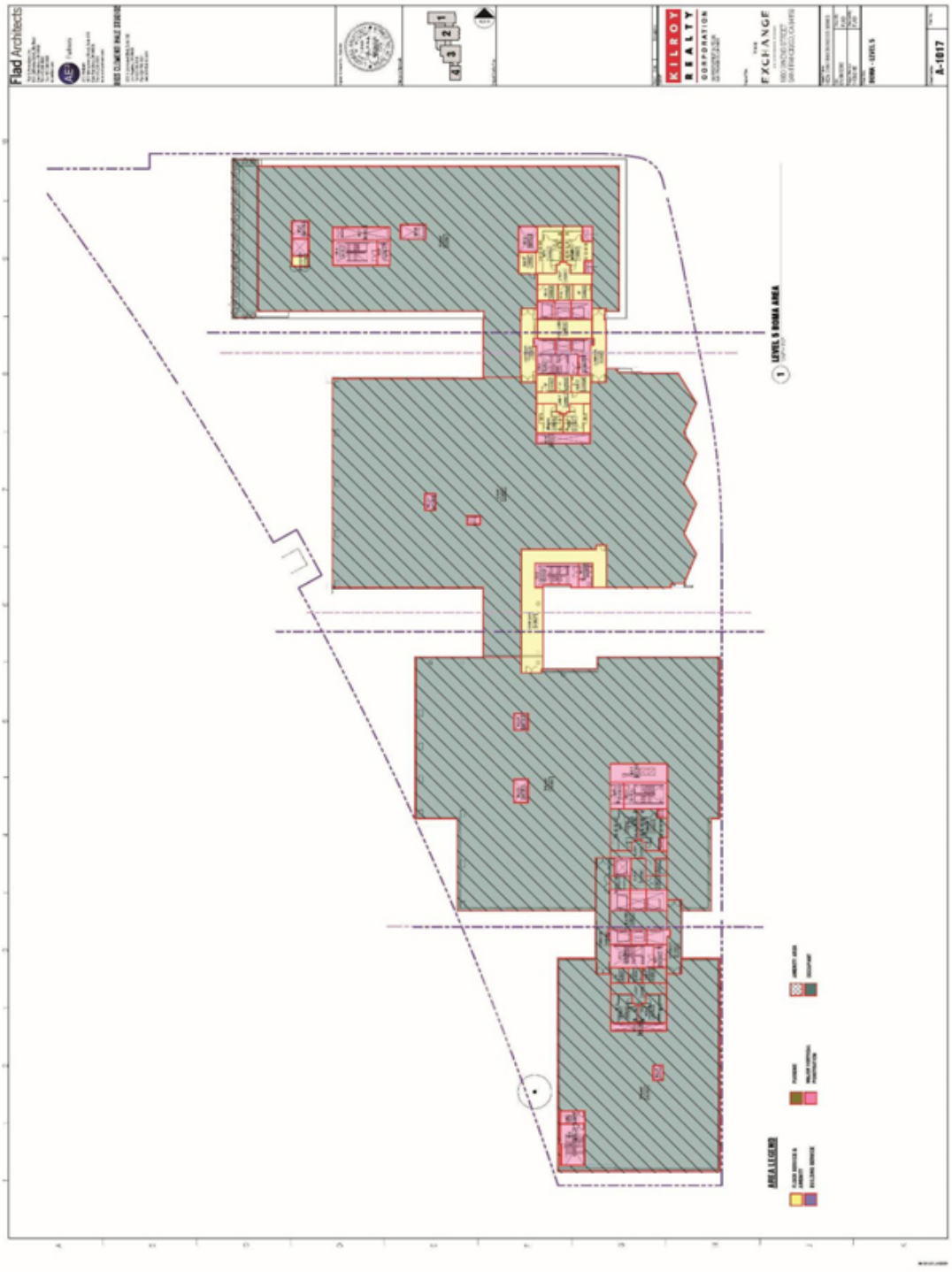
KILROY
REALTY
CORPORATION
EXCHANGE
A-1015

EXHIBIT A
-3-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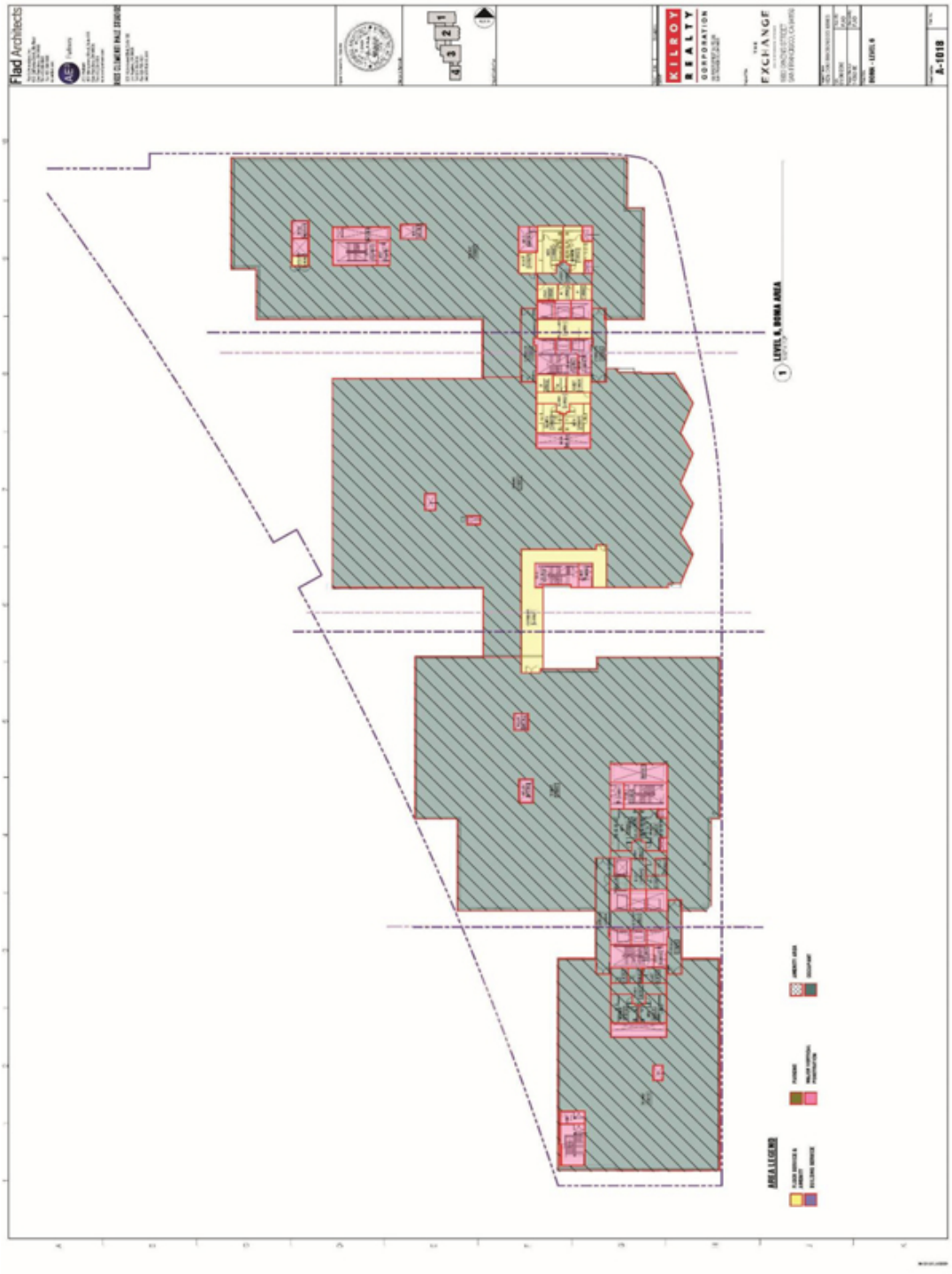
KILROY
REALTY
CORPORATION
F/C/I/A/N/G/F
A-1017
LEVEL 5 ROMA AREA
AREA LEGEND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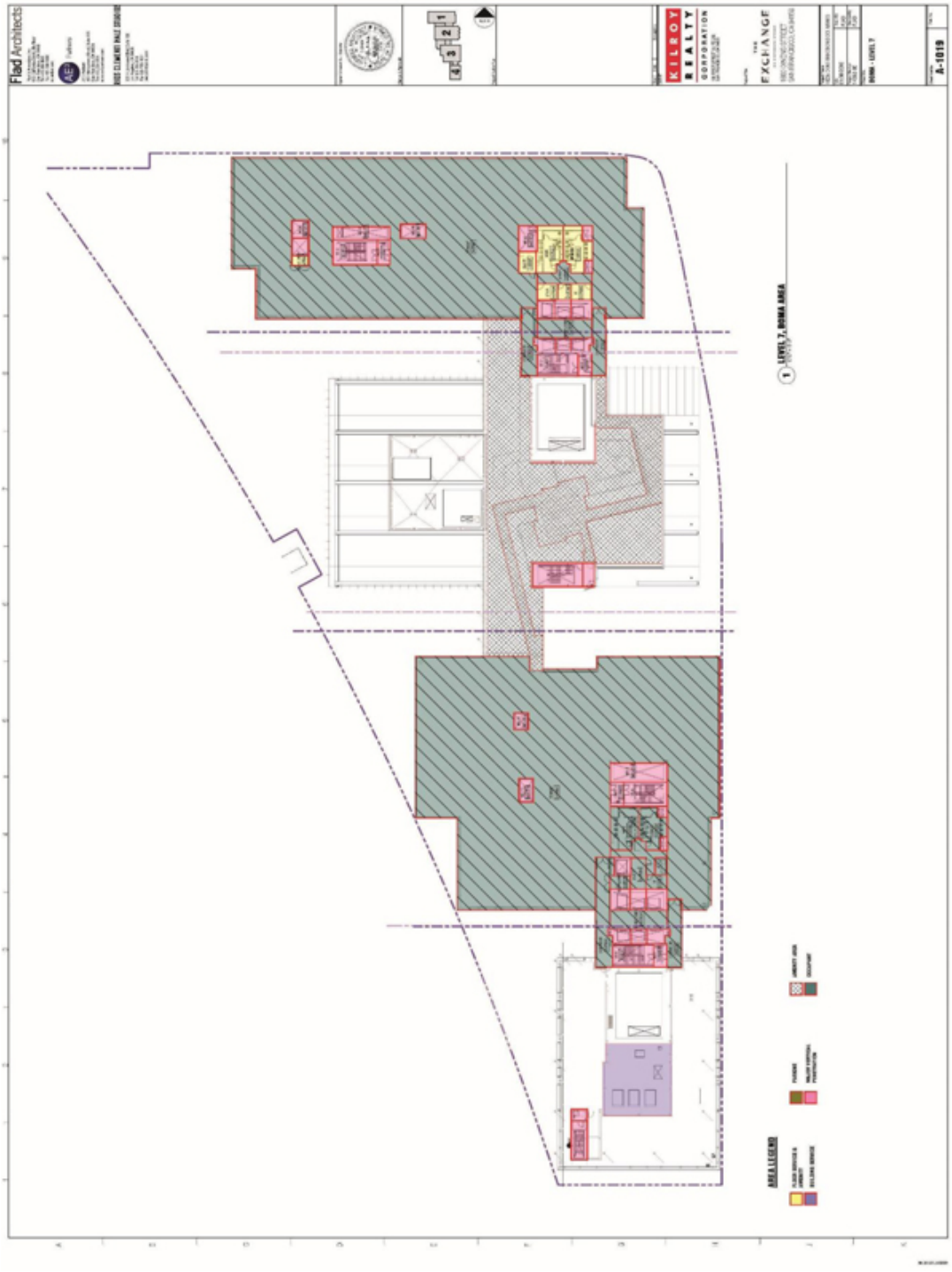
KILROY
REALTY
CORPORATION
EXCHANGE
A-1018
LEVEL 4 - BOMA AREA
AREA LEGEND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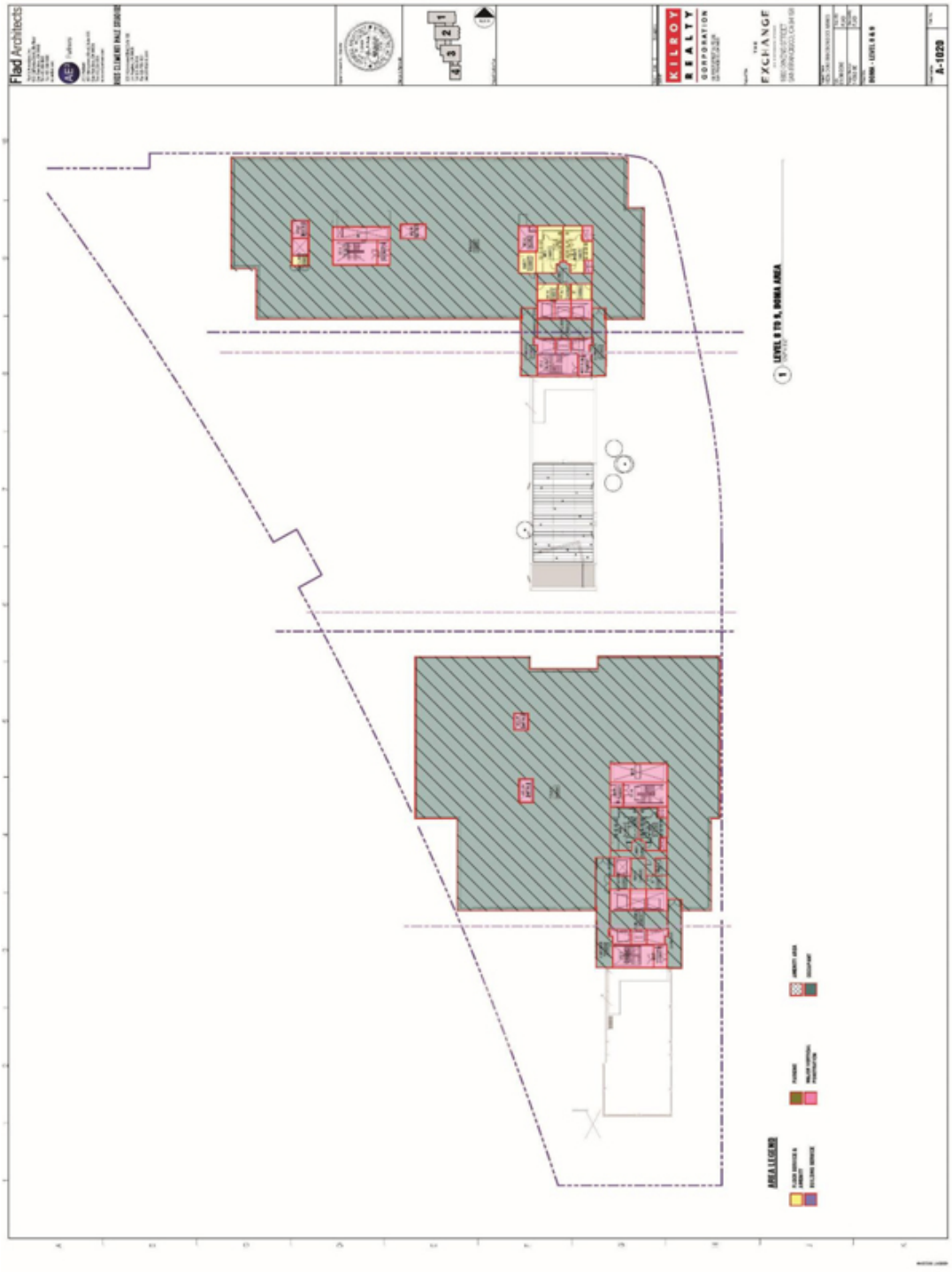
KILROY
REALTY
CORPORATION
EXCHANGE
A-1019
LEVEL 7 - ROOM AREA
AREA LEGEND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KILROY
REALTY
CORPORATION
EXCHANGE
A-1020
LEVEL 8 TO 9, ROOM AREA
AREA LEGEND

EXHIBIT A

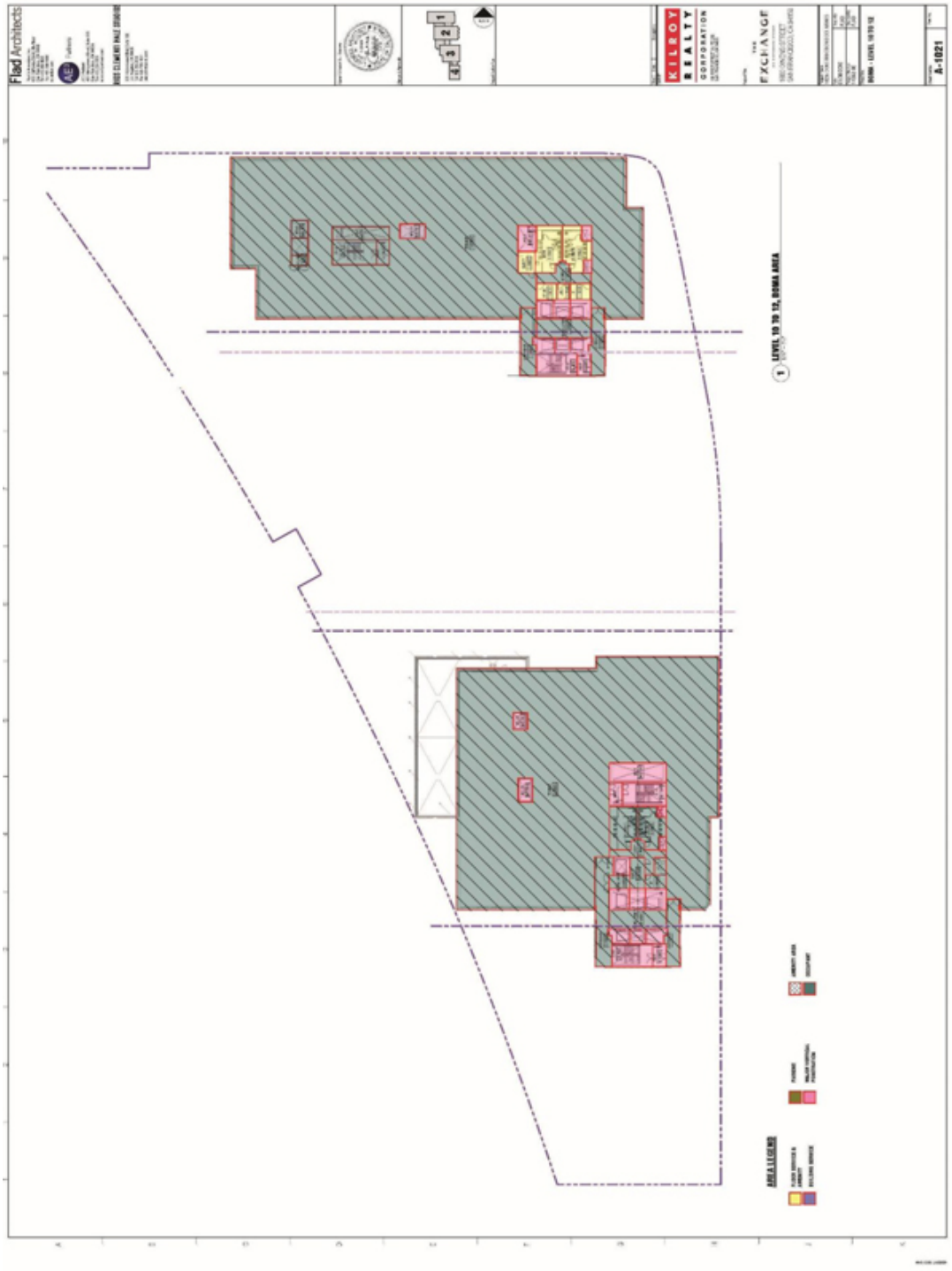
Flad Architects
KILROY
REALTY
CORPORATION
THE EXCHANGE
A-1021
LEVEL 10 TO 12, DOMA AREA
AREA LEGEND

EXHIBIT A-1
THE EXCHANGE
RENTABLE SQUARE FOOTAGE OF EACH FLOOR OF THE PREMISES

BUILDING	LEVEL	RENTABLE SQUARE FEET PER FLOOR	BLDG RENTABLE SQUARE FEET	COMPLEX RENTABLE SQUARE FEET
BLDG1 NORTH TOWER	L1	12,289.09*	299,255.17	424,454.69
	L2	23,421.33		
	L3	23,439.15		
	L4	27,338.28		
	L5	24,618.21		
	L6	27,596.04		
	L7	26,657.33		
	L8	26,577.07		
	L9	26,577.07		
	L10	26,913.87		
	L11	26,913.87		
	L12	26,913.87		
BLDG 2 NORTH BUILDING	L1	2,381.03*	125,199.52	
	L2	11,816.12		
	L3	11,788.80		
	L4	33,664.07		
	L5	32,816.33		
	L6	32,733.18		
BLDG3 SOUTH TOWER	L1	807.73	259,551.05	325,915.63
	L2	464.45		
	L3	1,591.71		
	L4	30,104.76		
	L5	29,549.59		
	L6	29,550.77		
	L7	29,486.99		
	L8	29,543.96		
	L9	29,543.96		
	L10	26,302.38		
	L11	26,302.38		
	L12	26,302.38		
BLDG4 SOUTH BUILDING	L1	12,564.47	66,364.58	
	L2	0.00		
	L3	13,986.84		
	L4	13,313.33		
	L5	13,337.09		
	L6	13,162.86		
TOTAL OVERALL BUILDING FLOOR AREA				**750,370.32**

* Retail Space, not part of the Premises.

EXHIBIT B

THE EXCHANGE
WORK LETTER

This Work Letter shall set forth the terms and conditions relating to the construction of the Premises. This Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Work Letter to Articles or Sections of "this Lease" shall mean the relevant portions of Articles 1 through 29 of the Office Lease to which this Work Letter is attached as **Exhibit B**, and all references in this Work Letter to Sections of "this Work Letter" shall mean the relevant portions of Sections 1 through 6 of this Work Letter. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

SECTION 1

LANDLORD'S INITIAL CONSTRUCTION OF THE BASE BUILDING

1.1 **Construction of Base Building**. Landlord shall construct, at its sole cost and expense, and without deduction from the Improvement Allowance, the base, shell, and core of the Buildings and the other portions of the Project including the Parking Facilities and Common Areas (collectively, the "**Base, Shell and Core**" and/or "**Base Building**"), which shall be in compliance with Applicable Laws (to the extent necessary for Tenant to submit for permits for construction of the Improvements or to obtain and retain a "CofO" (as defined in Section 1.3 below) for the Premises for general office use). The Base Building shall be constructed in accordance with the design and development plans and specifications attached hereto as **Schedule 1** (the "**Base Building Plans**"), subject to Landlord Minor Changes as provided for hereinbelow; and the final construction drawings for the Base Building (the "**Base Building Construction Drawings and Specifications**") shall in all respects conform to and be consistent, except as provided in this Work Letter, with such Base Building Plans. Upon completion of the Base Building Construction Drawings and Specifications, Landlord shall deliver to Tenant complete copies thereof (four (4) hard copies and one (1) electronic copy), together with a certification from Landlord addressed to Tenant certifying that the Base Building Construction Drawings and Specifications conform to and are consistent with the Base Building Plans, except as allowed by the terms of this Work Letter. In the event that an updated set of the Base Building Construction Drawings and Specifications are prepared for Landlord, Landlord shall provide Tenant with complete copies of the most up-to-date set. Landlord shall be responsible for obtaining all building permits and other governmental approvals required to construct the Base Building in accordance with the Base Building Construction Drawings and Specifications. As used in this Work Letter (and the Schedules attached hereto), the term "Base Building" shall have the meaning set forth in this Section 1.1, and not the meaning set forth in Section 8.2 of this Lease. Additionally, to the extent not set forth in the version of the Base Building Plans referenced in **Schedule 1**, Landlord shall make the necessary modifications to provide that the Base Building, as constructed by Landlord, shall comply with the Base Building Definition set forth in **Schedule 2** (the "**Base Building Definition**"). Certain work described in the Base Building Definition is described as Tenant's obligation as part of the construction of the

Improvements, and are not components of the Base Building. In the event of a conflict between **Schedule 1** and **Schedule 2**, **Schedule 2** shall prevail. Landlord hereby reserves the right to modify the Base Building Plans, the Base Building Definition, and the Base Building Construction Drawings and Specifications, provided that such modifications (each such modification is a "**Landlord Minor Change**"): (A) are required to comply with Applicable Laws, (B) will not (i) materially and adversely affect Tenant's permitted use of the Premises and the Project or materially increase the cost of construction of the Improvements, unless Landlord pays such increased costs, or (ii) result in the use of materials, systems or components which are not of a reasonably equivalent or better quality than the materials, systems and components set forth in the Base Building Plans or in the Lease, or (C) relate to areas of the Project located outside of the Buildings and Parking Facilities. Landlord's general contractor shall, on commercially reasonable terms, warrant to Landlord that the Base, Shell and Core is free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Landlord's general contractor shall be responsible, on commercially reasonable terms, for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the completion of the work performed by such contractor. The correction of such work shall include, on commercially reasonable terms, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Base, Shell and Core that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Base, Shell and Core shall be contained in the contract or subcontract, on commercially reasonable terms.

1.1.1 **Shaft Work**. After receipt of the CofO for the Base, Shell and Core and satisfaction of the Final Condition, using methods and materials selected by Landlord, Landlord, at its cost and expense, will in-fill and remove the ductwork and exhaust equipment located within or comprising the shafts and voids for the Tenant duct/utility riser openings identified on **Schedule 5** attached hereto (the "**Shaft Work**"). The Shaft Work shall not include the removal of associated equipment from the roof of the Project, but Landlord may remove such equipment at any time. Notwithstanding the foregoing, the Shaft Work shall not include the in-fill of any shafts or voids, which in-fill shall be performed by Tenant as part of the construction of the Improvements, unless Tenant delivers written notice to Landlord on or before May 1, 2018 identifying any shafts and voids (of the shafts and voids shown on **Schedule 5** attached hereto) that Tenant requires Landlord to in-fill pursuant to the terms hereof. Landlord will use commercially reasonable efforts to coordinate the performance of the Shaft Work with Tenant's construction of the Improvements.

1.1.2 **Tenant Input**. Landlord agrees that, upon request from Tenant, Landlord shall meet and confer with Tenant's Representative from time to time regarding the anticipated artwork to be installed at the Project as part of the Final Condition; provided, however, any suggestions or requests made by Tenant's representative shall not be binding on Landlord, but shall be taken into reasonable consideration.

1.2 **Delivery Condition**. The "**Delivery Condition**" shall occur at such time as Landlord delivers the applicable Phase to Tenant for commencement of construction of the Improvements, and in compliance with the conditions set forth in **Schedule 3**, attached hereto. The "**Delivery Date**" shall occur on the date of Landlord's delivery of the applicable Phase to

Tenant in the Delivery Condition, which date shall be no earlier than the date that Landlord certifies to Tenant that, to the extent required to satisfy the Delivery Condition, the applicable Base Building has been partially completed in accordance with the Base Building Construction Drawings and Specifications, but shall not occur prior to May 18, 2018. The Delivery Date shall be deemed to occur on the date the Delivery Condition would have occurred but for "Tenant Delays" (defined below). Landlord shall provide Tenant with thirty (30) days prior written notice of the date the applicable Phase is anticipated to be delivered to Tenant in the Delivery Condition, if such date is different from the anticipated applicable Delivery Date specified in Section 1.5 below. The parties acknowledge and agree that the Delivery Condition does not reflect all work necessary to cause each Building to comply with the Base Building Construction Drawings and Specifications or to be in substantially completed Base, Shell and Core condition as set forth in the Base Building Construction Drawings and Specifications. As such, Landlord shall continue to be obligated to perform additional construction after the completion of the Delivery Condition to cause the applicable Phase to be in Final Condition (as defined below). From and after the date Landlord delivers the applicable Phase to Tenant in the Delivery Condition, neither party shall unreasonably interfere with or delay the work of the other party or of other tenants and occupants of the Project and/or their contractors or consultants, and Landlord and Tenant shall mutually coordinate and cooperate with each other and with other tenants and occupants of the Project, and shall cause their respective employees, vendors, contractors, and consultants to work in harmony with and to mutually coordinate and cooperate with the other's employees, vendors, contractors and consultants, respectively, to minimize any interference or delay by either party with respect to the other party's work, including, without limitation, coordinating shared use of the Project loading docks and freight elevators. Notwithstanding the foregoing, in the event of any irreconcilable conflict between the work of Landlord's workers, mechanics and contractors and the work of Tenant's workers, mechanics and contractors, Landlord and Tenant shall resolve such conflict or interference as follows: (i) prior to the Final Condition Date, Tenant's work shall be reasonably resequenced or rescheduled as necessary to avoid the conflict or interference, but such resequencing or rescheduling may constitute a Landlord Caused Delay if the same delays the construction of the Improvements, subject to Section 5.1 below and (ii) after the Final Condition Date, Landlord's work shall be reasonably resequenced or rescheduled as necessary to avoid the conflict or interference.

1.2.1 **Delivery Date Delay**. In the event Landlord has failed to cause the Delivery Date to occur on or before January 1, 2019 (the "**Delivery Outside Date**") (which date shall be extended by virtue of "Force Majeure Delay" (as defined below), and any Tenant Delay), then Tenant shall have the right to terminate this Lease by written notice to Landlord ("**Delivery Failure Termination Notice**") effective upon the date occurring five (5) business days following receipt by Landlord of the Delivery Failure Termination Notice (the "**Delivery Termination Effective Date**"), in which event Landlord shall return any prepaid rent and the L-C forthwith to Tenant. Should the Delivery Date occur prior to the effective date of the foregoing termination right, however, such termination right shall, in such event, expire and be of no further force or effect upon the Delivery Date. If Tenant delivers a Delivery Failure Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Delivery Termination Effective Date for a period ending thirty (30) days after the Delivery Termination Effective Date by delivering written notice to Tenant, prior to the Delivery Termination Effective Date, that, in Landlord's reasonable, good faith judgment, the Delivery Date will occur within thirty (30) days after the Delivery Termination Effective Date. If the

Delivery Date occurs within such thirty (30) day suspension period, then the Delivery Failure Termination Notice shall be of no force or effect, but if the Delivery Date does not occur within such thirty (30) day suspension period, then this Lease shall terminate upon the expiration of such thirty (30) day suspension period. Upon any termination as set forth in this Section 1.2.1, Landlord and Tenant shall be relieved from any and all liability to each other resulting under this Lease. Tenant's right to terminate this Lease, as set forth in this Section 1.2.1, shall be Tenant's sole and exclusive remedy at law or in equity for the failure of the Delivery Date to occur by any particular date.

1.3 **Final Condition**. The "**Final Condition**" of the applicable Building shall mean that (A) the Base, Shell and Core of such Building has been substantially completed in accordance with the Base Building Construction Drawings and Specifications and Applicable Laws to the extent necessary for Landlord to obtain a certificate of occupancy or temporary certificate of occupancy, or legal equivalent (each, a "**CofO**"), for the applicable Base, Shell and Core, and (B) the Common Areas that relate to Tenant's use or occupancy of the applicable Phase have been substantially completed in accordance with the Base Building Construction Drawings and Specifications and Applicable Laws to the extent necessary for Landlord to obtain a CofO, excluding the completion of "punch-list" items (the "**Base Building Punch List Items**"). The Final Condition of the Premises shall be deemed to occur on the date such Final Condition would have occurred but for Tenant Delays. As used herein, the term "**Tenant Delay**" shall mean an actual delay in achieving the Delivery Condition or Final Condition to the extent caused by: (i) the failure of Tenant to timely approve or disapprove any matter requiring Tenant's approval relating to the construction of the Base, Shell and Core; or (ii) unreasonable (when judged in accordance with industry custom and practice) interference by Tenant, its agents or other Tenant Parties with the substantial completion of the Base, Shell and Core which interference continues for more than one (1) business day following written notice from Landlord. For purposes of clarification, Base Building Punch List Items shall not include any items that would (I) materially interfere with the operation of Tenant's business from the applicable Phase or (II) prevent Tenant from obtaining a CofO for the applicable Phase following Tenant's substantial completion of the Improvements in the applicable Phase. Without limiting the foregoing, the Final Condition with respect to a particular Phase shall not be deemed to have occurred, other than as a result of Tenant Delays, unless (i) Tenant has access to and from the applicable Building, the applicable Phase and the Parking Facilities, (ii) Tenant has use of the Parking Facilities, (iii) all Building Systems serving the applicable Phase are complete (except for Base Building Punch List items applicable thereto) and Landlord is providing services to the applicable Phase in accordance with the requirements of the Lease, and (iv) Tenant may conduct its business from the applicable Phase without material interference. Furthermore, Landlord shall promptly and diligently proceed to fully complete all Base Building Punch List Items within two (2) months after the date of Final Condition and in a manner calculated to minimize interference with the operation of Tenant's business at the Premises. Upon receipt, Landlord shall provide Tenant with a copy of the final Certificate for Payment issued by Landlord's architect (as defined in the A102 of Landlord's construction contract).

1.4 **Estimated Construction Dates**. Landlord's non-binding estimated construction dates are set forth below, and such dates are for informational purposes only. If at any time during the construction process, Tenant reasonably believes that Landlord will fail to meet any of the estimated construction dates, Tenant shall have the right to notify Landlord of such belief, and Landlord shall promptly provide a construction status update to Tenant.

- Delivery Date for North Complex – May 21, 2018.
- Delivery Date for South Complex – May 21, 2018.
- Final Condition Date for North Complex – May 21, 2018.
- Final Condition Date for South Complex – May 21, 2018.

1.5 **Construction Delay Payments**.

1.5.1 **Block 40 Purchase Agreement Terms**. Pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated May 13, 2014 ("**Block 40 Purchase Agreement**") by and between FOCIL-MB, LLC, a Delaware limited liability company ("**Focil**"), as "Seller" thereunder, and Landlord, as "Buyer" thereunder, Landlord is obligated to make certain "Construction Delay Payments" (as defined in the Block 40 Purchase Agreement) to Focil upon the failure of Landlord, as "Buyer," to achieve "Completion of Construction" (as defined in the Block 40 Purchase Agreement) of one and/or both Buildings by certain dates, all as further set forth in Section 25 of the Block 40 Purchase Agreement and generally described in Section 1.5.2, below. A redacted copy of Section 25 of the Block 40 Purchase Agreement, together with corresponding definitions (with defined terms that are inapplicable to Section 25 redacted), is attached hereto as **Schedule 6 to Exhibit B**.

1.5.2 **General Description of Construction Delay Payments**. As set forth in Section 25 of the Block 40 Purchase Agreement, if Landlord, as "Buyer", fails to cause "Completion of Construction" (as defined in the Block 40 Purchase Agreement) of one or more Buildings containing, in the aggregate, at least 270,000 "Gross Square Feet" (as defined in the Block 40 Purchase Agreement) (the "**Initial Required Square Footage**") on or before December 15, 2017 (subject to "Unavoidable Delay" (as defined in the Block 40 Purchase Agreement)), then Landlord, as "Buyer", must pay to Focil a "Construction Delay Payment" (as defined in the Block 40 Purchase Agreement) equal to Three Hundred Seventy-Five Thousand Dollars ($375,000.00) on December 15, 2017 and every six (6) months thereafter until the date that "Completion of Construction" of the Initial Required Square Footage occurs. Furthermore, if Landlord fails to cause "Completion of Construction" of one or more Buildings containing, in the aggregate, 635,000 "Gross Square Feet" (the "**Minimum Square Footage**") on or before December 15, 2020, then, in addition to the payments set forth above, Landlord, as "Buyer", must pay to Focil a "Construction Delay Payment" equal to Three Hundred Seventy-Five Thousand Dollars ($375,000.00) on December 15, 2020 and every six (6) months thereafter until the date that Completion of Construction of the Minimum Square Footage occurs. The amount of each Construction Delay Payments increased on January 1, 2016 (which increase is not reflected in the above-described amounts), and shall increase annually thereafter, by two percent (2%). Landlord, as "Buyer", also has the right to make certain final payments pursuant to Section 25.6 of the Block 40 Purchase Agreement in lieu of making further "Construction Delay Payments".

1.5.3 **Completion of Construction**. As set forth above, Landlord anticipates that the Final Condition Date will be May 21, 2018 and that Final Condition will constitute the "Completion of Construction" ("**Current CofO Date**"). All Construction Delay Payments which are attributable to the period prior to the Current CofO Date will be at Landlord's sole cost and expense. If the "Completion of Construction" (as defined in the Block 40 Purchase Agreement) for the Buildings in at least the Initial Required Square Footage does not occur by June 15, 2018 solely as a result of any Tenant Delay (i.e., Landlord would otherwise have achieved Completion of Construction of at least the Initial Required Square Footage by such date, but for such Tenant Delay), then Tenant shall pay to Landlord, within five (5) business days of written request from Landlord setting forth the amount due, the Construction Delay Payment required to be paid to Focil as a consequence of Landlord having failed to achieve such Completion of Construction by such date. Thereafter, Tenant shall be responsible for a Construction Delay Payment (i) in the case of the Initial Required Square Footage, for any subsequent six-month period, and (ii) in the case of the Minimum Square Footage, as of December 15, 2020 and any six-month period thereafter, if Landlord fails to achieve Completion of Construction with respect to the Initial Required Square Footage or the Minimum Square Footage, as the case may be, solely as a result of any Tenant Delay occurring within each such six-month period in the case of the Initial Required Square Footage or on or before December 15, 2020 or within each six-month period thereafter in the case of the Minimum Square Footage At any time, if Landlord determines in its reasonable discretion that it will be more cost effective to make the "First Phase Final Payment" and/or the "Second Phase Final Payment" (as defined in the Block 40 Purchase Agreement), Landlord shall notify Tenant in writing thereof, which written notice shall include the calculation set forth in Section 25.6.1 or 25.6.2, as applicable, of the Block 40 Purchase Agreement, and Tenant shall pay to Landlord within five (5) business days following the date of such notice, the portion of such amount that is allocable to Tenant as a consequence of the delay in Completion of Construction solely caused by the Tenant Delay.

SECTION 2

IMPROVEMENTS

2.1 **Improvement Allowance**. Tenant shall be entitled to an Improvement allowance (the "**Improvement Allowance**") in the amount set forth in Section 13 of the Summary for the costs relating to the design, permitting and construction of improvements, which, except as otherwise provided in Section 2.2.1, below, are permanently affixed to the Premises (the "**Improvements**"). Tenant may construct the Improvements on a phased basis throughout the entire Premises, and in such event, each reference in Sections 2-6 of this Work Letter to the "Premises" shall be deemed to refer to the applicable "Phase", and each reference in this Work Letter to the "Improvement Allowance" shall refer to the portion of the Improvement Allowance calculated based on the rentable square footage of the applicable Phase. Except with respect to the construction of the Base, Shell and Core, in no event shall Landlord be obligated to make disbursements pursuant to this Work Letter in a total amount which exceeds the Improvement Allowance and "Landlord's Drawing Contribution" (as that term is defined below). Tenant shall complete construction of the Improvements by the later of (i) seventeen (17) months after the Delivery Date for the applicable Phase, and (ii) (a) September 30, 2019 for the Phase I Premises, (b) May 31, 2020 for the Phase II Premises, and (c) December 31, 2020 for the Phase III Premises (the applicable foregoing "later of" date is an "**Outside Allowance Date**").

Each Outside Allowance Date shall be extended on a day-for-day basis for Force Majeure Delays and Landlord Caused Delays (as defined in Section 5.1 below). In the event that the applicable Improvement Allowance for any Phase is not utilized by Tenant as of the applicable Outside Allowance Date (as the same may be extended), then such unused amounts shall revert to Landlord, and Tenant shall have no further rights with respect thereto (provided, however, that for purposes of the foregoing, the Improvement Allowance for a particular Phase shall be deemed to have been 'utilized' for that Phase at such time as the Improvements for such Phase have been substantially completed, and Tenant has satisfied the requirements for such disbursement under Sections 2.2.2.2 and 4.3 and **Schedule 4** attached hereto, even though Landlord may not have yet disbursed all amounts required to be disbursed). Any Improvements that require the use of Building risers, raceways, shafts and/or conduits, shall be subject to Landlord's and Landlord's management company's reasonable rules, regulations, and restrictions. In addition, Landlord shall contribute an amount not to exceed Twenty-Five Thousand and 00/100 Dollars ($25,000.00) ("**Landlord's Drawing Contribution**") toward the cost of a preliminary analysis and fit plan to be prepared by the "Architect" (as that term is defined below), and no portion of the Landlord's Drawing Contribution, if any, remaining after completion of the Improvements shall be available for use by Tenant.

2.2 **Disbursement of the Improvement Allowance**.

2.2.1 **Improvement Allowance Items**. Except as otherwise set forth in this Work Letter, the Improvement Allowance shall be disbursed by Landlord only for the following items and costs and, except as otherwise specifically and expressly provided in this Work Letter or the Lease, Landlord shall not deduct any other expenses from the Improvement Allowance (collectively the "**Improvement Allowance Items**"):

2.2.1.1 Payment of the fees of the "Architect" and "Engineers" (as those terms are defined in Section 3.1 of this Work Letter) and other consultants (including any construction manager) retained by or on behalf of Tenant, in connection with space planning and design of the Improvements and the payment of plan check, permit and license fees relating to construction of the Improvements (but in no event shall disbursements of the Improvement Allowance for all of the foregoing items in this Section 2.2.1.1 exceed an aggregate amount equal to Seven and 50/100 Dollars ($7.50) per rentable square foot of the Premises);

2.2.1.2 Subject to Section 6.5 below, the cost of construction of the Improvements (excluding Specialty Alterations), including, without limitation, all materials and labor to complete the Improvements (excluding Specialty Alterations), testing and inspection costs, freight elevator usage, hoisting and trash removal costs, and contractors' fees and general conditions;

2.2.1.3 Tenant's costs of performing any changes to the Base Building when such changes are required by the Construction Documents and are not Landlord's obligation pursuant to Section 1.1 above (including if such changes are due to the fact that such work is prepared on an unoccupied basis), such cost to include all direct architectural and/or engineering fees and expenses, and any City or permit costs, incurred in connection therewith (provided, however, that if any such changes are required due to Landlord's failure to perform its obligations pursuant to Section 1 above, such changes shall be performed by Landlord at Landlord's sole cost and expense);

2.2.1.4 The cost of any changes to the Construction Documents or Improvements required by all applicable building codes (the "**Code**");

2.2.1.5 The cost of connection of the Premises to the Building's energy management and access control systems and for chilled water hook-up fees, if applicable;

2.2.1.6 The cost of the "Coordination Fee," as that term is defined in Section 4.2.2 of this Work Letter;

2.2.1.7 Sales and use taxes and Title 24 fees, gross receipts taxes and any other taxes imposed on or pertaining to construction of the Improvements;

2.2.1.8 Payment of the reasonable out-of-pocket fees incurred by, and the reasonable out-of-pocket cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Documents," as that term is defined in Section 3.1 of this Work Letter, provided however, no such fees or costs shall apply to engineers that Tenant retains for the Improvements if such engineers are the same engineers Landlord retained for the Base Building;

2.2.1.9 All other reasonable and actual out-of-pocket costs expended by Landlord, upon prior notice to Tenant, in connection with the construction of the Improvements.

2.2.1.10 Any costs and/or expenses incurred in connection with the design, permitting and construction of the Improvements (excluding Specialty Alterations) which are (i) the obligation of Tenant under this Work Letter, or (ii) expressly designated in the Lease as costs and/or expenses which may be deducted from the Improvement Allowance.

2.2.2 **Disbursement of Improvement Allowance**. Tenant acknowledges that Landlord is a publicly traded real estate investment trust ("**REIT**"), and due to such REIT status Landlord is required to satisfy certain tax and accounting requirements and related obligations in connection with the leases at the Project. In order to satisfy such requirements and obligations in connection with this Lease, Landlord requires various construction-related deliverables to be timely submitted by Tenant to Landlord ("**Tenant Deliverables**") at designated times prior to, during and immediately following the construction of the Improvements by Tenant, and Tenant hereby agrees to timely comply with all such Tenant Deliverable obligations. The Tenant Deliverables and related delivery deadlines are set forth in this Work Letter and in **Schedule 4** attached to this Work Letter and incorporated herein by this reference. Tenant shall deliver to Landlord all Tenant Deliverables in a timely fashion as such Tenant Deliverables are required pursuant to the timing set forth on **Schedule 4** attached to this Work Letter.

Prior to the commencement of construction of the Improvements, Tenant shall deliver all of the Tenant Deliverables set forth in Section 1 of **Schedule 4** attached to this Work Letter (i.e., the "Prior to Start of Construction" category of Tenant Deliverables) to Landlord. Certain of the Tenant Deliverables set forth in Section 1 of **Schedule 4** attached to this Work Letter are further addressed with more specific provisions in this Work Letter.

Prior to and during the design and construction of the Improvements, Landlord shall make monthly disbursements of the Improvement Allowance for Improvement Allowance Items and shall authorize the release of monies as follows:

2.2.2.1 **Monthly Disbursements**. From time to time, but not more frequently than one (1) time in any thirty (30) consecutive day period during the design and construction of the Improvements (and not less frequently than monthly during the construction of the Improvements), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Work Letter, approved by Tenant, on AIA forms G702 or G703 (or comparable forms reasonably approved by Landlord), showing the schedule, by trade, of percentage of completion of the Improvements in the Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Work Letter, for labor rendered and materials delivered to the Premises and proof of payment of the same by Tenant; (iii) executed unconditional mechanic's lien releases from all of Tenant's Agents which shall comply with California Civil Code Section 8134 or, if applicable, Section 8138; provided, however, that with respect to fees and expenses of the Architect, or construction or project managers or other similar consultants, and/or any other pre-construction items for which the payment scheme set forth in items (i) through (iii), above, of this Work Letter, is not applicable (collectively, the "**Non-Contribution Items**"), Tenant shall only be required to deliver to Landlord an invoice of the cost for the applicable Non-Contribution Items and proof of payment by Tenant; and (iv) all of the Tenant Deliverables set forth in Sections 2 and 3 of the List of Tenant Deliverables (*i.e.*, the "Ongoing During Construction" and "Prior to Release of Any Funds" categories of Tenant Deliverables, respectively), to the extent such items are not mentioned in clauses (i) through (iii) of this Section 2.2.1. Tenant's request for payment shall, as between Landlord and Tenant only, be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request vis-à-vis Landlord. Within thirty (30) days thereafter, Landlord shall deliver to Tenant by wire transfer of immediately available funds the amount that is equal to the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, 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 Improvement Allowance (not including the Final Retention), provided, however, that (x) no such retention shall be applicable to the fees of the Architect, Engineers, Tenant's project manager and consultants, and (y) with respect to payment requests in connection with the construction of the Improvements only, Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 **Final Retention**. Subject to the provisions of this Work Letter (including, without limitation, Section 4.3 below), a check for the Final Retention payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Improvements in the applicable Phase, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 8134 and Section 8138 from Tenant's contractor, subcontractors and material suppliers and any other party which has lien rights in connection with the construction of such Improvements, (ii) Landlord, in Landlord's reasonable good faith judgment, has determined that no substandard work exists which materially deviates from the "Approved Working Drawings", as that term is

defined in Section 3.4, below, materially adversely affects the Building Systems, the exterior walls of any Building, or the Building Structure or exterior appearance of any Building (provided that Landlord will have thirty (30) days following Tenant's request for the Final Retention in which to determine whether any such substandard work exists and notify Tenant of such determination, failing which Landlord shall be deemed to have determined that no such substandard work exists), and (iii) Tenant delivers to Landlord a certificate issued by Architect, in a form reasonably acceptable to Landlord, certifying that the construction of the Improvements in the Premises has been substantially completed, (iv) Tenant delivers to Landlord two (2) hard copies and one (1) electronic copy of the "Close-Out Package" (as that term is defined in Section 4.3.3 below), and (v) Tenant delivers to Landlord all of the Tenant Deliverables set forth in Section 4 of the List of Tenant Deliverables (*i.e.*, the "Prior to Release of Final Payment" category of Tenant Deliverables), to the extent such items are not mentioned in clauses (i) through (iv) of this Section 2.2.2.2.

2.2.2.3 **Other Terms**. Landlord shall only be obligated to make disbursements from the Improvement Allowance to the extent costs are incurred by Tenant for Improvement Allowance Items. To the extent that a dispute shall arise as to whether certain amounts of the Allowance are due and/or payable to Tenant, any amounts which are not the subject of such dispute shall be disbursed by Landlord pursuant to Section 2.4, below.

2.3 **Intentionally Omitted**.

2.4 **Failure to Disburse Improvement Allowance**. If Landlord fails to timely fulfill its obligation to fund any portion of the Improvement Allowance, Tenant shall be entitled to deliver notice (the "**Payment Notice**") thereof to Landlord and to any mortgage or trust deed holder of the Project whose identity and address have been previously provided to Tenant. If Landlord still fails to fulfill any such obligation within twenty (20) business days after Landlord's receipt of the Payment Notice from Tenant and if Landlord fails to deliver a notice to Tenant within such twenty (20) business day period explaining Landlord's reasons that Landlord believes that the amounts described in Tenant's Payment Notice are not due and payable by Landlord ("**Refusal Notice**"), Tenant shall be entitled to offset the amount so owed to Tenant by Landlord but not paid by Landlord (or if Landlord delivers a Refusal Notice but only with respect to a portion of the amount set forth in the Payment Notice and Landlord fails to pay such undisputed amount as required by the next succeeding sentence, the undisputed amount so owed to Tenant), together with interest at the Interest Rate (as defined in Article 25 of this Lease) from the date that the amount was originally due and payable until the date of offset, against Tenant's next obligations to pay Rent. Notwithstanding the foregoing, Landlord hereby agrees that if Landlord delivers a Refusal Notice disputing a portion of the amount set forth in Tenant's Payment Notice, Landlord shall pay to Tenant, concurrently with the delivery of the Refusal Notice, the undisputed portion of the amount set forth in the Payment Notice. However, if Tenant is in Default under Section 19.1.1 of the Lease at the time that such offset would otherwise be applicable, Tenant shall not be entitled to such offset until such Default is cured. If Landlord delivers a Refusal Notice, and if Landlord and Tenant are not able to agree on the disputed amounts to be so paid by Landlord, if any, within ten (10) days after Tenant's receipt of a Refusal Notice, Tenant may submit such dispute to arbitration in accordance with the American Arbitration Association. If Tenant prevails in any such arbitration, Tenant shall be entitled to apply such award as a credit against Tenant's obligations to pay Rent.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 **Selection of Architect/Construction Documents**. Tenant shall retain an architect/space planner reasonably approved by Landlord (the "**Architect**") to prepare the "Construction Documents," as that term is defined in this Section 3.1. Tenant shall retain (or cause the Architect or, on a design-build basis, the Contractor to retain) engineering consultants reasonably approved by Landlord (the "**Engineers**"), which approval shall be granted or withheld within five (5) business days following Tenant's written request (if Landlord fails to notify Tenant of Landlord's approval or disapproval of any such Engineers within such five (5) business day period, Tenant shall deliver Landlord an additional notice requesting approval and if Landlord thereafter fails to respond within three (3) business days of receipt of such additional notice, then Landlord will be deemed to have approved such Engineers), to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, lifesafety, and sprinkler work in the Premises, which work is not part of the Base Building, and Tenant agrees that it shall be required to hire (i) Landlord's preferred structural engineer for all structural work, and(ii) Landlord's preferred engineers for all fire-life-safety work, or any other replacement engineers, designated by Landlord, for such structural or fire-life-safety work, provided that such Engineers charge commercially competitive rates for the work in question. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Documents**." Tenant shall deliver one (1) hard copy and one (1) electronic copy of the Construction Documents to Landlord. Tenant shall be required to include in its contracts with the Architect and the Engineers a provision which requires ownership of all Construction Documents to be transferred to Tenant upon the Substantial Completion of the Improvements and Tenant hereby grants to Landlord a non-exclusive right to use such Construction Documents, including, without limitation, a right to make copies thereof. All Construction Documents shall be delivered in a CAD drawing format. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the Base Building Construction Drawings Specifications, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Documents as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Documents are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Documents, and Tenant's waiver and indemnity set forth in this Lease shall specifically apply to the Construction Documents.

3.2 **Final Space Plan**. Tenant shall supply Landlord with four (4) hard copies and one (1) electronic copy of its final space plan for the Premises. The final space plan (the "**Final Space Plan**") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and the equipment anticipated to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan.

Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan if the same is approved, or, if the Final Space Plan is not reasonably satisfactory or is 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. Landlord shall not unreasonably withhold its consent to the Final Space Plan, provided that Tenant shall design such improvements so as to not (i) have a material adverse effect on the Building Structure or Building Systems, or (ii) fail to comply with Code. If Tenant is so advised that the Final Space Plan is not satisfactory or complete, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require and deliver such revised Final Space Plan to Landlord. If Landlord disapproves the Final Space Plan, Tenant may resubmit the proposed Final Space Plan to Landlord at any time, and Landlord shall approve or disapprove of the resubmitted Final Space Plan, based upon the criteria set forth in this Section 3.2, within five (5) business days after Landlord receives such resubmitted Final Space Plan. Such procedure shall be repeated until the Final Space Plan is approved; provided, however, that if Landlord fails to notify Tenant of Landlord's approval or disapproval of any iteration of the Final Space Plan within the five (5) business day review period for approval or disapproval thereof, Tenant shall deliver Landlord an additional notice requesting approval and if Landlord thereafter fails to respond within three (3) business days of receipt of such additional notice, Landlord will be deemed to have approved such iteration of the Final Space Plan.

3.3 **Final Working Drawings**. After the Final Space Plan has been approved by Landlord, Tenant shall supply the Engineers with a complete listing of standard and non-standard equipment and specifications, including, without limitation, B.T.U. calculations, electrical requirements and special electrical receptacle requirements for the Premises, to enable the Engineers and the Architect to complete the "Final Working Drawings" (as that term is defined below) in the manner as set forth below. Upon the approval of the Final Space Plan by Landlord and Tenant, Tenant shall cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on the work, to the extent applicable, and to obtain all applicable permits (collectively, the "**Final Working Drawings**") and shall submit the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld. Tenant shall supply Landlord with four (4) hard copies and one (1) electronic copy of such Final Working Drawings. 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 that the Final Working Drawings are not satisfactory or complete, Tenant shall promptly revise the Final Working Drawings in accordance with such review and any disapproval of Landlord in connection therewith, and Landlord shall approve or disapprove the resubmitted Final Working Drawings, based upon the criteria set forth in this Section 3.3, within five (5) business days after Landlord receives such resubmitted Final Working Drawings. Such procedure shall be repeated until the Final Working Drawings are approved; provided, however, that if Landlord fails to notify Tenant of Landlord's approval or disapproval of any iteration of the Final Working Drawings within the initial ten (10) business day review period or any

subsequent five (5) business day review period for approval or disapproval thereof, Tenant shall deliver Landlord an additional notice requesting approval and if Landlord thereafter fails to respond within five (5) business days of receipt of such additional notice, Landlord will be deemed to have approved such iteration of the Final Working Drawings.

3.4 **Approved Working Drawings**. The Final Working Drawings shall be approved by Landlord (the "**Approved Working Drawings**") prior to the submission of the same to the appropriate municipal authorities for all applicable building permits (the "**Permits**") and commencement of construction of the Improvements by Tenant; provided, however, at Tenant's election and at Tenant's risk with respect to any subsequent changes that may be required by Landlord in accordance with this Work Letter, Tenant may submit the Final Working Drawings to the appropriate municipal authorities for Permits concurrently with Landlord's review thereof. After approval by Landlord of the Final Working Drawings, Tenant shall submit such Approved Working Drawings for the Permits. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit(s) for the Improvements or required permission for lawful occupancy for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord, at its cost, shall provide to Tenant such path-of-travel documentation regarding the Buildings and the Project, as available, as may be required in order for Tenant to apply for and/or obtain any building permit(s) for the Improvements or required permission for lawful occupancy for the Premises (the parties acknowledging that Landlord shall have no obligation to prepare such path-of-travel documentation to comply with the foregoing), and shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit(s) or occupancy permission. No material changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld, conditioned or delayed. Landlord shall provide any approvals and take any actions required under this Work Letter within the time periods specified herein, or, if no time period is specified, then within five (5) business days.

3.5 **Change Orders**. In the event Tenant desires to materially change the Approved Working Drawings, Tenant shall deliver notice (the "**Drawing Change Notice**") of the same to Landlord, setting forth in detail the changes (the "**Tenant Change**") Tenant desires to make to the Approved Working Drawings. Landlord shall, within five (5) business days of receipt of a Drawing Change Notice, either (i) approve the Tenant Change, or (ii) disapprove the Tenant Change and deliver a notice to Tenant specifying in reasonably sufficient detail the reasons for Landlord's disapproval. Any additional costs which arise in connection with such Tenant Change shall be paid by Tenant pursuant to this Work Letter; provided, however, that to the extent the Improvement Allowance has not been fully disbursed, such payment shall be made out of the Improvement Allowance subject to the terms of this Work Letter.

3.6 **Electronic Approvals**. Notwithstanding any provision to the contrary contained in the Lease or this Work Letter, Landlord may, in Landlord's sole and absolute discretion, transmit or otherwise deliver any of the approvals required under this Work Letter via electronic mail to Tenant's representative identified in Section 6.1 of this Work Letter, or by any of the other means identified in Section 29.18 of this Lease.

SECTION 4

CONSTRUCTION OF THE IMPROVEMENTS

4.1 **Tenant's Selection of Contractors**.

4.1.1 **The Contractor**. Tenant shall retain a licensed general contractor, approved in advance by Landlord ("**Contractor**"), to construct the Improvements. Landlord's approval of the Contractor shall not be unreasonably withheld. Landlord shall notify Tenant of Landlord's approval or disapproval of such Contractor within five (5) business days following notice to Landlord of Tenant's selection; if Landlord fails to timely notify Tenant of Landlord's approval or disapproval, Tenant shall deliver Landlord an additional notice requesting approval and if Landlord thereafter fails to respond within three (3) business days of receipt of such additional notice, Landlord will be deemed to have approved such Contractor.

4.1.2 **Tenant's Agents**. All subcontractors, laborers, materialmen, and suppliers used by Tenant in connection with the Improvements, together with the Contractor, shall be known collectively as "**Tenant's Agents**". The subcontractors used by Tenant, but not any materialmen, and suppliers, must be approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed. Landlord will notify Tenant within five (5) business days following Tenant's notice to Landlord of the identity of any such subcontractors, if Landlord approves or disapproves such subcontractors; if Landlord fails to timely notify Tenant of Landlord's approval or disapproval of such subcontractors, Tenant shall deliver Landlord an additional notice requesting approval and if Landlord thereafter fails to respond within three (3) business days of receipt of such additional notice, Landlord will be deemed to have approved such subcontractors.

4.2 **Construction of Improvements by Tenant's Agents**. Landlord may elect by written notice to Tenant the "Separate Schedules of Value Alternative" set forth below with respect to the Improvements to be constructed in a Phase in order that Landlord may satisfy its REIT related obligations with respect to timely recognizing revenue from this Lease (as determined by Landlord in its sole discretion). The term "**Separate Schedules of Value Alternative**" means that for any Phase, Tenant shall provide separate schedules of value for (i) those Improvements in that Phase that do not constitute Specialty Alterations and, therefore, do qualify as Improvement Allowance Items ("**IA Qualifying Improvements**"), and (ii) those Improvements in that Phase that do constitute Specialty Alterations and, therefore, do not qualify as Improvement Allowance Items ("**Non IA Qualifying Improvements**"). Landlord shall notify Tenant of its election ("**Landlord's Separate Schedules of Value Notice**") of the Separate Schedules of Value Alternative for a Phase no later than ten (10) business days following Landlord's receipt of a draft of the proposed Contract and the construction schedule for the Improvements to be constructed in such Phase. In the event that Landlord so delivers a Landlord's Separate Schedules of Value Notice for a Phase, Tenant shall work diligently with the Contractor to prepare separate Contracts and schedules of value for the IA Qualifying Improvements and the Non IA Qualifying Improvements and shall deliver the same to Landlord promptly following the completion thereof. At Tenant's request, Landlord will cooperate with Tenant, as necessary, in working with the Contractor to prepare such separate Contracts and schedules of value. In addition, at Landlord's request, Tenant shall consult with Landlord regarding the classification of Improvements as IA Qualifying Improvements or Non IA Qualifying Improvements.

4.2.1 **Construction Contract; Cost Budget**. Prior to Tenant's execution of the construction contract and general conditions with Contractor (the "**Contract**"), Tenant shall submit the Contract (including Contractor's proposal and all exhibits and back-up documentation associated with such Contract) to Landlord for its approval, which approval shall not be unreasonably withheld or delayed. Prior to the commencement of the construction of the Improvements for a particular Phase, Tenant shall provide Landlord with a detailed breakdown, by trade, of the anticipated costs to be incurred or which have been incurred, as set forth more particularly in Sections 2.2.1.1 through 2.2.1.10, above, in connection with the design and construction of such Improvements to be performed by or at the direction of Tenant or the Contractor (the "**Anticipated Costs**"). Prior to the commencement of construction of such Improvements, Tenant shall identify the amount equal to the difference between the amount of the Anticipated Costs and the amount of the Improvement Allowance applicable to such Phase (less any portion thereof already disbursed by Landlord, or in the process of being disbursed by Landlord, on or before the commencement of construction of the Improvements). In the event that the Anticipated Costs are greater than the amount of the Improvement Allowance applicable to such Phase (the "**Anticipated Over-Allowance Amount**"), then, Tenant shall pay a percentage of each amount requested by the Contractor or otherwise to be disbursed under this Work Letter, which percentage (the "**Percentage**") shall be equal to the Anticipated Over-Allowance Amount divided by the amount of the Anticipated Costs (after deducting from the Anticipated Costs any amounts expended in connection with the preparation of the Construction Drawings, and the cost of all other Improvement Allowance Items incurred prior to the commencement of construction of the Improvements), and such payments by Tenant (the "**Over-Allowance Payments**") shall be a condition to Landlord's obligation to pay any amounts from the Improvement Allowance (the "**Improvement Allowance Payments**"). After Tenant's initial determination of the Anticipated Costs, Tenant shall advise Landlord from time to time as such Anticipated Costs are further refined or determined or the costs relating to the design and construction of the Improvements otherwise change and the Anticipated Over-Allowance Amount, and the Over-Allowance Payments shall be adjusted such that the Improvement Allowance Payments by Landlord and the Over-Allowance Payments by Tenant shall accurately reflect the then-current amount of Anticipated Costs. In connection with any Over-Allowance Payments made by Tenant pursuant to this Section 4.2.1, Tenant shall provide Landlord with the documents described in Sections 2.2.2.1 (i), (ii), and (iii) of this Work Letter, above, for Landlord's approval, prior to Tenant paying such costs. Notwithstanding anything set forth in this Work Letter to the contrary, but subject to the last sentence of Section 3.4 above, construction of the Improvements shall not commence until (a) Landlord has approved the Contract, and (b) Tenant has procured and delivered to Landlord a copy of all Permits for the applicable Improvements.

4.2.2 **Tenant's Agents**.

4.2.2.1 **Landlord's General Conditions for Tenant's Agents and Improvement Work**. Tenant's and Tenant's Agent's construction of the Improvements shall comply with the following: (i) the Improvements shall be constructed in material accordance with the Approved Working Drawings, subject to minor field adjustments and approved Tenant

Changes; (ii) Landlord's reasonable rules and regulations for the construction of improvements in the Project, including as pertains to the use of freight, loading dock and service elevators and the storage of construction materials, (iii) Landlord shall reasonably cooperate (and shall cause its respective contractors, subcontractors and agents to cooperate) with Tenant on a commercially reasonable basis in order that the work being performed by Tenant may be completed without material interference by the other party. In connection with the foregoing, Tenant's Agents shall submit schedules of all work relating to the Improvements to Landlord. Tenant shall pay a logistical coordination fee (the "**Coordination Fee**") to Landlord in an amount equal to Seventy-Five Cents ($0.75) per rentable square foot of the Premises, which Coordination Fee shall be for services relating to the coordination of the construction of the Improvements, such Coordination Fee to be disbursed as part of each disbursement of the Improvement Allowance on a proportionate basis (i.e., based on the proportion the Coordination Fee bears to the total Improvement Allowance).

4.2.2.2 **Indemnity**. Tenant's indemnity of Landlord and Landlord's indemnity of Tenant, as set forth in this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's or Landlord's, as the case may be, non-payment of any amount arising out of the Improvements and/or Tenant's or Landlord's, as the case may be, disapproval of all or any portion of any request for payment. The foregoing indemnity shall not apply to claims caused by the negligence or willful misconduct of the other party, its member partners, shareholders, officers, directors, agents, employees, and/or contractors, or other party's violation of this Lease.

4.2.2.3 **Requirements of Tenant's Agents**. Contractor (on behalf of itself and Tenant's Agents) shall guarantee to Tenant and for the benefit of Landlord that the Improvements shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Contractor shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with the Contract that shall become defective within one (1) year after the completion of the Improvements. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Improvements, and/or the Buildings and/or Common Areas that may be damaged or disturbed thereby. Such warranty shall be contained in the Contract and shall be written such that it shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. To the extent reasonably necessary, Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 **Insurance Requirements**.

4.2.2.4.1 **General Coverages**. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in this Lease (provided that the limits of liability to be carried by Tenant's Agents and Contractor shall be in amounts reasonably required by Landlord, which shall be reasonably commensurate with the levels of coverage required by owners of Comparable Buildings).

4.2.2.4.2 **Special Coverages**. During construction of the Improvements, Tenant shall carry "Builder's All Risk" insurance in an amount reasonably approved by Landlord (but in no event greater than 100% of the completed insurable value of the Improvements) covering the construction of the Improvements (at Tenant's option, Tenant shall cause Contractor to carry such Builder's All Risk insurance), and such other insurance as Landlord may reasonably require, it being understood and agreed that the Improvements shall be insured by Tenant pursuant to this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such customary extended coverage endorsements as may be reasonably required by Landlord and are reasonably commensurate with the levels and types of coverage required by owners of Comparable Buildings, and shall be in form and with companies as are required to be carried by Tenant as set forth in this Lease.

4.2.2.4.3 **General Terms**. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Improvements and before the Contractor's equipment is moved onto the site. Tenant shall immediately notify Landlord in the event any policy of insurance carried by Tenant is cancelled or the coverage materially changed. Tenant's Contractor and subcontractors shall maintain all of the foregoing insurance coverage in force until the Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant, where applicable. All policies carried under this Section 4.2.2.4 (other than Workers' Compensation coverage) shall insure Landlord and Tenant, as their interests may appear. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder, as evidenced by an endorsement or policy excerpt. Such insurance shall provide that it is primary insurance with respect to the Improvements and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant and Tenant by Landlord under the Lease or of this Work Letter and each party's rights with respect to the waiver of subrogation.

4.2.3 **Governmental Compliance**. The Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 **Inspection by Landlord**. Landlord shall have the right to inspect the Improvements at all reasonable times, provided however, that Landlord shall not unreasonably interfere with the construction of the Improvements and Landlord's failure to inspect the Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Improvements constitute Landlord's approval of the same. Should Landlord reasonably disapprove any portion of the Improvements, Landlord shall, as

soon as reasonably possible, notify Tenant in writing of such disapproval and shall specify the items disapproved and the reasons therefor. Any defects or deviations in, and/or disapproval by Landlord of, the Improvements shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord reasonably determines that a defect or deviation exists or disapproves of any matter in connection with any portion of the Improvements and such defect, deviation or matter would adversely affect the Building Systems, the Building Structure or the exterior appearance of any Building or any other tenant's use of such other tenant's leased premises, and Tenant fails to commence and thereafter diligently carry out the correction of such item within five (5) business days of written notice from Landlord, then Landlord may take such action as Landlord reasonably deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect, deviation and/or matter, including, without limitation, causing the cessation of performance of the construction of the Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's reasonable satisfaction. Landlord shall perform any such correction in a diligent and timely manner so as to minimize any delay in the construction of the Improvements.

4.2.5 **Meetings**. Tenant shall hold regular meetings (not less than weekly following commencement of construction of the Improvements) with the Architect and the Contractor regarding the progress of the preparation of Construction Documents and the construction of the Improvements, which meetings shall be held on-site or at another mutually agreeable location in the City of San Francisco, and Landlord and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. During the construction of the Improvements, one such meeting each month shall include the review of Contractor's current request for payment.

4.3 **Notice of Completion; Record Set of As-Built Drawings; Close-Out Package**.

4.3.1 **Notice of Completion**. Within fifteen (15) days after Substantial Completion of the Improvements in a Phase, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Project is located in accordance with Section 8182 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. In the event Tenant fails to so record the Notice of Completion as required pursuant to this Section 4.3, then such failure shall not, in and of itself, constitute a default hereunder but Tenant shall (a) indemnify, defend, protect and hold harmless Landlord and the Landlord Parties from any and all loss, cost, damage, expense and liability (including, without limitation, court costs and reasonable attorneys' fees) in connection with such failure by Tenant to so record the Notice of Completion as required hereunder, and (b) not be entitled to receive the Final Retention pursuant to this Work Letter until such time as the lien period for Tenant's Agents has expired. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense.

4.3.2 **Record Set of As-Built Drawings**. At the conclusion of construction, Tenant shall cause the Architect and Contractor (A) to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, and (B) to certify to the best of their knowledge that the "record-set" of as-built drawings (the "**Record Set**") is true and correct and Tenant shall deliver (or cause to be delivered) to Landlord two (2) electronic copies (in .pdf and CAD format) of such Record Set within ninety (90) days following issuance of a CofO for the Premises.

4.3.3 **Close-Out Package**. No later than one hundred twenty (120) days following the conclusion of construction, Tenant shall deliver to Landlord two (2) hard copies and one (1) electronic copy of all closed Permits, all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Premises, and any other items reasonably requested by Landlord, including, if available, a CofO for the Premises (collectively, along with the recorded Notice of Completion described in Section 4.3.1 above and the Record Set described in Section 4.3.2 above, the "**Close-Out Package**").

SECTION 5

DELAYS OF LEASE COMMENCEMENT DATE

5.1 **Lease Commencement Date Delays**. Each Lease Commencement Date shall occur as provided in Section 3.1 of this Lease, provided that the six (6) month period referenced in clause (i) of Section 3.2.1 of the Summary, and clause (ii)(a) of Sections 3.2.2 and 3.2.3 of the Summary shall be extended by one (1) day for each day of "Lease Commencement Date Delay," but only to the extent such Lease Commencement Date Delay causes the Substantial Completion of the Improvements within the applicable Phase to occur after the applicable date referenced in clause (ii) of Section 3.2.1 of the Summary and clause (ii)(b) of Sections 3.2.2 and 3.2.3 of the Summary. As used herein, the term "**Lease Commencement Date Delay**" shall mean only a "Force Majeure Delay" or a "Landlord Caused Delay," as those terms are defined below in this Section 5.1 of this Work Letter which relates to the construction of Improvements within the applicable Phase. As used herein, the term "**Force Majeure Delay**" shall mean only an actual delay resulting from strikes, fire, wind, damage or destruction to the Buildings or Project, explosion, casualty, flood, hurricane, tornado, the elements, acts of God or the public enemy, sabotage, war, terrorist acts, invasion, insurrection, rebellion, civil unrest, riots, or earthquakes. As used in this Work Letter, "**Landlord Caused Delay**" shall mean actual delays to the extent resulting from the following acts or omissions of Landlord or Landlord's agents, employees or contractors: (i) the failure of Landlord to timely approve or disapprove any Construction Drawings pertaining to the applicable Phase; or (ii) interference (when judged in accordance with industry custom and practice) by Landlord, its agents or Landlord Parties (except as otherwise allowed under this Work Letter) with the Substantial Completion of the Improvements within the applicable Phase and which objectively preclude or delay the construction of improvements in the applicable Building by any person, which interference relates to access by Tenant, or Tenant's Agents to the applicable Building; or (iii) delays due to the acts or failures to act of Landlord or Landlord Parties with respect to payment of the Improvement Allowance (except as otherwise allowed under this Work Letter) but Tenant shall have a right to suspend its design and construction of its Improvements if Landlord fails to reimburse Tenant all or any part of the Improvement Allowance when due, provided that Landlord's failure to reimburse Tenant all or any part of the Improvement Allowance when due shall not constitute a Landlord Caused Delay if Tenant elects to exercise its offset right set forth in Section 2.4 above with respect to such portion of the Improvement Allowance.

5.2 **Determination of Lease Commencement Date Delay**. If Tenant contends that a Lease Commencement Date Delay has occurred, Tenant shall notify Landlord in writing of the event which constitutes such Lease Commencement Date Delay. Such notice may be via electronic mail to Landlord's construction representative described below, provided that if Tenant notifies Landlord's construction representative via electronic mail, then Tenant must also deliver Notice to Landlord's other notice addresses required under the Lease within one (1) business day after delivery of such electronic mail. Tenant will additionally use reasonable efforts to mitigate the effects of any Lease Commencement Date 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 set forth in (i) above of this Section 5.2 of this Work Letter (the "**Delay Notice**") are not cured by Landlord within one (1) business day of Landlord's receipt of the Delay Notice and if such action, inaction or circumstance otherwise qualify as a Lease Commencement Date Delay, then a Lease Commencement Date 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.

5.3 **Definition of Substantial Completion of the Improvements**. For purposes of this Section 5, "**Substantial Completion of the Improvements**" shall mean completion of construction of the Improvements in the applicable Phase pursuant to the Approved Working Drawings, with the exception of any punch list items.

SECTION 6

MISCELLANEOUS

6.1 **Tenant's Representatives**. Tenant has designated Lisa Soutter and Theo Skinner as its sole representatives with respect to the matters set forth in this Work Letter, who each shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter.

6.2 **Landlord's Representatives**. Landlord has designated Jonas Vass and Rich Ambidge 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.

6.3 **Time of the Essence in This Work Letter**. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

6.4 **Tenant's Agents**. All subcontractors, laborers, materialmen, and suppliers retained directly by Tenant shall all be union labor in compliance with the Mission Bay Requirements.

6.5 **No Miscellaneous Charges**. Prior to the applicable Lease Commencement Date, during the construction of the Improvements, and subject to compliance with Landlord's reasonable and customary construction rules and regulations applicable to the Project (as the same are in effect on the date of this Lease), and if and to the extent reasonably available, Tenant may use the following items, free of charge, during such times as are reasonably necessary to Tenant's construction schedule, furniture and equipment delivery and relocation activities, on a nonexclusive basis, and in a manner and to the extent reasonably necessary to perform the Improvements: hoists, freight elevators, loading docks, utilities, and toilets; provided, however, Tenant acknowledges that there may be an after-hours charge to reimburse Landlord for its actual costs with respect to the use of the Project's hoist, freight elevator and/or loading docks during hours other than normal construction hours, but only to the extent that such use requires Landlord to engage elevator operations or security personnel. Notwithstanding the foregoing, if Tenant or Contractor or other agents require any of the foregoing in connection with any use reasonably unrelated to Tenant's construction and/or installation of the Improvements, Tenant shall pay the applicable cost of such service. In no event shall Tenant store construction materials or other property at or in the elevators or loading docks of the Project.

6.6 **Tenant's Lease Default**. Notwithstanding any provision to the contrary contained in this Lease, if a Default as described in this Lease or this Work Letter has occurred at any time on or before the substantial completion of the Improvements, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Improvements (in which case, Tenant shall be responsible for any delay in the substantial completion of the Improvements caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Improvements caused by such inaction by Landlord). Notwithstanding the foregoing, if a default by Tenant is cured, forgiven or waived, Landlord's suspended obligations shall be fully reinstated and resumed, effective immediately.

SCHEDULE 1 TO EXHIBIT B

BASE BUILDING PLANS

Doc Number	Doc Name	Doc Author	Current Doc Update	Current Doc Date
G-000	Cover Sheet	Flad / RCH	100% CD's	1/8/2016
G-001	Volume 1 Sheet Index	Flad / RCH	100% CD's	1/8/2016
G-002	Volume 2 Sheet Index	Flad / RCH	100% CD's	1/8/2016
G-003	Volume 3 Sheet Index	Flad / RCH	100% CD's	1/8/2016
G-004	Volume 4 Sheet Index	Flad / RCH	100% CD's	1/8/2016
G-008	SFDBI FORM AB-004 - PRIORITY PERMIT PROCESSING	Flad / RCH	CB #1026	1/6/2017
G-009	SFDBI FORM AB-005	Flad / RCH	CB #1026	1/6/2017
G-010	Abbreviations - General Notes and Building Summary	Flad / RCH	CB #1026	1/6/2017
G-011	CBC 2013 Site Accessibility Diagrams	Flad / RCH	CB #1026	1/6/2017
G-012	CBC 2013 Site Accessibility Diagrams	Flad / RCH	CB #1026	1/6/2017
G-013	CBC 2013 Building Accessibility Diagrams	Flad / RCH	CB #1026	1/6/2017
G-014	CBC 2013 Toilet Room Accessibility Diagrams	Flad / RCH	CB #1026	1/6/2017
G-015	CBC 2013 Elevator/Stair Accessibility Diagrams	Flad / RCH	CB #1026	1/6/2017
G-016	CBC 2013 Regulatory Sign Accessibility Diagrams	Flad / RCH	CB #1026	1/6/2017
G-017	FINAL SMOKE CONTROL REPORT	Flad / RCH	CB #1026	1/6/2017
G-018	FINAL SMOKE CONTROL REPORT	Flad / RCH	CB #1026	1/6/2017
G-019	FINAL SMOKE CONTROL REPORT	Flad / RCH	CB #1026	1/6/2017
G-019B	FINAL SMOKE CONTROL REPORT	Flad / RCH	CB #1008	3/31/2016
G-019C	Smoke Control Special Inspection Program (AB-47)	Flad / RCH	CB #1026	1/6/2017
G-109D	Smoke Control Special Inspection Program, Special Inspection Form	Flad / RCH	CB #1026	1/6/2017
G-020	FINAL SMOKE CONTROL REPORT	Flad / RCH	CB #1008	3/31/2016
G-021	Pre-Application Meeting Minutes (Pages 1-8)	Flad / RCH	100% CD's	1/8/2016
G-022	Pre-Application Meeting Minutes (Pages 9-12)	Flad / RCH	100% CD's	1/8/2016
G-023	Leed Documents - General Notes	Flad / RCH	CB #1026	1/6/2017
G-024	Leed Documents - Checklist	Flad / RCH	CB #1026	1/6/2017
G-024A	Specification Section 013560 & 017429 - For AHJ Reference Only	Flad / RCH	CB #1026	1/6/2017
G-024B	Specification Section 017429 & 019100 - For AHJ Reference Only	Flad / RCH	CB #1026	1/6/2017
G-024C	Specification Section 019100, 220000 - For AHJ Reference Only	Flad / RCH	CB #1026	1/6/2017
G-024D	Specification Section 220000 - For AHJ Reference Only	Flad / RCH	CB #1026	1/6/2017
G-024E	Specification Section 220000 - For AHJ Reference Only	Flad / RCH	CB #1026	1/6/2017
G-024F	Storm Water Pollution Prevention Plan SWPPP - Excerpt for AHJ Reference Only	Flad / RCH	CB #1026	1/6/2017
G-024G	Storm Water Pollution Prevention Plan SWPPP - Excerpt for AHJ Reference Only	Flad / RCH	CB #1026	1/6/2017
G-024H	Storm Water Pollution Prevention Plan SWPPP - Excerpt for AHJ Reference Only	Flad / RCH	CB #1026	1/6/2017
G-024J	LEED Energy Report	Flad / RCH	CB #1026	1/6/2017
G-024K	LEED Energy Report	Flad / RCH	CB #1026	1/6/2017
G-024L	Exterior Noise Study	Flad / RCH	CB #1026	1/6/2017
G-024M	OITC Test Reports	Flad / RCH	CB #1026	1/6/2017
G-024N	Storage and Recycle Area	Flad / RCH	CB #1026	1/6/2017
G-025	Well Responsibility Matrix - Core & Shell	Flad / RCH	100% CD's	1/8/2016
G-026	FIRE WATER FLOW CALCULATIONS, SITE MITIGATION PLAN	Flad / RCH	CB #1026	1/6/2017
G-028	GEOTECHNICAL REVIEW LETTER	Flad / RCH	100% CD's	1/8/2016
G-030	ACCESS ROAD EASEMENT AGREEMENT	Flad / RCH	100% CD's	1/8/2016
G-031	ACCESS ROAD EASEMENT AGREEMENT	Flad / RCH	100% CD's	1/8/2016
G-033	GARAGE OPEN AREA CALCULATIONS	Flad / RCH	CB #1026	1/6/2017
G-33B	Garage Open Area Calculations - Elevations	Flad / RCH	CB #1026	1/6/2017

Doc Number	Doc Name	Doc Author	Current Doc Update	Current Doc Date
G-33C	Garage Open Area Calculations - Elevations	Flad / RCH	CB #1026	1/6/2017
G-33D	Garage Open Area - Calculation	Flad / RCH	CB #1026	1/6/2017
G-034	Vapor Intrusion Mitigation	Flad / RCH	CB #1007	3/21/2016
G-035	Vapor Intrusion Mitigation System Details and Notes	Flad / RCH	CB #1007	3/21/2016
G-036	Vapor Intrusion Mitigation	Flad / RCH	100% CD's	1/8/2016
G-037	VAPOR INTRUSION MITIGATION	Flad / RCH	100% CD's	1/8/2016
G-040	TITLE 24 - NRCC PRF-01-E	Flad / RCH	CB #1026	1/6/2017
G-041	TITLE 24 - NRCC PRF-01-E	Flad / RCH	CB #1026	1/6/2017
G-042	TITLE 24 - NRCC PRF-01-E	Flad / RCH	CB #1026	1/6/2017
G-043	TITLE 24 - NRCC PRF-01-E	Flad / RCH	CB #1026	1/6/2017
G-044	TITLE 24 - NRCC PRF-01-E	Flad / RCH	CB #1026	1/6/2017
G-045	TITLE 24 - NRCC PRF-01-E	Flad / RCH	CB #1026	1/6/2017
G-046	TITLE 24 - NRCC PLB-01-E	Flad / RCH	CB #1026	1/6/2017
G-047	TITLE 24 - NRCC LTI-01-E	Flad / RCH	CB #1026	1/6/2017
G-048	TITLE 24 - NRCC-LTI-01-E, NRCC-LTI-02-E, NRCC-LTI-03-E	Flad / RCH	CB #1026	1/6/2017
G-049	TITLE-24 - NRCC-LTI-03-E	Flad / RCH	CB #1026	1/6/2017
G-058	TITLE-24 NRCC-CXR FORMS	Flad / RCH	100% CD's	1/8/2016
G-059	TITLE-24 NRCC-CXR FORMS	Flad / RCH	100% CD's	1/8/2016
G-060	EDGE OF SLAB FIRESTOPPING	Flad / RCH	100% CD's	1/8/2016
G-061	EDGE OF SLAB FIRESTOPPING	Flad / RCH	100% CD's	1/8/2016
G-062	EDGE OF SLAB FIRESTOPPING	Flad / RCH	100% CD's	1/8/2016
G-063	EDGE OF SLAB FIRESTOPPING	Flad / RCH	100% CD's	1/8/2016
G-064	EDGE OF SLAB FIRESTOPPING	Flad / RCH	100% CD's	1/8/2016
G-065	EDGE OF SLAB FIRESTOPPING DETAILS, RAINSCREEN	Flad / RCH	100% CD's	1/8/2016
G-066	Intumescent Coatings, AB-009 Declaration of Use	Flad / RCH	CB #1026	1/6/2017
G-070	EXTERIOR NOISE STUDY	Flad / RCH	CB #1026	1/6/2017
G-081	Floor Plan - Floor 01, Level P1 & P2 - Smoke Barrier and	Flad / RCH	CB #1026	1/6/2017
G-082	Floor Plan - Level P3 & P4 - Smoke Barrier and Smoke Zone	Flad / RCH	CB #1026	1/6/2017
G-083	Floor Plan - Floor 02, Level P5 & P6 - Smoke Barrier and	Flad / RCH	CB #1026	1/6/2017
G-084	Floor Plan - Level P7 & P8 - Smoke Barrier and Smoke Zone	Flad / RCH	CB #1026	1/6/2017
G-085	Floor Plan - Floor 03, Level P9 & P10 - Smoke Barrier and	Flad / RCH	CB #1026	1/6/2017
G-086	Floor Plan - Floor 04 - Smoke Barrier and Smoke Zone	Flad / RCH	CB #1026	1/6/2017
G-087	Floor Plan - Floor 05 - Smoke Barrier and Smoke Zone	Flad / RCH	CB #1026	1/6/2017
G-088	Floor Plan - Floor 06 - Smoke Barrier and Smoke Zone	Flad / RCH	CB #1026	1/6/2017
G-089	Floor Plan - Floor 07 - Smoke Barrier and Smoke Zone	Flad / RCH	CB #1026	1/6/2017
G-090	Floor Plan - Floor 09-12 Typical - Smoke Barrier and Smoke	Flad / RCH	CB #1026	1/6/2017
G-100	Site Plan	Flad / RCH	100% CD's	1/8/2016
G-0240	Light Polution Reduction	Flad / RCH	CB #1026	1/6/2017
G-0241	Storm Water Pollution Prevention Plan SWPPP – Excerpt for AHJ Reference Only, LEED Energy Report	Flad / RCH	CB #1026	1/6/2017
C-000	Boundary Topographic Survey	Telamon	100% CD's	1/8/2016
C-001	Boundary Topographic Survey	Telamon	100% CD's	1/8/2016
C-100	CIVIL NOTES	BKF	100% CD's	1/8/2016
C-101	EXISTING CONDITIONS AND DEMOLITION PLAN	BKF	100% CD's	1/8/2016
C-200	HORIZONTAL CONTROL PLAN	BKF	CB #1033	8/1/2017
C-300	GRADING PLAN	BKF	CB #1033	8/1/2017
C-400	UTILITY PLAN	BKF	CB #1051	9/6/2017
C-500	Stormwater Control Plan	BKF	CB #1030	3/3/2017
C-600	Construction Details	BKF	CB #1017	10/26/2016
C-601	Construction Details	BKF	CB #1017	10/26/2016
C-602	Construction Details	BKF	100% CD's	1/8/2016
C-700	Erosion Control Plan	BKF	CB #1017	10/26/2016
C-701	Erosion Control Notes and Details	BKF	100% CD's	1/8/2016
T1	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T2	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T3	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T4	GRADING BLOWUP	BKF	CB #1030	3/3/2017

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T5	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T6	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T7	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T8	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T9	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T10	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T11	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T12	GRADING BLOWUP	BKF	CB #1030	3/3/2017
T13	GRADING BLOWUP	BKF	CB #1030	3/3/2017
L-000	Landscape Notes	Flad / RCH	100% CD's	1/8/2016
L-100	Landscape Site Plan	Flad / RCH	100% CD's	1/8/2016
L-201	Hardscape Plan Floor 1	Flad / RCH	CB #1032	3/17/2017
L-204	Hardscape Plan Floor 4	Flad / RCH	100% CD's	1/8/2016
L-205	Hardscape Plan Floor 5	Flad / RCH	100% CD's	1/8/2016
L-207	Hardscape Plan Floor 7	Flad / RCH	CB #1035	2/8/2017
L-211	HARDSCAPE LAYOUT PLAN ENLARGEMENTS FLOOR 1	Flad / RCH	CB #1032	3/17/2017
L-217	HARDSCAPE LAYOUT PLAN ENLARGEMENTS FLOOR 7	Flad / RCH	100% CD's	1/8/2016
L-221	PAVER PATTERN ENLARGEMENT FLOOR 1	Flad / RCH	CB #1032	3/17/2017
L-500	Hardscape Details	Flad / RCH	100% CD's	1/8/2016
L-501	Hardscape Details	Flad / RCH	100% CD's	1/8/2016
L-502	Wood Feature Details	Flad / RCH	CB #1035	2/8/2017
L-503	Roof Deck Details	Flad / RCH	CB #1035	2/8/2017
L-504	Bioretention Details	Flad / RCH	CB #1028	12/15/2016
L-601	Irrigation Coordination Plan - Ground Floor	Flad / RCH	CB #1030	3/3/2017
L-604	Irrigation Coordination Plan - 4th Floor	Flad / RCH	100% CD's	1/8/2016
L-605	Irrigation Coordination Plan - 5th Floor	Flad / RCH	100% CD's	1/8/2016
L-607	Irrigation Coordination Plan - 7th Floor	Flad / RCH	100% CD's	1/8/2016
L-610	Irrigation Legend and Notes	Flad / RCH	100% CD's	1/8/2016
L-611	Irrigation Details	Flad / RCH	100% CD's	1/8/2016
L-800	Planting Notes	Flad / RCH	CB #1032	3/17/2017
L-801	Planting Plan - Floor 1	Flad / RCH	CB #1032	3/17/2017
L-804	Planting Plan - Floor 4	Flad / RCH	CB #1028	12/15/2016
L-805	Planting Plan - Floor 5	Flad / RCH	100% CD's	1/8/2016
L-807	Planting Plan - Floor 7	Flad / RCH	100% CD's	1/8/2016
L-811	PLANTING PLAN ENLARGEMENT FLOOR 1-EAST	Flad / RCH	CB #1032	3/17/2017
L-812	PLANTING PLAN ENLARGEMENT FLOOR 1-WEST	Flad / RCH	CB #1030	3/3/2017
A-007	Life Safety General Notes	Flad / RCH	100% CD's	1/8/2016
A-009	Life Safety Calculation Tables	Flad / RCH	100% CD's	1/8/2016
A-010	Life Safety Plan - Level P0	Flad / RCH	CB #1026	1/6/2017
A-011	Life Safety Plan - Floor 01, Level P1 & P2	Flad / RCH	CB #1026	1/6/2017
A-011-5	Life Safety Plan - Level P3 & P4	Flad / RCH	CB #1026	1/6/2017
A-012	Life Safety Plan - Floor 02, Level P5 & P6	Flad / RCH	CB #1026	1/6/2017
A-012-5	Life Safety Plan - Level P7 & P8	Flad / RCH	CB #1026	1/6/2017
A-013	Life Safety Plan - Floor 03, Level P9 & P10	Flad / RCH	CB #1026	1/6/2017
A-014	Life Safety Plan - Floor 04	Flad / RCH	CB #1026	1/6/2017
A-015	Life Safety Plan - Floor 05	Flad / RCH	CB #1026	1/6/2017
A-016	Life Safety Plan - Floor 06	Flad / RCH	CB #1026	1/6/2017
A-017	Life Safety Plan - Floor 07	Flad / RCH	CB #1026	1/6/2017
A-018	Life Safety Plan - Floor 08	Flad / RCH	CB #1026	1/6/2017
A-019	Life Safety Plan - Floor 09	Flad / RCH	CB #1026	1/6/2017
A-020	Life Safety Plan - Floor 10	Flad / RCH	CB #1026	1/6/2017
A-021	Life Safety Plan - Floor 11	Flad / RCH	CB #1026	1/6/2017
A-022	Life Safety Plan - Floor 12	Flad / RCH	CB #1026	1/6/2017
A-023	Life Safety Plan - Roof	Flad / RCH	CB #1026	1/6/2017
A-024	Life Safety Plan - Penthouse	Flad / RCH	CB #1026	1/6/2017
A-030	Accessibility Plan -Level P0	Flad / RCH	CB #1026	1/6/2017
A-031	ACCESSIBILITY PLAN - FLOOR 01, LEVEL P1 & P2	Flad / RCH	100% CD's	1/8/2016

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A-031.5	ACCESSIBILITY PLAN - LEVEL P3 & P4	Flad / RCH	100% CD's	1/8/2016
A-032	ACCESSIBILITY PLAN - FLOOR 02, LEVEL P5 & P6	Flad / RCH	100% CD's	1/8/2016
A-032.5	ACCESSIBILITY PLAN - LEVEL P7 & P8	Flad / RCH	100% CD's	1/8/2016
A-033	ACCESSIBILITY PLAN - FLOOR 03, LEVEL P9 & P10	Flad / RCH	100% CD's	1/8/2016
A-034	ACCESSIBILITY PLAN - FLOOR 04	Flad / RCH	CB #1026	1/6/2017
A-035	ACCESSIBILITY PLAN - FLOOR 05	Flad / RCH	CB #1026	1/6/2017
A-036	ACCESSIBILITY PLAN - FLOOR 06	Flad / RCH	100% CD's	1/8/2016
A-037	ACCESSIBILITY PLAN - FLOOR 07	Flad / RCH	CB #1026	1/6/2017
A-038	ACCESSIBILITY PLAN - FLOOR 08	Flad / RCH	CB #1026	1/6/2017
A-039	ACCESSIBILITY PLAN - FLOOR 09	Flad / RCH	CB #1026	1/6/2017
A-040	ACCESSIBILITY PLAN - FLOOR 10	Flad / RCH	CB #1026	1/6/2017
A-041	ACCESSIBILITY PLAN - FLOOR 11	Flad / RCH	CB #1026	1/6/2017
A-042	ACCESSIBILITY PLAN - FLOOR 12	Flad / RCH	CB #1026	1/6/2017
A-100	Composite Plan - Level P0	Flad / RCH	CB #1026	1/6/2017
A-100-1	Floor Plan - Level P0 Sector 02	Flad / RCH	CB #1026	1/6/2017
A-101	Composite Plan - Floor 01, Level P1 & P2	Flad / RCH	CB #1038R	4/13/2017
A-101-1	Floor Plan - Floor 01, Level P1 & P2 Sector 01	Flad / RCH	CB #1045	5/15/2017
A-101-2	Floor Plan - Floor 01, Level P1 & P2 Sector 02	Flad / RCH	CB #1026	1/6/2017
A-101-3	Floor Plan - Floor 01, Level P1 & P2 Sector 03	Flad / RCH	CB #1038	4/13/2017
A-101-4	Floor Plan - Floor 01, Level P1 & P2 Sector 04	Flad / RCH	CB #1038R	4/13/2017
A-101-5	Composite Plan - Level P3 & P4	Flad / RCH	CB #1026	1/6/2017
A-101-7	Floor Plan - Level P3 & P4 Sector 02	Flad / RCH	CB #1026	1/6/2017
A-101-8	Floor Plan - Level P3 & P4 Sector 03	Flad / RCH	CB #1040	4/4/2017
A-102	Composite Plan - Floor 02, Level P5 & P6	Flad / RCH	CB #1026	1/6/2017
A-102-1	Floor Plan - Floor 02, Level P5 & P6 Sector 01	Flad / RCH	CB #1045	5/15/2017
A-102-2	Floor Plan - Floor 02, Level P5 & P6 Sector 02	Flad / RCH	CB #1026	1/6/2017
A-102-3	Floor Plan - Floor 02, Level P5 & P6 Sector 03	Flad / RCH	CB #1026	1/6/2017
A-102-5	Composite Plan - Level P7 & P8	Flad / RCH	CB #1026	1/6/2017
A-102-7	Floor Plan - Level P7 & P8 Sector 02	Flad / RCH	CB #1026	1/6/2017
A-102-8	Floor Plan - Level P7 & P8 Sector 03	Flad / RCH	CB #1026	1/6/2017
A-103	Composite Plan - Floor 03, Level P9 & P10	Flad / RCH	CB #1038R	4/13/2017
A-103-1	Floor Plan - Floor 03, Level P9 & P10 Sector 01	Flad / RCH	CB #1038R	4/13/2017
A-103-2	Floor Plan - Floor 03, Level P9 & P10 Sector 02	Flad / RCH	CB #1026	1/6/2017
A-103-3	Floor Plan - Floor 03, Level P9 & P10 Sector 03	Flad / RCH	CB #1026	1/6/2017
A-103-4	Floor Plan - Floor 03, Level P9 & P10 Sector 04	Flad / RCH	CB #1038R	4/13/2017
A-104	Composite Plan - Floor 04	Flad / RCH	CB #1038R	4/13/2017
A-104-1	Floor Plan - Floor 04 Sector 01	Flad / RCH	CB #1038R	4/13/2017
A-104-2	Floor Plan - Floor 04 Sector 02	Flad / RCH	CB #1038R	4/13/2017
A-104-3	Floor Plan - Floor 04 Sector 03	Flad / RCH	CB #1038R	4/13/2017
A-104-4	Floor Plan - Floor 04 Sector 04	Flad / RCH	CB #1038R	4/13/2017
A-104-5	Enlarged Roof Plan	Flad / RCH	100% CD's	1/8/2016
A-105	Composite Plan - Floor 05	Flad / RCH	CB #1038R	4/13/2017
A-105-1	Floor Plan - Floor 05 Sector 01	Flad / RCH	CB #1038R	4/13/2017
A-105-1-1	Roof Plan	Flad / RCH	100% CD's	1/8/2016
A-105-2	Floor Plan - Floor 05 Sector 02	Flad / RCH	CB #1038R	4/13/2017
A-105-3	Floor Plan - Floor 05 Sector 03	Flad / RCH	CB #1038R	4/13/2017
A-105-4	Floor Plan - Floor 05 Sector 04	Flad / RCH	CB #1038R	4/13/2017
A-106	Composite Plan - Floor 06	Flad / RCH	CB #1038R	4/13/2017
A-106-1	Floor Plan - Floor 06 Sector 01	Flad / RCH	CB #1038R	4/13/2017
A-106-2	Floor Plan - Floor 06 Sector 02	Flad / RCH	CB #1038R	4/13/2017
A-106-3	Floor Plan - Floor 06 Sector 03	Flad / RCH	CB #1038R	4/13/2017
A-106-4	Floor Plan - Floor 06 Sector 04	Flad / RCH	CB #1038R	4/13/2017
A-107	Composite Floor 07	Flad / RCH	CB #1038R	4/13/2017
A-107-1	Floor Plan - Floor 07 Sector 01	Flad / RCH	CB #1038R	4/13/2017
A-107-2	Floor Plan - Floor 07 Sector 02	Flad / RCH	CB #1018.3R1	1/13/2017
A-107-2.1	Roof Plan - Floor 07 Sector 02	Flad / RCH	CB #1018.3	1/17/2017
A-107-2.2	Enlarged Penthouse Plan	Flad / RCH	CB #1035	2/8/2017

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A-107-3	Floor Plan - Floor 07 Sector 03	Flad / RCH	CB #1026	1/6/2017
A-107-4	Floor Plan - Floor 07 Sector 04	Flad / RCH	CB #1038R	4/13/2017
A-107-4.1	Roof Plan - Floor 07 Sector 04	Flad / RCH	CB #1026	1/6/2017
A-107-4.2	Penthouse Plan - Floor 07 Sector 04	Flad / RCH	CB #1026	1/6/2017
A-108	Composite Plan - Floor 08	Flad / RCH	CB #1038R	4/13/2017
A-108-1	Floor Plan - Floor 08 Sector 01	Flad / RCH	CB #1038R	4/13/2017
A-108-3	Floor Plan - Floor 08 Sector 03	Flad / RCH	CB #1038R	4/13/2017
A-109	Composite Floor 09	Flad / RCH	CB #1038R	4/13/2017
A-109-1	Floor Plan - Floor 09 Sector 01	Flad / RCH	CB #1038R	4/13/2017
A-109-3	Floor Plan - Floor 09 Sector 03	Flad / RCH	CB #1038R	4/13/2017
A-110	Composite Floor 10	Flad / RCH	CB #1038R	4/13/2017
A-110-1	Floor Plan - Floor 10 Sector 01	Flad / RCH	CB #1026	1/6/2017
A-110-3	Floor Plan - Floor 10 Sector 03	Flad / RCH	CB #1026	1/6/2017
A-111	Composite Plan - Floor 11	Flad / RCH	CB #1026	1/6/2017
A-111-1	Floor Plan - Floor 11 Sector 01	Flad / RCH	CB #1026	1/6/2017
A-111-3	Floor Plan - Floor 11 Sector 03	Flad / RCH	CB #1038R	4/13/2017
A-112	Composite Plan - Floor 12	Flad / RCH	CB #1038R	4/13/2017
A-112-1	Floor Plan - Floor 12 Sector 01	Flad / RCH	CB #1038R	4/13/2017
A-112-3	Floor Plan - Floor 12 Sector 03	Flad / RCH	CB #1038R	4/13/2017
A-113	Composite Plan - Floor 13	Flad / RCH	CB #1043	4/10/2017
A-113-1	Enlarged Roof Plan - Roof Sector 01	Flad / RCH	CB #1043	4/10/2017
A-113-1-1	Enlarged Penthouse Plan - Roof Sector 01	Flad / RCH	CB #1043	4/10/2017
A-113-3	Enlarged Roof Plan - Roof Sector 03	Flad / RCH	CB #1018.4	12/28/2016
A-113-3-1	Enlarged Penthouse Plan - Roof Sector 03	Flad / RCH	CB #1018.4	12/28/2016
A-120	Composite Reflected Ceiling Plan - Level P0	Flad / RCH	100% CD's	1/8/2016
A-121	Composite Reflected Ceiling Plan - Floor 1, Level P1 &P2	Flad / RCH	CB #1038R	4/13/2017
A-121.5	Composite Reflected Ceiling Plan - Level P3 & P4	Flad / RCH	CB #1038R	4/13/2017
A-122	Composite Reflected Ceiling Plan - Floor 2, Level P5&P6	Flad / RCH	CB #1038R	4/13/2017
A-122.5	Composite Reflected Ceiling Plan - Level P7&P8	Flad / RCH	CB #1038R	4/13/2017
A-123	Composite Reflected Ceiling Plan - Floor 3, Level P9&P10	Flad / RCH	CB #1040	1/0/1900
A-124	Composite Reflected Ceiling Plan - Floor 04	Flad / RCH	CB #1038R	4/13/2017
A-125	Composite Reflected Ceiling Plan - Floor 05	Flad / RCH	CB #1038R	4/13/2017
A-126	Composite Reflected Ceiling Plan - Floor 06	Flad / RCH	CB #1038R	4/13/2017
A-127	Composite Reflected Ceiling Plan - Floor 07	Flad / RCH	CB #1038R	4/13/2017
A-128	Composite Reflected Ceiling Plan - Floor 08	Flad / RCH	CB #1038R	4/13/2017
A-129	Composite Reflected Ceiling Plan - Floor 09	Flad / RCH	CB #1038R	4/13/2017
A-130	Composite Reflected Ceiling Plan - Floor 10	Flad / RCH	CB #1038R	4/13/2017
A-131	Composite Reflected Ceiling Plan - Floor 11	Flad / RCH	CB #1038R	4/13/2017
A-132	Composite Reflected Ceiling Plan - Floor 12	Flad / RCH	CB #1038R	4/13/2017
A-133	Composite Reflected Ceiling Plan - Penthouse	Flad / RCH	CB #1034	1/8/2017
A-200	Site Elevations - East/West	Flad / RCH	100% CD's	1/8/2016
A-210	Sector 01 - Exterior Elevations	Flad / RCH	CB #1002	2/17/2016
A-211	Sector 02 - Exterior Elevations	Flad / RCH	CB #1012	6/24/2016
A-212	Sector 03 - Exterior Elevations	Flad / RCH	CB #1009R1	5/17/2016
A-213	Sector 04 - Exterior Elevations	Flad / RCH	CB #1026	1/6/2017
A-214	Fenestration Legend for AHJ Reference	Flad / RCH	CB #1026	1/6/2017
A-220	PENTHOUSES EXTERIOR ELEVATIONS	Flad / RCH	CB #1018.1	10/14/2016
A-221	PENTHOUSES EXTERIOR ELEVATIONS	Flad / RCH	CB #1043	1/0/1900
A-222	PENTHOUSES EXTERIOR ELEVATIONS	Flad / RCH	CB #1018	9/19/2016
A-301	Building Sections	Flad / RCH	100% CD's	1/8/2016
A-302	Building Sections	Flad / RCH	100% CD's	1/8/2016
A-303	Building Sections	Flad / RCH	100% CD's	1/8/2016
A-304	Building Sections	Flad / RCH	100% CD's	1/8/2016
A-401	Stair 1 - Enlarged Plans and Sections	Flad / RCH	CB #1026	1/6/2017
A-402	Stair 2 - Enlarged Plans and Sections	Flad / RCH	CB #1026	1/6/2017
A-403	Stair 3 - Enlarged Plans and Sections	Flad / RCH	CB #1026	1/6/2017
A-404	Stair 4 - Enlarged Plans and Sections	Flad / RCH	CB #1026	1/6/2017

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A-405	Stair 5 - Enlarged Plans and Sections	Flad / RCH	CB #1026	1/6/2017
A-406	Stair 6 - Enlarged Plans and Sections	Flad / RCH	100% CD's	1/8/2016
A-407	Stair 7 - Enlarged Plans and Sections	Flad / RCH	100% CD's	1/8/2016
A-410	Vertical Cores - Enlarged Plans	Flad / RCH	100% CD's	1/8/2016
A-411	Vertical Cores - Enlarged Plans	Flad / RCH	CB #1038R	4/13/2017
A-412	Vertical Cores - Enlarged Plans	Flad / RCH	CB #1038R	4/13/2017
A-413	Vertical Cores - Enlarged Plans	Flad / RCH	CB #1038R	4/13/2017
A-414	Vertical Cores - Enlarged Plans	Flad / RCH	CB #1038R	4/13/2017
A-415	Vertical Cores - Enlarged Plans	Flad / RCH	CB #1038R	4/13/2017
A-416	Vertical Cores - Enlarged Plans	Flad / RCH	CB #1038R	4/13/2017
A-417	Vertical Cores - Enlarged Plans	Flad / RCH	CB #1038R	4/13/2017
A-418	Vertical Cores - Enlarged Plans	Flad / RCH	CB #1038R	4/13/2017
A-419	Sector 2 Level 1 Lobby - Enlarged Plan	Flad / RCH	CB #1022R1	6/19/2017
A-420	Vertical Cores - Enlarged Plans and Sections	Flad / RCH	CB #1022R1	6/19/2017
A-421	Vertical Cores - Enlarged Sections	Flad / RCH	CB #1018.1	10/14/2016
A-422	Vertical Cores - Enlarged Sections	Flad / RCH	CB #1018.1	10/14/2016
A-423	Vertical Cores - Mechanical Shaft Sections	Flad / RCH	CB #1026	1/6/2017
A-441	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-442	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-443	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-444	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-445	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-446	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-447	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-448	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-449	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-450	VERTICAL CORES - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	CB #1038R	4/13/2017
A-453	Sector 2 Lobby - Enlarged RCP	Flad / RCH	CB #1022R1	6/19/2017
A-454	Sector 4 Lobby - Enlarged RCP	Flad / RCH	CB #1022R1	6/19/2017
A-455	LOBBY - ENLARGED REFLECTED CEILING PLAN	Flad / RCH	100% CD's	1/8/2016
A-456	EXTERIOR - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	100% CD's	1/8/2016
A-457	EXTERIOR - ENLARGED REFLECTED CEILING PLANS	Flad / RCH	100% CD's	1/8/2016
A-462	INTERIOR ELEVATIONS - SHUTTLE ELEVATOR LOBBY	Flad / RCH	100% CD's	1/8/2016
A-463	Interior Elevations - Sector 2 Lobby	Flad / RCH	CB #1022R1	6/19/2017
A-464	Interior Elevations - Sector 4 Lobby	Flad / RCH	CB #1022R1	6/19/2017
A-465	Sector 2 and 4 Lobby Renderings	Flad / RCH	CB #1022R1	6/19/2017
A-471	INTERIOR ELEVATIONS - RESTROOM, SHOWERS AND LOCKE	Flad / RCH	CB #1038R	4/13/2017
A-472	INTERIOR ELEVATIONS - RESTROOM, SHOWERS AND LOCKE	Flad / RCH	CB #1038R	4/13/2017
A-473	INTERIOR ELEVATIONS - RESTROOM	Flad / RCH	CB #1038R	4/13/2017
A-481	LOADING DOCK ELEVATIONS/ SECTIONS	Flad / RCH	CB #1026	1/6/2017
A-500	SECTOR 01 - WALL SECTIONS AND AX0N0METRICS	Flad / RCH	CB #1026	1/6/2017
A-501	SECTOR 01 - WALL SECTIONS AND AX0N0METRICS	Flad / RCH	CB #1026	1/6/2017
A-502	SECTOR 01 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-503	SECTOR 01 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-504	SECTOR 01 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-505	SECTOR 02 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-506	SECTOR 02 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	CB #1002	2/17/2016

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A-507	SECTOR 02 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-508	SECTOR 03 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-509	SECTOR 03 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	CB #1026	1/6/2017
A-510	SECTOR 03 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-511	SECTOR 03 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-512	SECTOR 03 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-513	SECTOR 04 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-514	SECTOR 04 - WALL SECTIONS AND AXONOMETRICS	Flad / RCH	100% CD's	1/8/2016
A-521	WALL SECTIONS - GARAGE	Flad / RCH	CB #1021	9/15/2016
A-522	WALL SECTIONS - GARAGE	Flad / RCH	100% CD's	1/8/2016
A-601	Partition Types A, B & C	Flad / RCH	100% CD's	1/8/2016
A-602	Partition Types D, E & F	Flad / RCH	100% CD's	1/8/2016
A-603	Partition Types G, H & J	Flad / RCH	100% CD's	1/8/2016
A-604	Partition Types K, L & M	Flad / RCH	100% CD's	1/8/2016
A-605	Partition Types N, P & Q	Flad / RCH	100% CD's	1/8/2016
A-610	Partition Details	Flad / RCH	100% CD's	1/8/2016
A-611	FINISH SCHEDULES	Flad / RCH	CB #1038R	4/13/2017
A-612	FINISH SCHEDULES	Flad / RCH	CB #1038R	4/13/2017
A-613	RESTROOM FINISH PLANS	Flad / RCH	CB #1038R	4/13/2017
A-614	RESTROOM FINISH PLANS	Flad / RCH	CB #1038R	4/13/2017
A-615	SECTOR 2 LOBBY - FINISH PLAN	Flad / RCH	CB #1049	8/4/2017
A-616	Sector 4 Lobby - Finish Plan	Flad / RCH	CB #1022R1	6/19/2017
A-621	DOOR SCHEDULES	Flad / RCH	CB #1022R1	6/19/2017
A-617	Sector 1 Lobby - Floor Finish Plan	Flad / RCH	CB #1022	5/18/2017
A-622	DOOR SCHEDULES	Flad / RCH	CB #1045	5/15/2017
A-623	DOOR SCHEDULES	Flad / RCH	CB #1045	5/15/2017
A-631	DOOR LEGEND AND DETAILS	Flad / RCH	100% CD's	1/8/2016
A-700	SECTOR 01 - PARTIAL BUILDING ELEVATIONS	Flad / RCH	CB #1002	2/17/2016
A-701	SECTOR 01 - PARTIAL BUILDING ELEVATIONS	Flad / RCH	100% CD's	1/8/2016
A-702	SECTOR 02 - PARTIAL BUILDING ELEVATIONS	Flad / RCH	CB #1002	2/17/2016
A-703	SECTOR 02 - PARTIAL BUILDING ELEVATIONS	Flad / RCH	100% CD's	1/8/2016
A-704	SECTOR 03 - PARTIAL BUILDING ELEVATIONS	Flad / RCH	CB #1002	2/17/2016
A-705	SECTOR 03 - PARTIAL BUILDING ELEVATIONS	Flad / RCH	100% CD's	1/8/2016
A-706	SECTOR 03 + 04-PARTIAL BUILDING ELEVATIONS	Flad / RCH	CB #1002	2/17/2016
A-710	SECTOR 01 - WEST CANOPY	Flad / RCH	100% CD's	1/8/2016
A-711	SECTOR 01 - WEST CANOPY	Flad / RCH	CB #1026	1/6/2017
A-715	SECTOR 02 AND 03 - PARKING CANOPY PLANS	Flad / RCH	100% CD's	1/8/2016
A-716	SECTOR 02 AND 03 - PARKING CANOPY SECTIONS & DETAIL	Flad / RCH	100% CD's	1/8/2016
A-717	SECTOR 02 - ENLARGED PARTIAL PLANS	Flad / RCH	CB #1032	3/17/2017
A-718	ENLARGED PARTIAL PLANS	Flad / RCH	CB #1049	8/4/2017
A-720	SECTOR 01 - ENLARGED PARTIAL PLANS	Flad / RCH	100% CD's	1/8/2016
A-721	SECTOR 01 - ENLARGED PARTIAL PLANS	Flad / RCH	100% CD's	1/8/2016
A-722	SECTOR 02 - ENLARGED PARTIAL PLANS	Flad / RCH	CB #1002	2/17/2016
A-723	SECTOR 02 - ENLARGED PARTIAL PLANS	Flad / RCH	CB #1026	1/6/2017
A-724	SECTOR 03 - ENLARGED PARTIAL PLANS	Flad / RCH	CB #1026	1/6/2017
A-725	SECTOR 03 - ENLARGED PARTIAL PLANS	Flad / RCH	100% CD's	1/8/2016
A-726	SECTOR 04 - ENLARGED PARTIAL PLANS	Flad / RCH	100% CD's	1/8/2016
A-730	EXTERIOR PLAN DETAILS	Flad / RCH	CB #1026	1/6/2017
A-731	EXTERIOR PLAN DETAILS	Flad / RCH	100% CD's	1/8/2016
A-732	EXTERIOR PLAN DETAILS	Flad / RCH	100% CD's	1/8/2016
A-733	EXTERIOR PLAN DETAILS	Flad / RCH	CB #1002	2/17/2016
A-734	EXTERIOR PLAN DETAILS	Flad / RCH	100% CD's	1/8/2016
A-735	EXTERIOR PLAN DETAILS	Flad / RCH	CB #1002	2/17/2016
A-736	EXTERIOR PLAN DETAILS	Flad / RCH	100% CD's	1/8/2016
A-737	EXTERIOR PLAN DETAILS	Flad / RCH	CB #1026	1/6/2017
A-738	EXTERIOR PLAN DETAILS	Flad / RCH	CB #1011	7/12/2016

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A-739	EXTERIOR PLAN DETAILS	Flad / RCH	CB #1009	4/29/2016
A-740	EXTERIOR PLAN DETAILS	Flad / RCH	100% CD's	1/8/2016
A-741	EXTERIOR PLAN DETAILS	Flad / RCH	100% CD's	1/8/2016
A-750	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-751	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-752	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-753	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1003	2/23/2016
A-754	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-755	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-756	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-757	EXTERIOR SECTION DETAILS	Flad / RCH	100% CD's	1/8/2016
A-758	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1003	2/23/2016
A-759	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1003	2/23/2016
A-760	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-761	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1032	3/17/2017
A-761A	Exterior Section Details - ALT	Flad / RCH	CB #1049	8/4/2017
A-762	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1032	3/17/2017
A-762A	EXTERIOR SECTION DETAILS - ALT	Flad / RCH	CB #1049	8/4/2017
A-763	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1032	3/17/2017
A-763A	Exterior Section Details - ALT	Flad / RCH	CB #1032.1	4/5/2017
A-764	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1032	3/17/2017
A-764A	Exterior Section Details - ALT	Flad / RCH	CB #1049	8/4/2017
A-765	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1032	3/17/2017
A-765A	Exterior Section Details - ALT	Flad / RCH	CB #1049	8/4/2017
A-770	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-771	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-772	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1036	2/20/2017
A-772B	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1036	2/20/2017
A-773	EXTERIOR SECTION DETAILS	Flad / RCH	100% CD's	1/8/2016
A-774	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-775	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-776	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-777	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1003	2/23/2016
A-778	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-779	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-780	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1018.3	1/8/2017
A-781	EXTERIOR SECTION DETAILS	Flad / RCH	100% CD's	1/8/2016
A-782	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1035	2/8/2017
A-783	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1018.3	1/8/2017
A-784	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1003	2/23/2016
A-785	EXTERIOR SECTION DETAILS	Flad / RCH	100% CD's	1/8/2016
A-786	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1035	2/8/2017
A-787	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1035	2/8/2017
A-788	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1018	9/19/2016
A-789	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1018	9/19/2016
A-790	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-791	EXTERIOR SECTION DETAILS	Flad / RCH	100% CD's	1/8/2016
A-792	EXTERIOR SECTION DETAILS	Flad / RCH	100% CD's	1/8/2016
A-793	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-794	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-795	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1003	2/23/2016
A-796	EXTERIOR SECTION DETAILS	Flad / RCH	100% CD's	1/8/2016
A-797	EXTERIOR SECTION DETAILS	Flad / RCH	100% CD's	1/8/2016
A-800	EXTERIOR SECTION DETAILS	Flad / RCH	100% CD's	1/8/2016
A-801	EXTERIOR SECTION DETAILS	Flad / RCH	CB #1026	1/6/2017
A-802	ROOF DETAILS	Flad / RCH	100% CD's	1/8/2016
A-805	BELOW GRADE WATERPROOFING DETAILS	Flad / RCH	100% CD's	1/8/2016

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A-806	BELOW GRADE WATERPROOFING DETAILS	Flad / RCH	CB #1003	2/23/2016
A-811	PARKING GARAGE DETAILS	Flad / RCH	CB #1026	1/6/2017
A-812	PARKING GARAGE DETAILS	Flad / RCH	100% CD's	1/8/2016
A-813	PARKING GARAGE DETAILS	Flad / RCH	100% CD's	1/8/2016
A-814	EMERGENCY GENERATOR ENCLOSURE DETAILS	Flad / RCH	CB #1030	3/3/2017
A-815	PG&E Gas Meter Enclosure	Flad / RCH	CB #1019	3/2/2017
A-816	GENERATOR ENCLOSURE ELEVATIONS	Flad / RCH	CB #1030	3/3/2017
A-817	GENERATOR ENCLOSURE DETAILS	Flad / RCH	CB #1030	3/3/2017
A-818	PG&E GAS METER ENCLOSURE DETAILS	Flad / RCH	CB #1019	3/2/2017
A-819	PG&E ELEVATIONS FOR REFERENCE	Flad / RCH	CB #1019	3/2/2017
A-820	PARKING GARAGE DETAILS	Flad / RCH	CB #1026	1/6/2017
A-821	PARKING GARAGE DETAILS	Flad / RCH	CB #1026	1/6/2017
A-830	INTERIOR DETAILS	Flad / RCH	CB #1038R	4/13/2017
A-831	INTERIOR DETAILS	Flad / RCH	CB #1038R	4/14/2017
A-832	INTERIOR DETAILS	Flad / RCH	100% CD's	1/8/2016
A-833	INTERIOR DETAILS	Flad / RCH	100% CD's	1/8/2016
A-834	INTERIOR DETAILS	Flad / RCH	100% CD's	1/8/2016
A-835	INTERIOR DETAILS	Flad / RCH	CB #1049	8/4/2017
A-836	INTERIOR DETAILS	Flad / RCH	CB #1022R1	6/19/2017
A-837	INTERIOR DETAILS	Flad / RCH	CB #1022R1	6/19/2017
A-838	CEILING DETAILS	Flad / RCH	CB #1022R1	6/19/2017
A-900	3D REPRESENTATIONS	Flad / RCH	100% CD's	1/8/2016
A-901	3D REPRESENTATIONS	Flad / RCH	100% CD's	1/8/2016
A-902	SECTOR 02 PERSPECTIVES	Flad / RCH	100% CD's	1/8/2016
AG-100	SIGNAGE - LEVEL P0	Flad / RCH	CB #1026	1/6/2017
AG-101	SIGNAGE - FLOOR 01, LEVEL P1 & P2	Flad / RCH	CB #1026	1/6/2017
AG-101.5	SIGNAGE - LEVEL P3 & P4	Flad / RCH	100% CD's	1/8/2016
AG-102	SIGNAGE - FLOOR 02, LEVEL P5& P6	Flad / RCH	CB #1026	1/6/2017
AG-102.5	SIGNAGE - LEVEL P7 & P8	Flad / RCH	100% CD's	1/8/2016
AG-103	SIGNAGE - FLOOR 03, LEVEL P9 & P10	Flad / RCH	100% CD's	1/8/2016
AG-104	SIGNAGE - FLOOR 04	Flad / RCH	100% CD's	1/8/2016
AG-105	SIGNAGE - FLOOR 05	Flad / RCH	100% CD's	1/8/2016
AG-106	SIGNAGE - FLOOR 06	Flad / RCH	100% CD's	1/8/2016
AG-107	SIGNAGE - FLOOR 07	Flad / RCH	100% CD's	1/8/2016
AG-108	SIGNAGE - FLOOR 08	Flad / RCH	100% CD's	1/8/2016
AG-109	SIGNAGE - FLOOR 09	Flad / RCH	100% CD's	1/8/2016
AG-110	SIGNAGE - FLOOR 10	Flad / RCH	100% CD's	1/8/2016
AG-111	SIGNAGE - FLOOR 11	Flad / RCH	100% CD's	1/8/2016
AG-112	SIGNAGE - FLOOR 12	Flad / RCH	CB #1026	1/6/2017
AG-113	SIGNAGE - ROOF	Flad / RCH	100% CD's	1/8/2016
AS-010	Slab Plan Level P0	Flad / RCH	CB #1012	6/24/2016
AS-010.1	SLAB PLAN BELOW P0	Flad / RCH	100% CD's	1/8/2016
AS-011	Slab Plan Floor 01	Flad / RCH	CB #1023	10/19/2016
AS-011-5	Slab Plan Level P3 & P4	Flad / RCH	CB #1013R1	8/24/2016
AS-012	Slab Plan Floor 02, P5 & P6	Flad / RCH	CB #1018.1	10/14/2016
AS-12-5	Slab Plan Level P7 & P8	Flad / RCH	CB #1013R1	8/24/2016
AS-13	Slab Plan Floor 03, P9 & P10	Flad / RCH	CB #1018.2R1	12/7/2016
AS-14	Slab Plan Floor 04	Flad / RCH	CB #1018.2R1	12/7/2016
AS-15	Slab Plan Floor 05	Flad / RCH	CB #1018.4	12/28/2016
AS-16	Slab Plan Floor 06	Flad / RCH	CB #1018.4	12/28/2016
AS-17	Slab Plan Floor 07	Flad / RCH	CB #1018.4	12/28/2016
AS-017.1	SLAB PLAN SECTOR 02 FLOOR 07 ROOF	Flad / RCH	CB #1018.3	1/8/2017
AS-017.2	SLAB PLAN SECTOR 04 FLOOR 07 ROOF	Flad / RCH	CB #1018	9/19/2016
AS-18	Slab Plan Floor 08	Flad / RCH	CB #1018.4	12/28/2016
AS-19	Slab Plan Floor 09	Flad / RCH	CB #1018.4	12/28/2016
AS-20	Slab Plan Floor 10	Flad / RCH	CB #1018.4	12/28/2016
AS-21	Slab Plan Floor 11	Flad / RCH	CB #1018.4	12/28/2016

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AS-22	Slab Plan Floor 12	Flad / RCH	CB #1018.4	12/28/2016
AS-23	Slab Plan Floor 13	Flad / RCH	CB #1043	4/10/2017
AS-024	SLAB PLAN MECHANICAL PENTHOUSE	Flad / RCH	100% CD's	1/8/2016
AS-101	SLAB PLAN SECTOR 2 LOBBY	Flad / RCH	100% CD's	1/8/2016
S-001-1	General Notes	Nishkian Menninger	CB #1018.1	10/14/2016
S1.1	PLAN AND ELEVATION OF SHORING WALL	Nishkian Menninger	CB #1	1/11/2016
S-001-2	General Notes	Nishkian Menninger	100% CD's	1/8/2016
S-001-3	General Notes	Nishkian Menninger	100% CD's	1/8/2016
S-001-4	Loading Diagrams	Nishkian Menninger	CB #1018.3	1/17/2017
S-002-1	Typical Concrete Details	Nishkian Menninger	100% CD's	1/8/2016
S2.1	SECTIONS AND DETAILS OF SHORING WALL	Nishkian Menninger	CB #1	1/11/2016
S-002-2	Typical Concrete Details	Nishkian Menninger	100% CD's	1/8/2016
S-002-3	Typical Concrete Details	Nishkian Menninger	CB #1004	4/19/2016
S-003-1	Typical CMU Details	Nishkian Menninger	100% CD's	1/8/2016
S-004-1	Typical Post-Tensioned Concrete Details	Nishkian Menninger	100% CD's	1/8/2016
S-004-2	Typical Post-Tensioned Concrete Details	Nishkian Menninger	CB #1018.1	10/14/2016
S-005-1	Typical Steel Details	Nishkian Menninger	CB #1004	4/19/2016
S-005-2	Typical Steel Details	Nishkian Menninger	CB #1004	4/19/2016
S-005-3	Sypical Steel Details	Nishkian Menninger	100% CD's	1/8/2016
S-006-1	Typical Metal Deck Details	Nishkian Menninger	100% CD's	1/8/2016
S-100	Composite Plan - Level P0	Nishkian Menninger	CB #1018.1	10/14/2016
S-100-1	Floor Plan - Level P0 Sector 1	Nishkian Menninger	CB #1018.1	10/14/2016
S-100-2	Floor Plan - Level P0, Sector 2	Nishkian Menninger	CB #1012	6/24/2016
S-101-N	Composite Plan - Floor 01, Level P1 & P2	Nishkian Menninger	CB #1030	3/3/2017
S-101-N-1	FLOOR PLAN - FLOOR 01, LEVEL P1 & P2 SECTOR 1	Nishkian Menninger	CB #1018.4	12/28/2016
S-101-N-2	FLOOR PLAN - FLOOR 01, LEVEL P1 & P2 SECTOR 2	Nishkian Menninger	CB #1032	3/17/2017
S-101-N-2-PT	FLOOR PLAN - FLOOR 01-LEVEL P1 & P2 SECTOR 2-PT	Nishkian Menninger	CB #1018.1	10/14/2016
S-101-N-3	FLOOR PLAN - Floor 01, Level P1 & P2, Sector 3	Nishkian Menninger	CB #1018.1	10/14/2016
S-101-N-4	FLOOR PLAN - Floor 01, Level P1 & P2, Sector 4	Nishkian Menninger	CB #1012	6/24/2016
S-101-S	Composite Plan - Level P3 & P4	Nishkian Menninger	CB #1018.1	10/14/2016
S-101.S.1	FLOOR PLAN - LEVEL P3 & P4 SECTOR 1	Nishkian Menninger	CB #1018.1	10/14/2016
S-101.S.1-PT	FLOOR PLAN - LEVEL P3 & P4 SECTOR 1-PT	Nishkian Menninger	CB #1018.1	10/14/2016
S-101.S.2	S-101.S.2 FLOOR PLAN - LEVEL P3 & P4 SECTOR 2	Nishkian Menninger	CB #1012	6/24/2016
S-101.S.2-PT	FLOOR PLAN - LEVEL P3 & P4 SECTOR 2-PT	Nishkian Menninger	CB #1012	6/24/2016
S-101.S.3	FLOOR PLAN - LEVEL P3 & P4 SECTOR 3	Nishkian Menninger	CB #1018.1	10/14/2016
S-101.S.3-PT	FLOOR PLAN - LEVEL P3 & P4 SECTOR 3-PT	Nishkian Menninger	CB #1018.1	10/14/2016
S-102	Composite Plan - Floor 02, Level P5 & P6	Nishkian Menninger	CB #1018.4	12/28/2016
S-102.1	FLOOR PLAN - FLOOR 02, LEVEL P5 & P6 SECTOR 1	Nishkian Menninger	CB #1018.4	12/28/2016
S-102.1-PT	FLOOR PLAN - FLOOR 02, LEVEL P5 & P6 SECTOR 1-PT	Nishkian Menninger	CB #1018.1	10/14/2016
S-102.2	FLOOR PLAN - FLOOR 02, LEVEL P5 & P6 SECTOR 2	Nishkian Menninger	CB #1018.1	10/14/2016
S-102.2-PT	FLOOR PLAN - FLOOR 02, LEVEL P5 & P6 SECTOR 2-PT	Nishkian Menninger	CB #1018.1	10/14/2016
S-102.3	FLOOR PLAN - FLOOR 02, LEVEL P5 & P6 SECTOR 3	Nishkian Menninger	CB #1018.1	10/14/2016
S-102.3-PT	FLOOR PLAN - FLOOR 02, LEVEL P5 & P6 SECTOR 3-PT	Nishkian Menninger	CB #1018.1	10/14/2016
S-102-5	Composite Plan - Level P7 & P8	Nishkian Menninger	CB #1018.1	10/14/2016
S-102.6	FLOOR PLAN - LEVEL P7 & P8 SECTOR 1	Nishkian Menninger	CB #1018.1	10/14/2016
S-102.6-PT	FLOOR PLAN - LEVEL P7 & P8 SECTOR 1-PT	Nishkian Menninger	CB #1018.1	10/14/2016
S-102.7	FLOOR PLAN - LEVEL P7 & P8 SECTOR 2	Nishkian Menninger	CB #1012	6/24/2016
S-102.7-PT	FLOOR PLAN - LEVEL P7 & P8 SECTOR 2-PT	Nishkian Menninger	CB #1012	6/24/2016
S-102.8	FLOOR PLAN - LEVEL P7 & P8 SECTOR 3	Nishkian Menninger	CB #1018.1	10/14/2016
S-102.8-PT	FLOOR PLAN - LEVEL P7 & P8 SECTOR 3-PT	Nishkian Menninger	CB #1018.1	10/14/2016
S-103	Composite Plan - Floor 03, Level P9 & P10	Nishkian Menninger	CB #1018.4	12/28/2016
S-103.1	FLOOR PLAN -FLOOR 03, LEVEL P9 & P10 SECTOR 1	Nishkian Menninger	CB #1018.4	12/28/2016
S-103.1-PT	FLOOR PLAN - FLOOR 03, LEVEL P9 & P10 SECTOR 1-PT	Nishkian Menninger	CB #1018.1	10/14/2016
S-103.2	FLOOR PLAN -FLOOR 03, LEVEL P9 & P10 SECTOR 2	Nishkian Menninger	CB #1018.2R1	12/7/2016
S-103.2-PT	FLOOR PLAN - FLOOR 03, LEVEL P9 & P10 SECTOR 2-PT	Nishkian Menninger	CB #1012	6/24/2016
S-103.3	FLOOR PLAN -FLOOR 03, LEVEL P9 & P10 SECTOR 3	Nishkian Menninger	CB #1018.1	10/14/2016
S-103.3-PT	FLOOR PLAN - FLOOR 03, LEVEL P9 & P10 SECTOR 3-PT	Nishkian Menninger	CB #1018.1	10/14/2016

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S-103.4	FLOOR PLAN -FLOOR 03, LEVEL P9 & P10 SECTOR 4	Nishkian Menninger	CB #1012	6/24/2016
S-104	Composite Plan - Floor 04	Nishkian Menninger	CB #1018.4	12/28/2016
S-104.1	FLOOR PLAN - FLOOR 04 SECTOR 1	Nishkian Menninger	CB #1018.4	12/28/2016
S-104.2	FLOOR PLAN - FLOOR 04 SECTOR 2	Nishkian Menninger	CB #1018.2R1	12/7/2016
S-104.3	FLOOR PLAN - FLOOR 04 SECTOR 3	Nishkian Menninger	CB #1018.1	10/14/2016
S-104.4	FLOOR PLAN - FLOOR 04 SECTOR 4	Nishkian Menninger	CB #1018	9/19/2016
S-105	Composite Plan - Floor 05	Nishkian Menninger	CB #1018.4	12/28/2016
S-105.1	FLOOR PLAN - FLOOR 05 SECTOR 1	Nishkian Menninger	CB #1018.4	12/28/2016
S-105.2	FLOOR PLAN - FLOOR 05 SECTOR 2	Nishkian Menninger	CB #1018.2R1	12/7/2016
S-105.3	FLOOR PLAN - FLOOR 05 SECTOR 3	Nishkian Menninger	CB #1018.1	10/14/2016
S-105.4	FLOOR PLAN - FLOOR 05 SECTOR 4	Nishkian Menninger	CB #1018	9/19/2016
S-106	Composite Plan - Floor 06	Nishkian Menninger	CB #1018.4	12/28/2016
S-106.1	FLOOR PLAN - FLOOR 06 SECTOR 1	Nishkian Menninger	CB #1018.4	12/28/2016
S-106.2	FLOOR PLAN - FLOOR 06 SECTOR 2	Nishkian Menninger	CB #1018.2R1	12/7/2016
S-106.3	FLOOR PLAN - FLOOR 06 SECTOR 3	Nishkian Menninger	CB #1018.4	12/28/2016
S-106.4	FLOOR PLAN - FLOOR 06 SECTOR 4	Nishkian Menninger	CB #1018	9/19/2016
S-107	Composite Plan - Floor 07	Nishkian Menninger	CB #1018.3	1/8/2017
S-107.1	FLOOR PLAN - FLOOR 07 SECTOR 1	Nishkian Menninger	CB #1018.4	12/28/2016
S-107.2	FLOOR PLAN - FLOOR 07 SECTOR 2	Nishkian Menninger	CB #1018.3	1/8/2017
S-107.3	FLOOR PLAN - FLOOR 07 SECTOR 3	Nishkian Menninger	CB #1018.4	12/28/2016
S-107.4	FLOOR PLAN - FLOOR 07 SECTOR 4	Nishkian Menninger	CB #1018	9/19/2016
S-108	Composite Plan - Floor 08	Nishkian Menninger	CB #1035	2/8/2017
S-108.1	FLOOR PLAN - FLOOR 08 SECTOR 1	Nishkian Menninger	CB #1018.1	10/14/2016
S-108.2	FLOOR PLAN - FLOOR 08 SECTOR 2	Nishkian Menninger	CB #1035	2/8/2017
S-108.3	FLOOR PLAN - FLOOR 08 SECTOR 3	Nishkian Menninger	CB #1018.4	12/28/2016
S-108.4	FLOOR PLAN - FLOOR 08 SECTOR 4	Nishkian Menninger	CB #1018	9/19/2016
S-109	Composite Plan - Floor 09	Nishkian Menninger	CB #1018.4	12/28/2016
S-109.1	FLOOR PLAN - FLOOR 09 SECTOR 1	Nishkian Menninger	CB #1018.1	10/14/2016
S-109.3	FLOOR PLAN - FLOOR 09 SECTOR 3	Nishkian Menninger	CB #1018.4	12/28/2016
S-110	Composite Plan - Floor 10	Nishkian Menninger	CB #1018.4	12/28/2016
S-110.1	FLOOR PLAN - FLOOR 10 SECTOR 1	Nishkian Menninger	CB #1018.1	10/14/2016
S-110.3	FLOOR PLAN - FLOOR 10 SECTOR 3	Nishkian Menninger	CB #1018.4	12/28/2016
S-111	Composite Plan - Floor 11	Nishkian Menninger	CB #1018.4	12/28/2016
S-111.1	FLOOR PLAN - FLOOR 11 SECTOR 1	Nishkian Menninger	CB #1018.1	10/14/2016
S-111.3	S-111.3 FLOOR PLAN - FLOOR 11 SECTOR 3	Nishkian Menninger	CB #1018.4	12/28/2016
S-112	Composite Plan - Floor 12	Nishkian Menninger	CB #1018.4	12/28/2016
S-112.1	FLOOR PLAN - FLOOR 12 SECTOR 1	Nishkian Menninger	CB #1018.1	10/14/2016
S-112.3	FLOOR PLAN - FLOOR 12 SECTOR 3	Nishkian Menninger	CB #1018.4	12/28/2016
S-113	Composite Plan - Roof	Nishkian Menninger	CB #1043	4/11/2017
S-113.1	FLOOR PLAN - ROOF SECTOR 1	Nishkian Menninger	CB #1043	4/11/2017
S-113.3	FLOOR PLAN - ROOF SECTOR 3	Nishkian Menninger	CB #1018.4	12/28/2016
S-114	Composite Plan - Penthouse	Nishkian Menninger	CB #1018.4	12/28/2016
S-114.1	FLOOR PLAN - PENTHOUSE SECTOR 1	Nishkian Menninger	CB #1046	6/2/2017
S-114.3	FLOOR PLAN - PENTHOUSE SECTOR 3	Nishkian Menninger	CB #1046	6/2/2017
S-301-1	Building Sections	Nishkian Menninger	100% CD’s	1/8/2016
S-301-2	Building Sections	Nishkian Menninger	100% CD’s	1/8/2016
S-301-3	Building Sections	Nishkian Menninger	100% CD’s	1/8/2016
S-302-1	Shear Wall Elevations	Nishkian Menninger	100% CD’s	1/8/2016
S-302-2	Shear Wall Elevations	Nishkian Menninger	100% CD’s	1/8/2016
S-302-3	Shear Wall Elevations	Nishkian Menninger	100% CD’s	1/8/2016
S-302-4	Shear Wall Elevations	Nishkian Menninger	100% CD’s	1/8/2016
S-302-5	Shear Wall Elevations	Nishkian Menninger	100% CD’s	1/8/2016
S-302-6	Shear Wall Elevations	Nishkian Menninger	CB #1004	4/19/2016
S-303-1	Shearwall Details	Nishkian Menninger	100% CD’s	1/8/2016
S-303-2	Shearwall Details	Nishkian Menninger	CB #1004	4/19/2016
S-303-3	Shearwall Details	Nishkian Menninger	CB #1004	4/19/2016
S-303-4	Shearwall Details	Nishkian Menninger	CB #1004	4/19/2016

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S-303-5	Shearwall Details	Nishkian Menninger	CB #1012	6/24/2016
S-304-1	Moment Frame Elevations	Nishkian Menninger	CB #1004	4/19/2016
S-305-1	Moment Frame Details	Nishkian Menninger	100% CD's	1/8/2016
S-401-1	Pile Foundation Details	Nishkian Menninger	CB #1012	6/24/2016
S-401-2	Pile Foundation Details	Nishkian Menninger	CB #1004	4/19/2016
S-402-1	Foundation Sections and Details	Nishkian Menninger	CB #1032	3/17/2017
S-402-2	Foundation Sections and Details	Nishkian Menninger	CB #1032	3/17/2017
S-402.3	Foundation Sections and Details	Nishkian Menninger	CB #1032	3/17/2017
S-403-1	Concrete Non-Frame Column Schedule and Details	Nishkian Menninger	CB #1018.1	10/14/2016
S-403-2	Concrete Non-Frame Column Details	Nishkian Menninger	CB #1012	6/24/2016
S-404-1	Basement Wall Schedule and Detials	Nishkian Menninger	100% CD's	1/8/2016
S-501-1	Concrete Two-Way Slab Schedule & Details	Nishkian Menninger	CB #1018.2R1	12/7/2016
S-502-1	Concrete PT Slab Schedule & Details	Nishkian Menninger	100% CD's	1/8/2016
S-503-1	Concrete Beam Schedule & Details	Nishkian Menninger	CB #1018.3	1/8/2017
S-504-1	Concrete PT Beam Schedule & Details	Nishkian Menninger	CB #1004	4/19/2016
S-504-2	Concrete PT Beam Schedule & Details	Nishkian Menninger	100% CD's	1/8/2016
S-601-1	Concrete Sections and Details	Nishkian Menninger	CB #1004	4/19/2016
S-601-2	Concrete Sections and Details	Nishkian Menninger	CB #1018.3	1/8/2017
S-601-3	Concrete Sections and Details	Nishkian Menninger	CB #1018.3	1/8/2017
S-601-4	Concrete Sections and Details	Nishkian Menninger	CB #1018.1R	10/28/2016
S-601-5	Concrete Sections and Details	Nishkian Menninger	CB #1018.3	1/8/2017
S-701-1	Steel Sections & Details	Nishkian Menninger	CB #1018.4	12/28/2016
S-701-1A	Steel Sections & Details	Nishkian Menninger	CB #1018.4	12/28/2016
S-701-2	Steel Sections & Details	Nishkian Menninger	CB #1035	2/8/2017
S-701-3	Steel Sections and Details	Nishkian Menninger	CB #1018	9/19/2016
S-801.1	EMERGENCY GENERATOR ENCLOSURE DETAILS	Nishkian Menninger	CB #1030	3/3/2017
S-801.2	PG&E GAS METER ENCLOSURE	Nishkian Menninger	CB #1019	3/2/2017
TN-701	TELECOM STRUCTURED CABLING SINGLE LINE DIAGRAM	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TN-702	CONDUIT RISER DIAGRAM	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TN-703	EMERGENCY TELEPHONE ET SINGLE LINE DIAGRAM	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TN-704	EMERGENCY TELEPHONE CONDUIT RISERS	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TN-901	FIRESTOPPING DETAILS	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TN-902	INTERIOR FASTENING DETAILS	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TN-903	DEVICE DETAILS	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TN-904	RACK R2 DETAILS	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TN-905	RACK R15 DETAILS	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TN-906	TWO-HOUR FIRE-RESISTIIVE CONDUIT AND CABLE DETAILS	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TY-701	Electronic Security Systems Single Line Diagram	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TY-702	ELECTRONIC SECURITY CONDUIT RISER DIAGRAM	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TY-901	Electronic Security System Details	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TY-902	ELECTRONIC SECURITY SYSTEMS IP CAMERA DETAILS	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-001	GENERAL NOTES, LEGEND, ABBREVIATIONS, PBOX & JBOX S	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-002	SYMBOL SCHEDULE	Smith, Fause and McDonald Inc.	CB #1025	2/15/2017
TNY-100	TELECOM & ESS DEVICE COMPOSITE PLAN - LEVEL P0	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-100.1	TELECOM & ESS DEVICE FLOOR PLAN - LEVEL P0 SECTOR 02	Smith, Fause and McDonald Inc.	CB #1045	5/15/2017
TNY-101	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 01, LEVE	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-101.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 01, LEVEL P1	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-101.2	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 01, LEVEL P1	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-101.3	TELECOM & ESS DEVICE FLOOR PLAN - 01, LEVEL P1 & P2 SE	Smith, Fause and McDonald Inc.	CB #1045	5/15/2017
TNY-101.4	TELECOM & ESS DEVICE FLOOR PLAN - 01, LEVEL P1 & P2 SE	Smith, Fause and McDonald Inc.	CB #1045	5/15/2017

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TNY-101.5	TELECOM & ESS DEVICE COMPOSITE PLAN - LEVEL P3 & P4	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-101.7	TELECOM & ESS DEVICE FLOOR PLAN - LEVEL P3 & P4 SECT	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-101.8	TELECOM & ESS DEVICE FLOOR PLAN - LEVEL P3 & P4 SECT	Smith, Fause and McDonald Inc.	CB #1045	5/15/2017
TNY-101.U	TELECOM & ESS DEVICE UNDERGROUND PLAN	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-102	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 02, LEVE	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-102.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 02, LEVEL P5	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-102.2	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 02, LEVEL P5	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-102.3	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 02, LEVEL P5	Smith, Fause and McDonald Inc.	CB #1045	5/15/2017
TNY-102.5	TELECOM & ESS DEVICE COMPOSITE PLAN - LEVEL P7 & P8	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-102.7	TELECOM & ESS DEVICE FLOOR PLAN - LEVEL P7 & P8 SECT	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-102.8	TELECOM & ESS DEVICE FLOOR PLAN - LEVEL P7 & P8 SECT	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-103	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 03, LEVE	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-103.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 03, LEVEL P9	Smith, Fause and McDonald Inc.	CB #1045	5/15/2017
TNY-103.2	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 03, LEVEL P9	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-103.3	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 03, LEVEL P9	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-103.4	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 03, LEVEL P9	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-104	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 04	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-104.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 04 SECTOR 01	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-104.2	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 04 SECTOR 02	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-104.3	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 04 SECTOR 03	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-104.4	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 04 SECTOR 04	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-105	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 05	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-105.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 05 SECTOR 01	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-105.2	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 05 SECTOR 02	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-105.3	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 05 SECTOR 03	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-105.4	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 05 SECTOR 04	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-106	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 06	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-106.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 06 SECTOR 01	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-106.2	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 06 SECTOR 02	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-106.3	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 06 SECTOR 03	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-106.4	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 06 SECTOR 04	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-107	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 07	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-107.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 07 SECTOR 01	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017

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TNY-107.2	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 07 SECTOR 02	Smith, Fause and McDonald Inc.	CB #1045	5/15/2017
TNY-107.3	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 07 SECTOR 03	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-107.4	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 07 SECTOR 04	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-108	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 08	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-108.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 08-12 SECTO	R Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-108.3	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 08-12 SECTO	R Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-109	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 09	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-109.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 09 SECTOR 01	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-109.3	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 09 SECTOR 03	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-110	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 10	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-110.1	TELECOM & ESS DEVICE FLOOR PLAN-FLOOR 10 SECTOR 01	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-110.3	TELECOM & ESS DEVICE FLOOR PLAN-FLOOR 10 SECTOR 03	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-111	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 11	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-111.1	TELECOM & ESS DEVICE FLOOR PLAN-FLOOR 11 SECTOR 01	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-111.3	TELECOM & ESS DEVICE FLOOR PLAN-FLOOR 11 SECTOR 03	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-112	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 12	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-112.1	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 12 SECTOR 01	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-112.3	TELECOM & ESS DEVICE FLOOR PLAN - FLOOR 12 SECTOR 03	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-113	TELECOM & ESS DEVICE COMPOSITE PLAN - FLOOR 13	Smith, Fause and McDonald Inc.	100% CD's	1/8/2016
TNY-113.1	TELECOM & ESS DEVICE FLOOR PLAN-FLOOR 13 SECTOR 01	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-113.3	TELECOM & ESS DEVICE FLOOR PLAN-FLOOR 13 SECTOR 03	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
TNY-401	MPOE & IT ROOMS ENLARGED PLANS	Smith, Fause and McDonald Inc.	CB #1025R1	2/27/2017
M-000	SYMBOLS, ABBREVIATIONS, GENERAL NOTES & DRAWING I	Marelich Mechanical	CB #1040	4/4/2017
M-001	EQUIPMENT SCHEDULES	Marelich Mechanical	CB #1040	4/4/2017
M-002	EQUIPMENT SCHEDULES	Marelich Mechanical	CB #1040	4/4/2017
M-003	EQUIPMENT SCHEDULES	Marelich Mechanical	CB #1040	4/4/2017
M-004	EQUIPMENT SCHEDULES	Marelich Mechanical	CB #1040	4/4/2017
M-005	EQUIPMENT SCHEDULES	Marelich Mechanical	CB #1040	4/4/2017
M-100	COMPOSITE PLAN - LEVEL 0 MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-100.2	FLOOR PLAN - LEVEL 0 SECTOR 2 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-101	COMPOSITE PLAN - FLOOR 01 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-101.1	FLOOR PLAN-FLOOR 01, SECTOR 1 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-101.2	FLOOR PLAN-FLOOR 01, SECTOR 2 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-101.3	FLOOR PLAN-FLOOR 01, SECTOR 3 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-101.4	FLOOR PLAN-FLOOR 01, SECTOR 4 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-101.5	COMPOSITE PLAN - LEVEL P3 & P4 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-101.8	FLOOR PLAN - LEVEL P3 & P4 SECTOR 3 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-102	COMPOSITE PLAN - FLOOR 02 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-102.1	FLOOR PLAN - FLOOR 02, SECTOR 1 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-102.2	FLOOR PLAN - FLOOR 02, SECTOR 2 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-102.3	FLOOR PLAN - FLOOR 02, SECTOR 3 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-102.5	COMPOSITE PLAN - LEVEL P7-P8 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-102.8	SECTOR 3 - LEVEL P7-P8 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017

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M-103	COMPOSITE PLAN - FLOOR 03 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-103.1	FLOOR PLAN - FLOOR 03, SECTOR 1 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-103.2	FLOOR PLAN - FLOOR 03, SECTOR 2 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-103.3	FLOOR PLAN - FLOOR 03, SECTOR 3 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-103.4	FLOOR PLAN - FLOOR 03, SECTOR 4 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-104	COMPOSITE PLAN - FLOOR 04 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-104.1	FLOOR PLAN - FLOOR 04, SECTOR 1 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-104.2	FLOOR PLAN - FLOOR 04, SECTOR 2 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
M-104.3	FLOOR PLAN - FLOOR 04, SECTOR 3 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
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M-108.1	FLOOR PLAN - FLOOR 08, SECTOR 1 - MECHANICAL	Marelich Mechanical	CB #1040	4/4/2017
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Doc Number	Doc Name	Doc Author	Current Doc Update	Current Doc Date
01 2300	Alternates	Flad / RCH	100% CD's	1/8/2016
01 2500	Substitution Procedures	Flad / RCH	100% CD's	1/8/2016
01 2600	Contract Modification Procedure	Flad / RCH	100% CD's	1/8/2016
01 2613	Requests for Interpretation	Flad / RCH	100% CD's	1/8/2016
01 2900	Payment Procedures	Flad / RCH	100% CD's	1/8/2016
01 3100	Project Management and Coordination	Flad / RCH	100% CD's	1/8/2016
01 3233	Photographic Documentation	Flad / RCH	100% CD's	1/8/2016
01 3300	Submittal Procedures	Flad / RCH	100% CD's	1/8/2016
01 3325	Delegated Design	Flad / RCH	100% CD's	1/8/2016
01 3560	Sustainable Design Requirements	Flad / RCH	100% CD's	1/8/2016
01 3561	WELL Building Design Requirements	Flad / RCH	100% CD's	1/8/2016
01 4000	Quality Requirements	Flad / RCH	100% CD's	1/8/2016
01 4100	Regulatory Requirements	Flad / RCH	100% CD's	1/8/2016
01 4200	References	Flad / RCH	100% CD's	1/8/2016
01 4339	Mockups	Flad / RCH	100% CD's	1/8/2016
01 4510	Façade Mockup Testing and Quality Assurance	Flad / RCH	CB # 1009	4/29/2016
01 4520	Concrete Moisture Testing	Flad / RCH	100% CD's	1/8/2016
01 4529	Testing Laboratory Services	Flad / RCH	100% CD's	1/8/2016
01 5000	Temporary Facilities and Controls	Flad / RCH	100% CD's	1/8/2016
01 6000	Product Requirements	Flad / RCH	100% CD's	1/8/2016
01 7123	Field Engineering	Flad / RCH	100% CD's	1/8/2016
01 7300	Execution	Flad / RCH	100% CD's	1/8/2016
01 7329	Cutting and Patching	Flad / RCH	100% CD's	1/8/2016
01 7419	Construction Waste Management and Disposal	Flad / RCH	100% CD's	1/8/2016
01 7423	Final Cleaning	Flad / RCH	100% CD's	1/8/2016
01 7700	Closeout Procedures	Flad / RCH	100% CD's	1/8/2016
01 7836	Warranties	Flad / RCH	100% CD's	1/8/2016
01 7839	Project Record Documents	Flad / RCH	100% CD's	1/8/2016
01 9100	General Commissioning Requirements	Flad / RCH	100% CD's	1/8/2016
03 1000	Concrete Formwork	Flad / RCH	100% CD's	1/8/2016
03 2000	Concrete Reinforcement	Flad / RCH	100% CD's	1/8/2016
03 3000	Cast-In-Place Concrete	Flad / RCH	100% CD's	1/8/2016
03 3001	Cast-In-Place Concrete - Civil	Flad / RCH	100% CD's	1/8/2016
03 3300	Architectural Concrete	Flad / RCH	100% CD's	1/8/2016
03 3450	Concrete Finishing	Flad / RCH	100% CD's	1/8/2016
03 3650	Concrete Post-Tensioning	Flad / RCH	100% CD's	1/8/2016
03 3713	Shotcrete	Flad / RCH	100% CD's	1/8/2016
03 4500	Precast Architectural Concrete	Flad / RCH	100% CD's	1/8/2016
03 4513	Faced Architectural Precast Concrete	Flad / RCH	100% CD's	1/8/2016
03 4830	Precast Concrete Parking Bumpers	Flad / RCH	100% CD's	1/8/2016
03 4900	Glass-Fiber Reinforced Concrete	Flad / RCH	100% CD's	1/8/2016
03 5415	Portland Cement Underlayment	Flad / RCH	100% CD's	1/8/2016
03 5600	Concrete Fill for Metal Pan Stairs	Flad / RCH	100% CD's	1/8/2016
04 2000	Concrete Unit Masonry	Flad / RCH	100% CD's	1/8/2016
04 2113	Anchored Brick Veneer	Flad / RCH	100% CD's	1/8/2016
05 1200	Structural Steel	Flad / RCH	100% CD's	1/8/2016
05 3000	Metal Decking	Flad / RCH	100% CD's	1/8/2016
05 4100	Structural Metal Stud Framing	Flad / RCH	100% CD's	1/8/2016
05 5000	Metal Fabrications	Flad / RCH	100% CD's	1/8/2016
05 5100	Metal Stairs	Flad / RCH	100% CD's	1/8/2016
05 5220	Vehicle Guardrail Strand	Flad / RCH	100% CD's	1/8/2016
05 7000	Decorative Metal	Flad / RCH	CB # 1022	5/18/2017
06 1053	Miscellaneous Rough Carpentry	Flad / RCH	CB # 1019	3/2/2017
06 1643	Gypsum Sheathing	Flad / RCH	100% CD's	1/8/2016
06 2013	Exterior Finish Carpentry	Flad / RCH	100% CD's	1/8/2016
06 4100	Architectural Wood Casework	Flad / RCH	CB #1022	5/18/2017
06 4200	Wood Paneling	Flad / RCH	CB #1022	5/18/2017

Doc Number	Doc Name	Doc Author	Current Doc Update	Current Doc Date
06 6420	Reinforced Plastic Wall Paneling	Flad / RCH	100% CD's	1/8/2016
07 1355	Below-Grade Waterproofing	Flad / RCH	100% CD's	1/8/2016
07 1416	Cold Fluid Applied Waterproofing	Flad / RCH	100% CD's	1/8/2016
07 1418	Fluid-Applied Tank Waterproofing	Flad / RCH	100% CD's	1/8/2016
07 1616	Crystalline Waterproofing	Flad / RCH	100% CD's	1/8/2016
07 1821	Waterproof Floor Coating	Flad / RCH	100% CD's	1/8/2016
07 1916	Silone Water Repellent	Flad / RCH	100% CD's	1/8/2016
07 2020	Light Weight Insulating Concrete Roof Insulation	Flad / RCH	100% CD's	1/8/2016
07 2100	Thermal Board and Blanket Insulation	Flad / RCH	100% CD's	1/8/2016
07 2616	Below-Grade Vapor Retarder	Flad / RCH	100% CD's	1/8/2016
07 2623.19	Fluid Applied Gas Barrier	Flad / RCH	100% CD's	1/8/2016
07 2726	~~Fluid Applied~~ Self-Adhered Membrane Air Barriers	Flad / RCH	CB #1039	3/14/2017
07 4213	Metal Wall Panels	Flad / RCH	100% CD's	1/8/2016
07 5200	Modified Bituminous Membrane Roofing	Flad / RCH	100% CD's	1/8/2016
07 6113	Sheet Metal Roofing	Flad / RCH	100% CD's	1/8/2016
07 6200	Sheet Metal Flashing and Trim	Flad / RCH	100% CD's	1/8/2016
07 6500	Flexible Flashing and Underlayment	Flad / RCH	100% CD's	1/8/2016
07 7618	Pedestal Roof Pavers	Flad / RCH	CB #1049	8/4/2017
07 8116	Cementitious Fireproofing	Flad / RCH	100% CD's	1/8/2016
07 8400	Firestopping	Flad / RCH	100% CD's	1/8/2016
07 9200	Joint Sealants	Flad / RCH	100% CD's	1/8/2016
07 9513	Expansion Joint Cover Assemblies	Flad / RCH	100% CD's	1/8/2016
08 1113	Hollow Metal Doors and Frames	Flad / RCH	100% CD's	1/8/2016
08 1400	Wood Doors	Flad / RCH	100% CD's	1/8/2016
08 1713	Integrated Door Opening Assemblies	Flad / RCH	100% CD's	1/8/2016
08 3100	Access Doors and Panels	Flad / RCH	100% CD's	1/8/2016
08 3323	Overhead Coiling Doors	Flad / RCH	100% CD's	1/8/2016
08 3326	Overhead Coiling Grilles	Flad / RCH	100% CD's	1/8/2016
08 3473	Sound Control Opening Assemblies	Flad / RCH	100% CD's	1/8/2016
08 4213	Aluminum Framed Entrances	Flad / RCH	100% CD's	1/8/2016
08 4226	All-Glass Entrances	Flad / RCH	100% CD's	1/8/2016
08 4233	Revolving Doors	Flad / RCH	100% CD's	1/8/2016
008 4330	Interior Storefront and All Glass Entrances	Flad / RCH	CB #1022	5/18/2017
08 4313	Aluminum Framed Storefronts	Flad / RCH	100% CD's	1/8/2016
08 4413	Glazed Aluminum Curtain Walls	Flad / RCH	100% CD's	1/8/2016
08 7100	Door Hardware	Flad / RCH	CB # 1044	5/4/2017
08 7113	Automatic Door Operators	Flad / RCH	100% CD's	1/8/2016
08 8000	Glazing	Flad / RCH	100% CD's	1/8/2016
08 9110	Metal Wall Louvers	Flad / RCH	100% CD's	1/8/2016
09 2116	Gypsum Board Shaft-Wall Assemblies	Flad / RCH	100% CD's	1/8/2016
09 2216	Non-Structural Metal Framing	Flad / RCH	100% CD's	1/8/2016
09 2400	Portland Cement Plastering	Flad / RCH	100% CD's	1/8/2016
09 2900	Gypsum Board	Flad / RCH	CB #1022	5/18/2017
09 3000	Tiling	Flad / RCH	CB #1049	8/4/2017
09 6120	Concrete Floor Sealer	Flad / RCH	100% CD's	1/8/2016
09 6428	Prefinished Wood Strip Flooring	Flad / RCH	100% CD's	1/8/2016
09 7513	Stone Wall Facing	Flad / RCH	100% CD's	1/8/2016
09 8200	Acoustic Insulation and Sealants	Flad / RCH	100% CD's	1/8/2016
09 9000	Painting and Coating	Flad / RCH	CB # 1044	4/13/2017
09 9125	Pavement Markings in Garage	Flad / RCH	100% CD's	1/8/2016
09 9623	Graffiti-Resistant Coating	Flad / RCH	100% CD's	1/8/2016
10 1400	Signage	Flad / RCH	CB #1022	5/18/2017
10 2113	Metal Toilet Compartments	Flad / RCH	CB #1038R	4/13/2017
10 2612	Wall and Corner Guards	Flad / RCH	100% CD's	1/8/2016
10 2813	Toilet Accessories	Flad / RCH	CB #1038R	4/13/2017
10 4400	Fire Protection Specialties	Flad / RCH	100% CD's	1/8/2016
10 5113	Metal Lockers	Flad / RCH	100% CD's	1/8/2016

Doc Number	Doc Name	Doc Author	Current Doc Update	Current Doc Date
10 5123	Plastic-Laminate-Clad Lockers	Flad / RCH	CB # 1038 R	4/13/2017
10 8214	Mechanical Equipment Screens	Flad / RCH	CB #1030	3/3/2017
11 1140	Electric Charging Stations	Flad / RCH	100% CD's	1/8/2016
11 1200	Parking Control Equipment	Flad / RCH	100% CD's	1/8/2016
11 1300	Loading Dock Equipment	Flad / RCH	100% CD's	1/8/2016
11 1630	Lock Boxes	Flad / RCH	100% CD's	1/8/2016
11 2423	Maintenance System	Flad / RCH	100% CD's	1/8/2016
11 8226	Waste Compactor	Flad / RCH	100% CD's	1/8/2016
12 3623	Plastic Laminate Countertops	Flad / RCH	CB #1038R	4/13/2017
12 3640	Stone Countertops	Flad / RCH	100% CD's	1/8/2016
12 4813	Entrance Floor Mats and Frames	Flad / RCH	100% CD's	1/8/2016
12 9300	Site Furniture	Flad / RCH	100% CD's	1/8/2016
12 9313	Bicycle Racks and Lockers	Flad / RCH	100% CD's	1/8/2016
14 2100	Electric Traction Elevators	Flad / RCH	100% CD's	1/8/2016
21 0000	Water Based Fire Suppression	Taylor Engineering	100% CD's	1/8/2016
22 0000	Plumbing	PDC	100% CD's	1/8/2016
23 0000	Heating Ventilating & Air Conditioning	Taylor Engineering	100% CD's	1/8/2016
25 0000	Building Automation Systems	Taylor Engineering	CB #1037	2/27/2017
26 0010	Basic Electrical Requirements	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0060	Power system Study	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0500	Joint Trench and Appurtenances	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0513	Medium-Voltage Cables	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0519	Building Wire and Cable	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0526	Grounding and Bonding	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0529	Electrical Hangers and Supports	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0531	Conduit	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0533	Boxes	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0553	Electrical Identification	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 0943	Network Addressable Lighting Control	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 1116	Secondary Unit Substations	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 1313	Medium-Voltage Primary Switchgear	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 2213	Dry Type Transformers	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 2413	Switchboards	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 2416	Panelboards	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 2500	Busway	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 2726	Wiring Devices	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 2733	Electrical Power Sub-Metering	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 2816	Overcurrent Protective Devices	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 2819	Disconnect Switches	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 2900	Motor Controls	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 3213	Packaged Engine Generator System	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 3623	Transfer Switches	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 5100	Building Lighting	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 6113	Fire Alarm System	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 6226	Area of Refuge Communication System	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016
26 6316	Distributed Antenna System (DAS)	Morrow Meadows and VHK, Inc.	100% CD's	1/8/2016

27 0500	Common Work Results for Communications	Flad / RCH	100% CD’s	1/8/2016
27 0526	Grounding and Bonding for Communications Systems	Flad / RCH	100% CD’s	1/8/2016
27 0529	Hangers and Supports for Communications	Flad / RCH	100% CD’s	1/8/2016
27 0533	Conduits and Backboxes for Communications	Flad / RCH	100% CD’s	1/8/2016
27 0536	Cable Trays for Communications Systems	Flad / RCH	100% CD’s	1/8/2016
27 0543	Underground Ducts and Raceways for Communications Syst	Flad / RCH	100% CD’s	1/8/2016
27 0548	Noise and Vibration for Communications Systems	Flad / RCH	100% CD’s	1/8/2016
27 0553	Identification for Communications Systems	Flad / RCH	100% CD’s	1/8/2016
27 1000	Structured Cabling Basic Materials & Methods	Flad / RCH	100% CD’s	1/8/2016
27 1116	Communications Cabinets Racks Frames and Enclosures	Flad / RCH	100% CD’s	1/8/2016
27 1119	Communications Termination Blocks and Patch Panels	Flad / RCH	100% CD’s	1/8/2016

Doc Number	Doc Name	Doc Author	Current Doc Update	Current Doc Date
27 1123	Communications Cable Management	Flad / RCH	100% CD's	1/8/2016
27 1300	Communications Indoor Cabling	Flad / RCH	100% CD's	1/8/2016
27 1500	Communications Horizontal Cabling	Flad / RCH	100% CD's	1/8/2016
27 3226	Ring-Down Emergency Telephones	Flad / RCH	100% CD's	1/8/2016
28 0500	Common Work Results for Electronic Safety and Security	Flad / RCH	100% CD's	1/8/2016
28 0513	Conductors and Cables for Electronic Safety and Security	Flad / RCH	100% CD's	1/8/2016
28 0526	Grounding and Bonding for Electronic Safety and Security	Flad / RCH	100% CD's	1/8/2016
28 0528	Pathways for Electronic Safety and Security	Flad / RCH	100% CD's	1/8/2016
28 1300	Access Control	Flad / RCH	100% CD's	1/8/2016
28 2300	Video Surveillance	Flad / RCH	100% CD's	1/8/2016
31 2000	Earth Moving	BKF	100% CD's	1/8/2016
31 2317	Trenching	BKF	100% CD's	1/8/2016
31 6216	Driven Steel Piling	Flad / RCH	100% CD's	1/8/2016
32 1316	Landscape Concrete	Merrill-Morris	100% CD's	1/8/2016
32 1400	Unit Pavers	Merrill-Morris	100% CD's	1/8/2016
32 1613	Concrete Curbs and Gutters	BKF	100% CD's	1/8/2016
32 3113	Chain Link Fences and Gates	Flad / RCH	100% CD's	1/8/2016
32 4000	Site Carpentry	Merrill-Morris	100% CD's	1/8/2016
32 8400	Irrigation	Merrill-Morris	100% CD's	1/8/2016
32 9000	Planting	Merrill-Morris	100% CD's	1/8/2016
33 0516	Utility Structures	BKF	100% CD's	1/8/2016
33 1000	Water Utilities	BKF	100% CD's	1/8/2016
33 3000	Sanitary Sewerage Utilities	BKF	100% CD's	1/8/2016
33 4000	Storm Drainage Utilities	BKF	100% CD's	1/8/2016
33 4600	Landscape Drainage	BKF	100% CD's	1/8/2016
33 5100	Natural Gas Distribution	BKF	100% CD's	1/8/2016
	Preliminary Geotechnical Investigation	Langan Treadwell Rollo	100% CD's	1/8/2016
	Stone Column Summary Letter	Langan Treadwell Rollo	100% CD's	1/8/2016
	Ground Improvement Plans	Langan Treadwell Rollo	100% CD's	1/8/2016
	Electrical Basis of Design	Flad Architects	CB #1037	2/27/2017
	MECHANICAL BASIS OF DESIGN	Flad Architects	CB #1037	2/27/2017
	M5.1 HCW AND CW PIPING	Flad Architects	100% CD's	1/8/2016
	HVAC Equipment Coordination Table	Flad Architects	CB #1037	2/27/2017
	LEED Project Checklist	LEED	100% CD's	1/8/2016
	WELL Action List	Flad Architects	100% CD's	1/8/2016
	Acoustic and Vibration Basis of Design Report May 13, 2015	Papadimos	100% CD's	1/8/2016
	Exterior Noise Study Summary Report May 13, 2015	Papadimos	100% CD's	1/8/2016
	Site Vibration Study Summary Report July 31, 2015	Papadimos	100% CD's	1/8/2016
	Commissioning Process Timeline (Fundamental + Enhanced)	EBS	100% CD's	1/8/2016
	Enhanced Commissioning Deliverables	EBS	100% CD's	1/8/2016
	NOT USED	—	100% CD's	1/8/2016
	Exterior Building Maintenance - Schematic Design Façade A	SRS	100% CD's	1/8/2016
	Wind Engineering - Wind Report	CPP	100% CD's	1/8/2016
	Energy Modeling	Ambient Energy	100% CD's	1/8/2016
	Glass Types	Flad / RCH	100% CD's	1/8/2016
	Plumbing Basis of Design	Taylor Engineering	100% CD's	1/8/2016

SCHEDULE 2 TO EXHIBIT B

BASE BUILDING DEFINITION

SITEWORK

1	Landscaping and Hardscape (Paving)	Complete landscape and hardscape development is provided as a part of the Base Building development, as indicated on Base Building Plans.
2	Fixed Site Furniture	Fixed site furniture including fixed benches, waste receptacles, etc. are provided as indicated on the Base Building Plans.
3	Exterior Bicycle Racks	Bicycle racks as required by Code.
4	Secure Bicycle Parking	A secured bicycle parking area within the Parking Facilities, providing for storage of a total of at least 200 bicycles.
5	Tenant Parking	A total of 667 available parking spaces for the Project are provided in the Parking Facilities.
6	Parking Controls	The Project was designed primarily for use in a managed parking scenario. The Project does provide pathways for card readers, and card reader pedestal. Automatic barrier gates are provided as part of the Base Building.
7	Electric Car Charging Stations	Ten (10) dual head electric vehicle charging stations in the Parking Facilities, for general tenant use.
8	Emergency Generator (site)	One (1) life safety 2MW emergency generator, The following pathways have been provided from each primary electrical room to each generator location: (4) 4” conduit and (2) 1” conduits. Space for the automatic transfer switches has been provided.
9	Exterior Utility Yard	Limited area is available for exterior utility services other than those specifically mentioned in this Base Building Definition. Space is dedicated at the roof mechanical areas for some additional utility services.
10	Loading Docks	North Complex includes a two-bay loading dock with dock lifts. South Complex includes a single-bay loading dock and a dock lift. Refer to the Base Building Plans for configuration of associated staging areas.

11	Trash Enclosure	Stationary compactors will be provided to serve the North Complex and the South Complex.

BUILDING STRUCTURE

1	Foundation System	Deep foundation system consisting of steel-reinforced concrete auger-cast piles, pile caps, and horizontal grade beams.
2	First Floor Slab	Pile supported concrete cast-in place structural slab-on-grade with mild steel reinforcing.
3	Superstructure	Cast-in place concrete flat slab construction, with mild steel reinforcing and concrete columns at office floors. Post-tensioned concrete flat slab construction at parking levels. Refer to the structural plans for location of any dropped beams/drop caps within the floor plates.
4	Lateral/Seismic System	Combination concrete shear wall and moment frame system.
5	Floor-to-Floor Heights	North Complex: Level 1: 19’-4” Levels 2-6: 14’-10” Levels 7-12: 13’-0” South Tower: Levels 3-4: 14’-10” Levels 7-12: 13’-0” South Building: Level 1: 24’-3” Levels 2-6: 14’-10”
6	Typical Live Load Capacity	Levels 1-6: 150 PSF non-reducible for slab 100 PSF reducible for columns/foundation Levels 7-12: 125 PSF non-reducible for slab 100 PSF reducible for columns/foundation

7	Vibration Design Criteria	Design criteria: 4700 micro-inch/sec for 11” thick office concrete slabs.
8	General Roof Load Capacity	Non-mechanical roof area: Live load = 20 PSF reducible.
9	Mechanical Capacity at Roof	150 PSF.
11	Slab Edge Fire-safing	Slab edge fire-safing to meet the requirements of the floor slab fire ratings is provided as a part of the Base Building.
12	Fireproofing	Fire protection is integral with structural concrete slab, column and wall system. No additional structural system fireproofing is required.

BUILDING EXTERIOR

1	Building Skin System	Exterior building skin materials consisting primarily of: 1. Glass Fiber Reinforced Concrete (GFRC) panels 2. Non load-bearing glazed aluminum curtainwall 3. Brick faced precast concrete panel system 4. Perforated aluminum wall panels
2	Window Treatment	All interior window treatments are Tenant furnished and installed as a part of the construction of the Improvements.
3	Window Washing System	Full exterior building maintenance access system provided as a part of the Base Building. This system includes davit bases and davit arms, monorails and other elements necessary for full access to all building skin areas.
4	Roofing Membrane	Modified bituminous membrane roofing with granular surface, metal roofing, decorative stone or ballast as indicated on Base Building Plans.
5	Walkway Pads	Walkway pads are provided at primary roof access areas and along building perimeter for exterior maintenance equipment access.
6	Roof Penthouse	Enclosed roof penthouse space is provided to accommodate Base Building equipment.

ELEVATORS

1	North Complex Elevators	The following have been provided: (5) passenger elevators; 3,500 lbs., 500 fpm (1) passenger/freight elevator; 4,500 lbs., 350 fpm (1) freight elevator; 4,500 lbs., 350 fpm
2	South Complex Elevators	The following have been provided: (4) passenger elevators; 3,500 lbs., 500 fpm (1) passenger/freight elevator; 4,500 lbs., 350 fpm (1) freight elevator; 4,500 lbs., 350 fpm
3	North Complex Shuttle Elevator	The following have been provided for internal parking garage access: (1) passenger elevators; 3500 lbs., 350 fpm
4	South Complex Shuttle Elevator	The following have been provided for internal parking garage access: (1) passenger elevators; 3500 lbs., 350 fpm

COMMON AREAS

1	Main Lobby – North Complex	Finished building lobby & elevator lobby space
2	Main Lobby – South Complex	Finished building lobby & elevator lobby space
3	Toilet Cores	Each Complex includes full toilet cores, with finishes that include the following finishes: Walls: Porcelain Tile Floors: Porcelain Tile Ceilings: Painted Gypsum Board Lighting: LED strip and downlights Countertops: Solid Surfacing Accessories: High Pressure Laminate Toilet Partitions, stainless steel toilet accessories
4	Janitor Closets	Each Complex is provided with one Janitor Closet per floor furnished with a mop sink, mop rack and shelving.
5	Floor Electrical Rooms	Each Complex is provided with one Electrical Room per floor that is served by a bus duct from the main Electrical Room for the building. Refer to the Electrical section for further description of the electrical service provided.
6	Floor Data (IDF) Rooms	Each Complex is provided with one IDF room per floor that is served by a raceway from the Main Distribution Frame. Refer to the data section for further description of the electrical service provided.

7	Stairway Enclosures	Each Complex is provided with required exit stairways designed to meet the anticipated Code population for the floor. Stairways are provided with required fire rated walls and doors. Tenant is responsible for ensuring that the floor level population of the Premises will conform to the Code limitations of the stairways.
8	Roof Deck	The Roof Deck more particularly described in Article 22 of the Lease and as follows. a.Floor – Pavers b.Wall – Metal Panel cladding. c.Trellis – High pressure laminate cladding
9	Fire Extinguisher Cabinets at Common/Core Areas	Required fire extinguisher cabinets serving the common core areas are provided as a part of the Base Building construction.

TENANT AREAS

1	Tenant Finishes	Finishes for the Premises are provided by Tenant. Base Building finishes include insulation face with no interior furring or metal stud framework at exterior walls, and Level 2 drywall finishes at fire rated enclosures. Unrated walls facing tenant areas are unfinished metal studs. Floors are exposed concrete, and exposed ceiling with only code required lighting and fire sprinklers.
2	Shaft Enclosures for Building System Risers	Shafts for Building Systems are fully enclosed and fire stopped, with appropriate fire dampers for where ductwork exits the shaft. Finishes are Level 2 drywall at Premises side of the shaft.
3	Shaft Enclosures for Building Risers	Vertical shafts and risers are provided as part of Base Building
4	Fire Extinguisher Cabinets at Tenant Areas	Fire extinguisher cabinets as required to meet the current California Building Code requirements are the responsibility of Tenant.

FIRE PROTECTION

1	Fire Protection System Design – General	The fire sprinkler system is designed for full building coverage with a rating of L Occupancy
2	Fire Protection Risers / Standpipes	A Class 1 automatic wet standpipe will be provided in stairs #1, 2, 3, 4, 5, 6, & 7. All standpipes are equipped with 3” hose valves with pressure reducing valves per San Francisco Fire Department requirements. Stairs 1-6 shall be 6” combination standpipes, stair #7 shall be a 6” Class One standpipe. Roof hydrants shall be provided with (2) 3” hose connections each.

3	Fire Protection Distribution / Sprinkler Heads	The maximum sprinkler demand on the project is L Occupancy with a design density of .2 gallons per minute over a 3000 sq. ft. area.
4	Fire Department Connection	FDCs are surface mounted and located on the Building exterior on Owens and 16th Street. The FDCs shall be 6A" supply pipe and consist of (4) 3" snoots 42" above sidewalk grade.
5	Fire Pump	A vertical turbine pump is located directly above the fire water tank. The Fire water tank has 57,000 gallon capacity.
6	Tenant-Required Modifications	All modifications to the Fire Protection system piping, risers, valves, piping, head locations, etc. that might be required to accommodate Tenant requirements and/or hazard classifications are the responsibility of Tenant.
7	Fire Extinguisher Cabinets	Meeting Code requirements for fit-out is the responsibility of Tenant.

PLUMBING

1	Domestic Water System - Building	A complete domestic cold water system will be provided for the entire Project serving all core/shell areas and each business, retail and tenant area. Systems account for future tenant rooms within the entire project. Street water pressure will serve levels 1. A booster pump will provide water to L7 thru Roof. A PRV off of that pumped line will serve floors 2-6 and serve parking levels P0 through P8 level.
2	Domestic Water System - Premises	Domestic water service sub meters at Tenant tie-ins, domestic water distribution within the Premises will be constructed by Tenant as part of the Improvements.
3	Reclaimed Cold Water System	A complete reclaimed cold water system will be provided for the entire Project serving all core/shell areas and each business, retail and tenant area.
4	Domestic Water Booster Pump	The Project will have a Duplex Pressure Booster system rated for with two 10 HP Pumps for 110 GPM. Domestic water pressure booster pump assembly. See item #1.
5	Fire Water System	See above.
6	Building Storm System	A complete storm drain, rainwater leader, and over-floor drain piping will be provided for all project areas. Piping is sized per the CPC and City of San Francisco requirements. Piping is routed to terminate at exterior stormwater treatment areas. Systems in base project include roof drains, overflow drains, balcony drains, green roof drain connections, piping, gratings, acoustical isolation components, valves, fittings, supports and seismic bracing.

7	Building Sanitary Sewer System	The Project provides a complete sanitary soil, waste, vent and trap primer piping system including piping, fixture rough-ins, fittings supports, acoustical isolation components, seismic bracing and cleanouts.
8	Building Lab Waste System – Building	Underground Lab waste system is provided and stubbed up 12” above Slab on Grade in several central locations throughout the Complexes. There are neutralization tanks and sample ports for both Complexes. The South Complex will have vertical piping for lab waste.
9	Sand-Oil Separator at Parking	Not required and not provided.
10	Water Heating	Gas water heaters for showers and HX domestic water heaters for bathrooms.
11	Irrigation System	The landscape has an irrigation system connected to the City of San Francisco’s reclaimed water system.
12	Natural Gas	A complete natural gas system will be provided for the entire Project. System includes a seismic gas valve assembly, shut-off valves, piping, fittings, supports, seismic bracing and all associated devices to serve points of use. Gas pressure regulators will be provided by the equipment connections requiring lower pressures and where pressure is reduced from higher pressure. BAS pressure relief vents will be provided from each gas pressure regulator if required. BAS gas meter will be provided for HVAC boilers. Flow meters will be supplied for BAS systems.

HEATING, VENTILATION AND AIR CONDITIONING

1 Ventilation rates

Room	**Rate**	**Units**
Offices	0.7	cfm/ft2

2 Auxiliary Cooling

a.Tenant auxiliary condenser water stub-outs are provided on each floor in the North Tower and the South Tower, sized for 125 tons of total cooling capacity for each riser, based on 2 gpm/ton, 95ºF to 80ºF (this equates to about 2000 net ft²/ton).

b.Where needed in the North Building and South Building, condenser water piping must be extended from the risers located in the North Tower and the South Tower, respectively. Any required booster pumps will be Tenant’s obligation as part of the Improvements.

c.This condenser water may also be used for water-cooled equipment or refrigeration heat rejection.

3	Boilers	Four (4) 3300 MBH Boilers for the North Complex Four (4) 2600 MBH Boilers for the South Complex
4	Centrifugal chillers	Three (3) 356 ton chillers for the North Complex Three (3) 282 ton chillers for the South Complex
5	Cooling towers	Four (4) cooling towers with 771 gpm design flow each for the North Complex Four (4) cooling towers with 611 gpm design flow each for the South Complex
6	Secondary mechanical equipment, including pumps, roof ducting, piping, valves, manifolds, etc. to support Base Building mechanical systems	Provided as part of the Base Building.
7	Hot water pipe risers, stubbed in the Premises	Provided as part of the Base Building.
8	Hot water pipe distribution within the Premises	Tenant’s responsibility, as part of the construction of the Improvements.
9	Reheat coils within the Premises	Tenant’s responsibility, as part of the construction of the Improvements.
10	Reheat coils within core areas	Provided as part of the Base Building.
11	Vertical supply air duct risers	Provided as part of the Base Building.
12	Vertical return air duct risers	Provided as part of the Base Building.
13	Supply air duct distribution, VAV terminals, equipment connections, insulation, air terminals, dampers, hangers, etc. within the Premises.	Tenant’s responsibility, as part of the construction of the Improvements.
14	Supply air duct distribution, VAV terminals, equipment connections, insulation, air terminals, dampers, hangers, etc. within core areas.	Provided as part of the Base Building.

15	Exhaust air duct distribution, exhaust air valves, equipment connections, insulation, air terminals, dampers, hangers, etc. within the Premises.	Tenant’s responsibility, as part of the construction of the Improvements.
16	Restroom exhaust for Base Building restrooms	Provided as part of the Base Building.
17	Specialty exhaust for Tenant needs, including H Occupancy zones.	Tenant’s responsibility, as part of the construction of the Improvements.
18	Specialty cooling for Tenant needs.	Tenant’s responsibility, as part of the construction of the Improvements.
19	Ventilation system for Base Building Electrical Room.	Provided as part of the Base Building. It is Tenant’s responsibility for supplemental ventilation.
20	Exhaust fan, side wall grille supply, and fire smoke dampers for ventilation of Base Building Electrical Rooms on each floor.	Provided as part of the Base Building.
21	Ventilation of IDF Rooms.	Tenant’s responsibility, as part of the construction of the Improvements.
22	Building Management System (BMS) for core area and Landlord infrastructure.	Provided as part of the Base Building.
23	BMS (compatible with Landlord’s system) within Tenant Premises monitoring Tenant infrastructure.	The expansion of the Base Building BMS would Tenant’s responsibility, as part of the construction of the Improvements.

ELECTRICAL

1	Site campus distribution system.	Site campus service, metering and distribution at medium-voltage (12kV), taking advantage of PG&E’s primary service commercial rates.
2	Base Building substation(s).	Four (4) 5000 amp 277/480V secondary substations served from primary switchgear for the two Complexes.

3	Standard power bus duct risers.	Normal power busway riser in each of the four Buildings delivering the following as power distribution: a. Roof central plant mechanical loads b. 1.5 watts per square foot lighting loads for each floor level. Per T-24 Requirements c. 16.0 watts per square foot plug loads for each floor level d. 5 watts per square foot miscellaneous loads for each floor level.
4	Standby power generator	Each Complex has (1)1.5MW/2500kva diesel-driven generator for tenant standby power needs. See above for emergency power generator
5	Tenant Floor Emergency power	Emergency power circuits for emergency egress lighting and life safety systems are provided at each Tenant Floor
6	Automatic transfer switch for Tenant load.	Landlord will work with Tenant to find appropriate solutions.
7	Standby power distribution within the Premises	Stub-ins and locations for emergency power generators have been provided in the Base Building. The distribution to and through the Tenant space would be Tenant's responsibility, as part of the construction of the Improvements.
8	Uninterrupted power supply (UPS) for Tenant systems	Tenant's responsibility, as part of the construction of the Improvements.
9	Lighting and power distribution for core areas.	Provided as part of the Base Building.
10	Lighting and power distribution for the Premises	a) For plug loads, Landlord will include a bus-plug off the bus riser, a feeder to a stepdown transformer, from there, to a 120/208 Volt panel. The panel will not include any circuit breakers, as those will need to be populated once the Tenant plug loads are determined. b) For lighting loads, Landlord to provide bus-plug only off the bus riser, for Tenant to tap into to suit their power needs.
11	Electrical sub-metering for Tenant power	Tenant's responsibility, as part of the construction of the Improvements.
12	Base Building common area life safety emergency lighting/signage system	Provided as part of the Base Building.
13	Tenant Premises life safety emergency lighting/signage system.	Tenant's responsibility, as part of the construction of the Improvements.
14	Emergency Response Distributed Antenna System (DAS).	Provided as part of the Base Building.

DATA

1	Building Data System	Provided as part of the Base Building.

SCHEDULE 3 TO EXHIBIT B

DELIVERY CONDITION

1. Concrete structure with mild-steel reinforcement on all occupied floors. Reasonably smooth and level concrete slab floor.

2. Interior core and shaft construction in progress. All exposed core doors shall be completed, subject to punchlist items, with painted hollow metal and/or stainless steel frames, finished solid core wood doors or painted hollow metal doors, and hardware. Base Building restrooms shall be complete, subject to punchlist items.

3. Temporary, non-occupancy fire sprinkler risers and distribution. Base Building Fire Sprinklers with standpipes in the stairs and risers connected to main fire sprinkler loop on each floor as require per Code for office B Occupancy with capacity for fully sprinklered future tenant improvements (to be installed as part of the Improvements) throughout each Building.

4. Tenant sleeves at electrical/data closets. 4” conduit pathways (pathway is a 4” conduit through the floor slab stubbed 6” above and below the floor slab) between each floor’s data distribution closets.

5. Plumbing rough-in (no loops outside of core). Plumbing stub outs for waste, vent and domestic cold water to be provided at each floor for Tenant plumbing distribution.

6. Building stairs. Required Building exit stair enclosures and exit corridors complete, subject to punchlist items, on the inside including all finishes, doors and hardware, lighting, fire sprinkler and fire alarm systems.

    a. Interior stairwell and exit corridor walls to be exposed concrete or painted drywall with level IV finish.

    b. Railing to be painted.

    c. Treads to be exposed concrete.

7. Floors in broom-swept condition (except for curtainwall units that will be left on floor until the hoists are removed and the hoist bays completed).

8. Temporary or permanent power to support construction activities related to the Improvements. Cutting over from temporary to permanent power to be coordinated with Tenant and Contractor.

9. Freight elevator system will be complete, subject to punchlist items, including freight elevator vestibule including, walls, rated doors and hardware, fire sprinkler and fire alarm systems. Wall finish to be exposed concrete or drywall taped and sanded to level IV finish ready for painting or wall covering as part of the Improvements.

10. Electrical rooms and distribution panel. Main Electrical room complete (subject to punchlist items), including doors, hardware, HVAC (stubbed out ready to connect to HVAC system to be installed as part of the Improvements), lighting, fire sprinkler and fire alarm systems; interior floor to be sealed concrete; interior walls and penetrations fire taped and exterior walls finished as indicated in Base Building Plans. Floor electrical distribution rooms complete (subject to punchlist items), including doors, hardware, HVAC (stubbed out ready to connect to HVAC system to be installed as part of the Improvements), lighting, fire sprinkler and fire alarm systems; interior floor to be sealed concrete; interior walls to be exposed concrete or fire taped and exterior walls to be exposed concrete or taped and finished as indicated in Base Building Plans.

11. Connection points for MEP. Condenser water and heating hot water risers in shafts stubbed to each floor with a valve ready for distribution as part of the Improvements. Vertical duct risers in rated duct shafts (supply and return) with control dampers stubbed out at each floor ready for distribution ductwork as part of the Improvements. Exterior side of duct shafts shall be exposed concrete or drywall taped and sanded to level IV finish ready for painting or wall covering as part of the Improvements. BB HVAC System to be tested/commissioned prior to handover for construction of Improvements.

12. Watertight Building envelope (except portions related to exterior hoist access or areas which do not substantially interfere with Tenant's construction of the Improvements, or as otherwise requested by Tenant and approved by Landlord). All permanent exterior skinning to be substantially completed prior to the Delivery Date. Tenant will have the opportunity to inspect exterior skinning.

SCHEDULE 4 TO EXHIBIT B

THE EXCHANGE
LIST OF TENANT DELIVERABLES

1. Prior to Start of Construction

1.1. Approved Construction Drawings.

1.2. Approved Subcontractors List.

1.3. Copies of all executed Contracts with Contractor.

1.4. Construction Schedule.

1.5. Copies of Permits for Improvements, to the extent reasonably available.

1.6. Budget of Anticipated Costs, including a schedule of values for all hard construction costs.

2. Ongoing During Construction

2.1. Budget and Construction Schedule Revisions as they occur.

2.2. Change Orders as they occur.

2.3. Plan revisions as they occur.

2.4. Monthly Applications of Payment with reciprocal releases **when received**.

2.5. Monthly Architect's Field Report or Equivalent.

2.6. Monthly 4-week look ahead schedule.

2.7. Weekly meeting minutes.

2.8. Permit sign off card **when received**.

2.9. Temporary certificate of occupancy/certificate of occupancy **when received**.

3. Prior to Release of Any Funds Related to Hard Costs

3.1. Final Space Plans approved by both parties.

3.2. Construction Drawings approved by both parties.

3.3. Project Budget

3.4. Project Schedule.

4. Prior to Release of Final Payment

4.1. Signed off Inspection Card or Equivalent temporary certificate of occupancy.

4.2. Architect's Certificate of Substantial Completion.

4.3. Final Contractor Pay Application indicating 100% complete, 90% previously paid.

4.4. Physical inspection of the Premises by Landlord inspection team.

4.5. Unconditional Releases.

4.6. Final As-Builts.

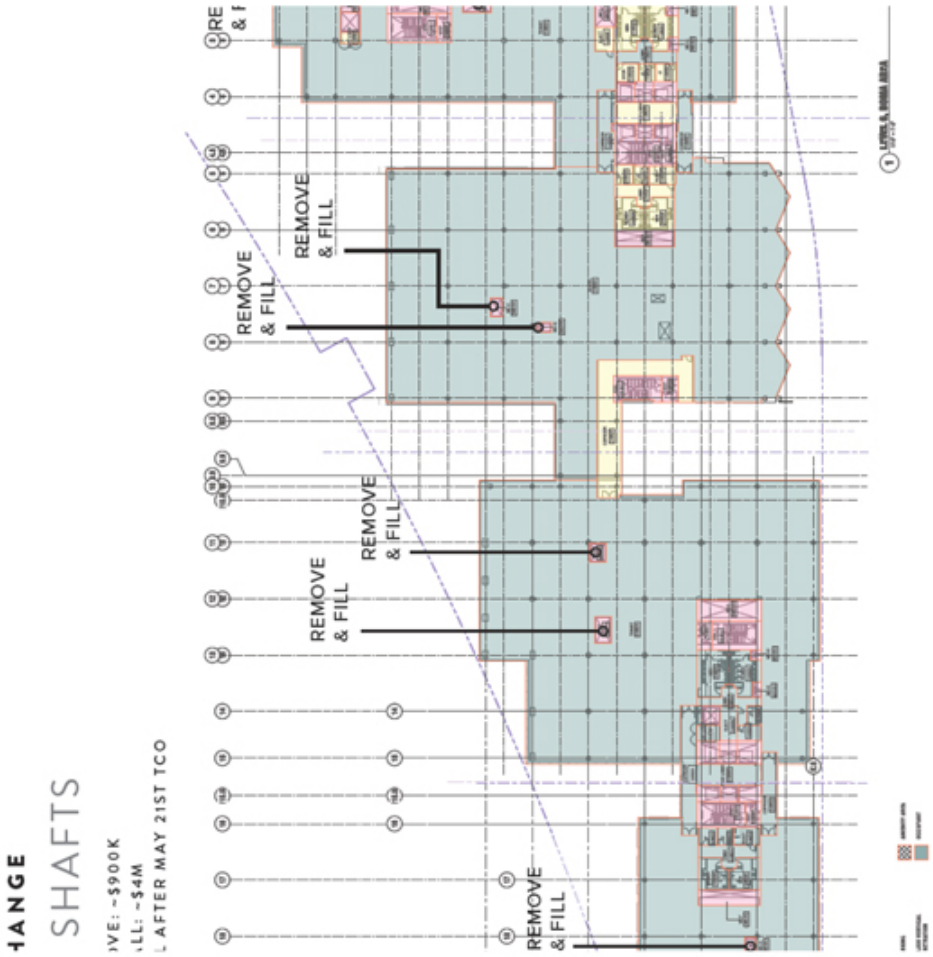
4.7. Final Subcontractors List.

4.8. Warranties and Guarantees.

4.9. CAD Files.

SCHEDULE 5 TO EXHIBIT B

THE EXCHANGE
DEPICTION OF SHAFT WORK



SCHEDULE 6 TO EXHIBIT B

THE EXCHANGE
PURCHASE AGREEMENT EXCERPTS

PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(Mission Bay Block 40)

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Agreement"), dated as of May 13, 2014 ("Effective Date"), is entered into by and between FOCIL-MB, LLC, a Delaware limited liability company ("Seller"), and KILROY REALTY, L.P., a Delaware limited partnership ("Buyer"), with respect to the following:

RECITALS

A. Seller is the owner of that certain unimproved real property consisting of approximately 3.26 acres (142,094 square feet) located in the City and County of San Francisco ("City"), State of California, commonly referred to as Mission Bay Block 40, as more particularly depicted on Exhibit A attached hereto (the "Land"). The Land, together with all appurtenances thereto and improvements thereon, if any, are, collectively, hereinafter referred to as the "Property."

B. The Property is a portion of the area in the City generally known as "Mission Bay," and is located within the Mission Bay South Redevelopment Project Area, and is subject to the Mission Bay South Redevelopment Plan and Design for Development, the Mission Bay South Owner Participation Agreement and other existing Development Entitlements set forth on Exhibit B attached hereto.

C. Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller, upon the terms and conditions hereinafter set forth.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree that the terms and conditions of this Agreement and the instructions to the Escrow Holder with regard to the Escrow created pursuant hereto are as follows:

1. Certain Basic Definitions. For purposes of this Agreement, the following terms shall have the following definitions:

1.1 "AAA" has the meaning set forth in Paragraph 34.1 below.

1.2 "Access and Indemnity Agreement" means that certain Access and Indemnity Agreement dated April 21, 2014, by and between Buyer and Seller.

1.3 "Access Easement" has the meaning set forth in Paragraph 30.3 below.

1.4 "Affiliate" means (a) an entity that directly or indirectly controls, is controlled by, or is under common control with the person or entity in question, or (b) an entity

1.26 “Completion of Construction” means (a) the issuance of a temporary certificate of occupancy (or its legal equivalent) for a particular building within the Project by the City Department of Building Inspection and (b) the delivery to Seller and the Redevelopment Agency of an architect’s certificate from Buyer’s architect in the form of Attachment J to the South OPA.

1.29 “Construction Delay” has the meaning set forth in Paragraph 25.3.2 below.

1.53 “First Construction Completion Deadline” has the meaning set forth in Paragraph 25.3.1(a) below.

1.54 “First Construction Phase” has the meaning set forth in Paragraph 1.91 below.

1.57 “Gross Square Feet” or “Gross Square Footage” shall mean the amount of square footage designated as “Gross Floor Area” in Section 102.9 of the San Francisco Planning Code for the C-3 Zoning District.

1.91 "Project" means the development to be constructed by Buyer on the Property in accordance with the Development Entitlements and the terms and conditions of this Agreement, and as shall be more particularly described in the Project Design Documents, subject to the following limitations (collectively, the "Development Limitations"): (i) the Project must be comprised of one or more Class A office/laboratory building(s) (generally, "Buildings") containing not less than an aggregate of 635,000 Gross Square Feet ("Minimum Square Footage"), nor more than an aggregate of 700,000 Gross Square Feet, inclusive of any retail space ("Maximum Development Entitlement"), (ii) the Project must not contain more than 15,000 Gross Square Feet of retail space ("Maximum Retail Entitlement"), (iii) the Project must include not more than an aggregate of one (1.0) parking space per one thousand (1,000) Gross Square Feet of developable floor area in the Project, plus an additional one (1.0) parking space per one thousand (1,000) Gross Square Feet of Life Science Uses in the Project ("Additional Life Science Spaces"), provided that the number of Additional Life Science Spaces shall be subject to the prior rights of any other owners of property within the Mission Bay South Redevelopment Project Area, including pursuant to the Life Science Parking Agreement, and shall not exceed the number of Additional Life Science Spaces permitted for the Property pursuant to the Development Entitlements (collectively, the "Maximum Parking Entitlement"), and (iv) the Project may not contain more than two (2) Towers. This Agreement shall not impose any limit on the height of a Tower, except as such limits are imposed by the Development Entitlements. Buyer and Seller acknowledge that the Project may be constructed in multiple phases, provided that the first phase of the Project ("First Construction Phase") must include a Building containing not less than 270,000 Gross Square Feet.

1.92 "Project Completion Deadline" has the meaning set forth in Paragraph 25.3.1(h) below.

1.101 "Required Infrastructure" means, subject to modification as described in Paragraph 9.2 below, (i) the work set forth on Exhibit E hereto, and (ii) such other infrastructure required for Buyer to obtain a certificate of occupancy for the Project, or a particular building of the Project, as applicable, as described in the Public Improvement Agreement. Any changes to the Required Infrastructure shall be subject to Buyer's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, that, notwithstanding the foregoing, Buyer's approval of changes to the Required Infrastructure shall not be required unless the changes shall (a) materially increase the cost or timing of completion of the Project, (b) have a material and adverse effect on the streets or utilities serving the Project, or (c) materially and adversely affect Buyer's ability to obtain a certificate of occupancy for the Project.

1.102 "Required Infrastructure Deadlines" means the deadlines for Seller's completion of the Required Infrastructure described on Exhibit K attached hereto.

1.107 "Seller Infrastructure Delay" means any actual delay in the Commencement of Construction or Completion of Construction of the Project, or any portion thereof (including a building of the Project), including if such delay is caused by delays in Buyer's receipt of necessary entitlements, permits and/or approvals for the construction of the Project, to the extent such delay is proximately caused by (a) Seller's interference with Buyer's entitlements for, permitting of, approvals for, development of, or construction or access to, the Property (or any portion thereof), (b) Seller's default in the performance of its obligations under this Agreement, including Seller's failure to complete the Required Infrastructure before the Required Infrastructure Deadline, or (c) any negligence or wrongful act or omission by Seller or any Seller Party; provided, however, that for purposes of computing any Seller Infrastructure Delay under clause (a) above, no period of Seller Infrastructure Delay shall commence until Buyer shall have provided written notice to Seller specifying the facts and circumstances alleged to constitute such Seller interference, and the same shall continue without cure or correction for two (2) business days following such notice.

1.122 “Tower” means any building or structure over the “Base Height” (as defined in the Design for Development), which, as of the Effective Date, is ninety (90) feet (as provided in the Design for Development, mechanical equipment and appurtenances necessary to the operation or maintenance of the building or structure itself, including chimneys, ventilators, plumbing vent stacks, cooling towers, water tanks, panels or devices for the collection of solar or wind energy, elevator, stair and mechanical penthouses, skylights, and window washing equipment, together with visual screening for any such features, are exempt from this height restriction so long as they otherwise comply with Design for Development standards).

1.127 “Unavoidable Delay” means a delay that is caused by strikes or other labor disputes, acts of God, weather (to the extent different from seasonal norms for the San Francisco Bay area), shortage of or inability to obtain labor or materials despite commercially reasonable efforts (financial condition excepted), lawsuits brought by third-party plaintiffs claiming the benefit of the Unavoidable Delay (except to the extent that any such lawsuit arises from the negligence of the person claiming the benefit of the Unavoidable Delay), restrictions imposed or mandated by governmental or quasi-governmental entities in issuing requisite approvals or consents, enemy action, terrorism, civil commotion, fire, flood, earthquake or any other event or condition beyond the reasonable control of the person (excepting financial obligations or financial condition) claiming the benefit of the Unavoidable Delay.

25. Buyer's Construction Obligations.

25.1 Construction Schedule. As generally described in Paragraph 24.1 above, Buyer recognizes that the Property is part of a larger development known as the "Mission Bay Development Area" and acknowledges that if there is a material delay in the completion of the Project, such a delay will have a material adverse effect on other portions of the Mission Bay Development Area. In order to allocate the burdens of such a material adverse effect, Buyer hereby covenants to complete construction of the Project in accordance with the deadlines set forth in Paragraph 25.2 below. If, after the Close of Escrow, Buyer fails or is unable to comply with such construction schedule, Buyer shall, subject to the provisions of Paragraph 25.2 below, be requited to make the construction delay payments (the "Construction Delay Payments") to Seller set forth in Paragraph 25.4 below,

25.2 Construction Delay. Buyer agrees to cause (a) Completion of Construction of one or more Buildings containing, in the aggregate, at least 270,000 Gross Square Feet ("Initial Required Square Footage") to occur on or before the First Construction Completion Deadline, and (b) Completion of Construction of the Minimum Square Footage to occur on or before the Project Completion Deadline. The Construction Deadlines shall be extended for the period that Completion of Construction of the Project, or the applicable phase of the Project, are actually delayed by any Seller Infrastructure Delay or Unavoidable Delay, provided that (1) if Buyer fails to give notice to Seller of any such Seller Infrastructure Delay or Unavoidable Delay (and, in the case of an Unavoidable Delay, the cause or causes thereof, to the extent known), within thirty (30) days after obtaining knowledge of the beginning of the delay, the period of any Seller Infrastructure Delay or Unavoidable Delay, as the case may be, shall be reduced for the period of time prior to the delivery of such notice, (2) the period of any such Seller Infrastructure Delay or Unavoidable Delay shall also be reduced by any portion of such delay resulting from the failure of Buyer to act diligently and in good faith to avoid foreseeable delays in performance, and to remove the cause of the delay or to develop a reasonable alternative means of performance, in each case only to the extent possible or reasonably

practical; and (3) in no event shall the Construction Deadlines be extended by an Unavoidable Delay for more than one hundred eighty (180) days (unless the Unavoidable Delay results from an earthquake, in which event the Construction Deadlines may be extended for up to one (1) year).

25.3 Definitions. For purposes of this Paragraph 25, the following terms shall have the following definitions:

25.3.1 "Construction Deadlines" means, collectively, the following:

(a) "First Construction Completion Deadline" means December 15, 2017.

(b) "Project Completion Deadline" means December 15, 2020.

25.3.2 "Construction Delay" means any of the following:

(a) Buyer's failure to cause Completion of Construction of one or more Buildings containing, in the aggregate, at least the Initial Required Square Footage on or before the First Construction Completion Deadline; or

(b) Buyer's failure to cause Completion of Construction of the Minimum Square Footage to occur on or before the Project Completion Deadline.

25.4 Construction Delay Payments.

25.4.1 If Buyer fails to cause Completion of Construction of one or more Buildings containing, in the aggregate, at least the Initial Required Square Footage on or before the First Construction Completion Deadline; then Buyer shall pay directly to Seller, in Immediately Available Funds, a Construction Delay Payment equal to Three Hundred Seventy-Five Thousand Dollars ($375,000.00) on the First Construction Completion Deadline and every six (6) months thereafter until the date that Completion of Construction occurs of the Initial Required Square Footage.

25.4.2 If Buyer fails to cause Completion of Construction of one or more Buildings containing, in the aggregate, the Minimum Square Footage on or before the Project Completion Deadline, then, in addition to any amounts payable by Buyer pursuant to Paragraphs 25.4.1 above, Buyer shall pay directly to Seller, in Immediately Available Funds, a Construction Delay Payment equal to Three Hundred Seventy-Five Thousand Dollars ($375,000.00) on the Project Completion Deadline and every six (6) months thereafter until the date that Completion of Construction of one or more Buildings containing, in the aggregate, the Minimum Square Footage occurs.

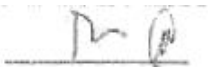
Notwithstanding the foregoing provisions of this Paragraph 25.4, the amount of each of the Construction Delay Payments shall increase on January 1, 2016, and annually thereafter by two percent (2%).

25.4.3 Buyer acknowledges that each Construction Delay shall require Buyer to pay a separate and distinct Construction Delay Payment. For example, if, on the Project Completion Deadline, Buyer has failed to cause Completion of Construction to occur of one or more Buildings containing, in the aggregate, at least the Initial Required Square Footage, then the Construction Delay Payment payable by Buyer hereunder on the Project Completion Deadline shall equal Seven Hundred Fifty Thousand Dollars ($750,000.00), escalated by 2% per annum as provided above (i.e., $375,000 for the continuing Construction Delay attributable to the failure of Completion of Construction of the Initial Required Square Footage by the First Construction Completion Deadline, and $375,000 for the failure to Complete Construction of the Project by the Project Completion Deadline). Any portion of the amounts required to be paid by Buyer to Seller pursuant to this Paragraph 25.4 that are not paid within thirty (30) days following the date due shall bear interest from the date due until paid at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law.

25.5 Liquidated Damages. BUYER AND SELLER AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH SELLER'S DAMAGES RESULTING FROM BUYER'S FAILURE TO PERFORM BUYER'S CONSTRUCTION OBLIGATIONS SET FORTH IN PARAGRAPH 25.2 ABOVE, INCLUDING DAMAGES RESULTING FROM THE DELAY IN THE REDEVELOPMENT AGENCY'S RECEIPT OF "NET AVAILABLE INCREMENT" AND OTHER "ACQUISITION FUNDS" UNDER THE FINANCING PLAN (WHICH WILL, IN TURN, DELAY DISBURSEMENT TO SELLER OF SUCH ACQUISITION FUNDS UNDER THE ACQUISITION AGREEMENT ATTACHED AS EXHIBIT A TO THE FINANCING PLAN). ACCORDINGLY, BUYER AND SELLER AGREE THAT IN THE EVENT BUYER FAILS TO PERFORM BUYER'S CONSTRUCTION OBLIGATIONS SET FORTH IN PARAGRAPH 25.2. IT WOULD BE REASONABLE AT SUCH TIME TO AWARD SELLER, AS SELLER'S SOLE AND EXCLUSIVE REMEDY AT LAW OR IN EQUITY, "LIQUIDATED DELAY DAMAGES" EQUAL TO THE AMOUNT OF THE CONSTRUCTION DELAY PAYMENTS THAT ARE PAYABLE BY BUYER HEREUNDER UNTIL THE COMPLETION OF CONSTRUCTION OF THE MINIMUM SQUARE FOOTAGE, WHICH AMOUNT EQUALS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES RESULTING FROM BUYER'S FAILURE TO PERFORM BUYER'S CONSTRUCTION OBLIGATIONS SET FORTH IN PARAGRAPH 25.2 ABOVE.

SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH 25.5 AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

Seller's Initials



Buyer's Initials

25.6 Final Construction Delay Payments.

25.6.1 Final Construction Delay Payment — First Construction Phase. Notwithstanding anything to the contrary contained in this Paragraph 25, provided Buyer is not then in default of its obligations hereunder to make Construction Delay Payments, Buyer shall

have the option (but no obligation), at any time (the "Final Delay Payment Date – First Phase"), to pay to Seller the following amount ("First Phase Final Payment"), in which event Buyer shall have no further obligation to make any Construction Delay Payments pursuant to Paragraph 25.4.1 above: Thirty Dollars ($30.00), multiplied by the difference between (i) the Initial Required Square Footage (*i.e.*, 270,000) and (ii) the Gross Square Footage of the Buildings on the Property for which Completion of Construction has occurred as of the Final Delay Payment Date – First Phase. For example, if, on the Final Delay Payment Date – First Phase, the Gross Square Footage of the Buildings on the Property for which Completion of Construction has occurred equals 245,000 Gross Square Feet, then the First Phase Final Payment shall equal Seven Hundred Fifty Thousand Dollars ($750,000.00) (i.e., $30.00 x 25,000 Gross Square Feet). Buyer's option set forth in this Paragraph 25.6.1 shall be independent of Buyer's option set forth in Paragraph 25.6.2 below, such that Buyer may at any time pay the First Phase Final Payment whether or not Buyer has previously elected or subsequently elects to pay the Second Phase Final Payment. Buyer's payment to Seller of the First Phase Final Payment shall not affect Buyer's obligation to make any Construction Delay Payments pursuant to Paragraph 25.4.2 above, and Buyer's payment of the First Phase Final Payment shall not affect any prior Construction Delay Payments made by Buyer under Paragraph 25.4.1 above, which the parties acknowledge are non-refundable and are not to be credited against the First Phase Final Construction Delay Payment.

25.6.2 Final Construction Delay Payment — Second Construction Phase. Notwithstanding anything to the contrary contained in this Paragraph 25, provided Buyer is not then in default of its obligations hereunder to make Construction Delay Payments, Buyer shall have the option (but no obligation), at any time (the "Final Delay Payment Date — Second Phase"), to pay to Seller the following amount ("Second Phase Final Payment"), in which event Buyer shall have no further obligation to make any Construction Delay Payments pursuant to Paragraph 25.4.2 above: Ten Dollars ($10.00), multiplied by the difference between (i) Three Hundred Sixty Five Thousand (365,000), and (ii) the amount, if at all, by which the Gross Square Footage of the Buildings on the Property for which Completion of Construction has occurred as of the Final Delay Payment Date – Second Phase exceeds Two Hundred Seventy Thousand (270,000). For example, if, on the Final Delay Payment Date — Second Phase, the Gross Square Footage of the Buildings on the Property for which Completion of Construction has occurred equals 245,000 Gross Square Feet, then the Second Phase Final Payment shall equal Three Million Six Hundred Fifty Thousand Dollars ($3,650,000.00) (*i.e.*, $10.00 x 365,000 Gross Square Feet); and if, on the Final Delay Payment Date – Second Phase, the Gross Square Footage of the Buildings on the Property for which Completion of Construction has occurred equals 600,000 Gross Square Feet, then the Second Phase Final Payment shall equal Three Hundred Fifty Thousand Dollars ($350,000.00) (*i.e.*, $10.00 x 35,000 Gross Square Feet). Buyer's option set forth in this Paragraph 25.6.2 shall be independent of Buyer's option set forth in Paragraph 25.6.1 above, such that Buyer may at any time pay the Second Phase Final Payment whether or not Buyer has previously elected or subsequently elects to pay the First Phase Final Payment. Buyer's payment to Seller of the Second Phase Final Payment shall not affect Buyer's obligation to make any Construction Delay Payments pursuant to Paragraph 25.4.1 above, and Buyer's payment of the Second Phase Final Payment shall not affect any prior Construction Delay Payments made by Buyer under Paragraph 25.4.2 above, which the parties acknowledge are non-refundable and are not to be credited against the Second Phase Final Construction Delay Payment.

25.7 Security. Upon the Close of Escrow, Buyer and Seller acknowledge that, pursuant to Paragraph 13 of the Declaration of Covenants, Buyer grants to Seller a lien against the Property to secure payment of any Construction Delay Payments that accrue from time to time pursuant to Paragraph 25.4 above, which lien shall be a first priority lien prior to the time that a deed of trust securing a construction loan for the Project is recorded; and Buyer and Seller agree that this Paragraph 25**,** including the provision for payment of Construction Delay Payments, shall be binding on, and shall be the obligation of any Mortgagee that acquires title to the Property by foreclosure or deed in lieu thereof, or any successor thereto who acquires title to the Property. Any proposed construction loan for the Project must permit Seller to retain its lien in a subordinate position pursuant to customary subordination terms acceptable to Seller in Seller's reasonable judgment (including, without limitation, reasonable loan to cost limitations and a requirement that any Mortgagee that acquires title to the Property by foreclosure or deed in lieu thereof, or any successor thereto who acquires title to the Property, shall, subject to the "Lender Forbearance Period" described in the Declaration of Covenants, be responsible for Construction Delay Payments in accordance with Paragraph 25.4 above); and, at the time of the closing of such construction loan, Seller will subordinate Seller's lien to the lender's deed of trust securing such construction loan.

EXHIBIT C

THE EXCHANGE

NOTICE OF LEASE TERM DATES

To: _____
_____
_____
_____

Re: Office Lease dated , 201 between , a ("**Landlord**"), and , a ("**Tenant**") concerning the Project located at .

Dear :

In accordance with the Office Lease (the "**Lease**"), we wish to advise you and/or confirm as follows:

1. The Phase I Lease Commencement Date occurred on , and the Lease Expiration Date shall be , unless extended as provided for in the Lease. The Phase II Lease Commencement Date occurred on . The Phase III Lease Commencement Date occurred on .

2. Rent commenced to accrue on each applicable Lease Commencement Date, subject to the Base Rent abatement set forth in Section 3.2 of the Lease.

3. If any Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

4. Your rent checks should be made payable to at .

5. Tenant's Share of Direct Expenses with respect to each Building within the Premises is 100%, subject to any Retail Space Cost Pool.

6. Capitalized terms used herein that are defined in the Lease shall have the same meaning when used herein.

If the provisions of this letter correctly set forth our understanding, please so acknowledge by signing at the place provided below on the enclosed copy of this letter and returning the same to Landlord.

"Landlord"

_____
_____,
a _____
_____

By: _____
_____

Its: _____
____

Agreed to and Accepted
as of , 201 .

"Tenant"

_____
_____,
a _____
_____

By: _____

Its: _____
_

EXHIBIT D

THE EXCHANGE
RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of such Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for the Comparable Buildings. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the Building Hours. Tenant shall be responsible for its employees, agents or any other persons entering or leaving the Building at any time after Building Hours. Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done in such manner as Landlord reasonably designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

5. No furniture, large packages, supplies, or equipment will be received in the Building or carried up or down in the elevators, except between such hours and in such specific elevator as shall be reasonably designated by Landlord.

6. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

7. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises (to the extent the same can be seen from outside the Premises) or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

8. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

9. Tenant shall not overload the floor of the Premises.

10. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

11. Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline, explosive material, corrosive material, material capable of emitting toxic fumes, or other inflammable or combustible fluid chemical, substitute or material. Tenant shall provide material safety data sheets for any Hazardous Substances used or kept on the Premises.

12. Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

13. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner that would unreasonably disturb other occupants of the Project by reason of noise, odors, or vibrations, or unreasonably interfere with other tenants or those having business therein, as a consequence of the use of any musical instrument, radio, or phonograph. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

14. Tenant shall not bring into or keep within the Project, the Building or the Premises any animals (except service animals), birds, or aquariums.

15. The Premises shall not be used for lodging. No cooking shall be done or permitted on the Premises other than in areas properly equipped therefor, except that Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

16. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord.

17. Landlord reserves the right to exclude or expel from the Project any person who, in the reasonable judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

18. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

19. Tenant shall participate in recycling programs undertaken by Landlord. Tenant shall store all its trash and garbage within areas of the Project Common Areas reasonably designated by Landlord. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in San Francisco, California without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate. If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant’s expense, cause the Premises to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

20. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

21. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord’s Building standard window coverings. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord. Tenant shall keep its window coverings closed during any period of the day when the sun is shining directly on the windows of the Premises. Prior to leaving the Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights.

22. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

23. Tenant must comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

24. Tenant must comply with all applicable "NO-SMOKING" or similar ordinances, rules, laws and regulations.

25. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

26. All large electrical or mechanical office equipment shall be placed by Tenant in the Premises in settings approved by Landlord to absorb or prevent any excessive vibration or noise.

27. Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

28. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

29. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

30. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate, visibly marked and properly operational fire extinguisher next to any duplicating or photocopying machines or similar heat producing equipment, which may or may not contain combustible material, in the Premises.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's reasonable judgment may from time to time be necessary for the proper management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord will enforce the foregoing Rules and Regulations in a non-discriminatory manner and to the extent Landlord declines to enforce any of the foregoing Rules and Regulations with respect to any other tenant in the Building, Landlord will not be entitled to enforce such Rules or Regulations with respect to Tenant.

EXHIBIT E

THE EXCHANGE

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned ("Tenant"), as the tenant under that certain Office Lease (the "Lease") made and entered into as of , 201 by and between ("Landlord"), and Tenant, for Premises in the Project located at , certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises.

2. Tenant currently occupies the Premises described in the Lease, the Lease Term commenced on , and the Lease Term expires on , and Tenant has no option to terminate or option to cancel the Lease or to purchase all or any part of the Premises, the Buildings and/or the Project.

3. Base Rent for each Phase of the Premises became payable on the Lease Commencement Date applicable to such Phase, subject to the Base Rent abatement set forth in Section 3.2 of the Lease.

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows: _____

6. All monthly installments of Base Rent, all Additional Rent and monthly installments of estimated Additional Rent have been paid through . The current monthly installment of Base Rent is $.

7. As of the date hereof, to Tenant's knowledge, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder [except as follows:]. In addition, Tenant has not delivered any notice to Landlord regarding a default by Landlord thereunder [except as follows: _____].

8. Except with respect to the pre-payment of first (1st) month's Base Rent for the Phase I Premises pursuant to the Lease, no rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

9. As of the date hereof, to Tenant's knowledge, there are no existing defenses, offsets or claims, or any basis for a claim, that Tenant has against Landlord [except as follows:].

10. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

11. There are no actions pending against Tenant under the bankruptcy or similar laws of the United States or any state.

12. Other than to the extent permitted under the Lease, Tenant has not used or stored any Hazardous Substances in the Premises.

13. To Tenant's knowledge, all improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by Tenant and all reimbursements and allowances due to Tenant under the Lease in connection with any improvement work have been paid in full [except as follows:].

Tenant acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises is a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at on the day of , 201 .

"Tenant"

_____
_____,
a _____
_____

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT F

THE EXCHANGE

MISSION BAY REQUIREMENTS

1. **Environmental Covenant**. The Project may contain hazardous materials in soils and in the ground water under the Project, and is subject to a deed restriction (Covenant and Environmental Restriction on Property) dated as of February 23, 2000, and recorded in the Official Records of the City and County of San Francisco, California (the "**Official Records**") on March 21, 2000, as Document No. 2000-G748552 (the "**Environmental Covenant**"), which Environmental Covenant imposes certain covenants, conditions, and restrictions on usage of the Project. The foregoing statement is required by the Environmental Covenant and is not a declaration that a hazard exists. As required by Section 3.3 of the Environmental Covenant, Landlord hereby states as follows: "The land described herein may contain hazardous materials in soils and in the ground water under the property, and is subject to a deed restriction (Covenant and Restriction) dated as of February 23, 2000, and recorded on March 21, 2000, in the Official Records of San Francisco County, California, as Document No. G748552, which Covenant and Restriction imposes certain covenants, conditions, and restrictions on usage of the property described herein. This statement is not a declaration that a hazard exists." The Environmental Covenant references and requires compliance with the provisions of the Risk Management Plan, Mission Bay Area, San Francisco, California, dated May 11, 1999 (as may be amended from time to time, the "**RMP**"). Tenant hereby acknowledges receipt of a copy of the original RMP, and hereby covenants (i) to comply with the RMP (to the extent the RMP applies to Tenant's activities), (ii) to obligate other entities with which Tenant contracts for construction, property maintenance, or other activities that may disturb soil or groundwater to comply with the applicable provisions of the RMP, and (iii) to refrain (and to cause the entities with which it so contracts to refrain) from interfering with Landlord's or other Occupant's (with "Occupant" having the meaning ascribed in the Environmental Covenant) compliance with the RMP. Additionally, in all future leases, licenses, permits, or other agreements between Tenant and another entity which authorizes such entity to undertake or to engage in activities that are subject to one or more requirements set forth in the RMP, Tenant will provide a copy of the RMP or its relevant provisions prior to execution of such agreements and ensure that such agreements contain covenants that (i) such entity will comply with the RMP (to the extent the RMP applies to the entity's activities); (ii) such entity will obligate other entities with which it contracts for construction, property maintenance or other activities which may disturb soil or groundwater to comply with the applicable provisions of the RMP; and (iii) such entity (and the entities with which it so contracts) will refrain from interfering with Landlord's, Tenant's, or other Occupants' compliance with the RMP.

2. **Special Tax Acknowledgment**. In accordance with Section 53341.5 of the California Government Code, Tenant previously has delivered to Landlord acknowledgments, duly executed by Tenant, confirming that Tenant has been advised of the terms and conditions of the "CFDs" (as defined below), including that the Project is subject to the "CFD Assessments" (as defined below). As used herein, (a) "**CFDs**" shall mean, collectively, (i) the Redevelopment Agency Community Facilities District No. 5 (Mission Bay Maintenance) (the "**Maintenance CFD**") (established to pay a portion of the costs of ongoing maintenance of open space parcels in

Mission Bay), (ii) the Redevelopment Agency Community Facilities District No. 6 (Mission Bay South Public Improvements) (the "**Infrastructure CFD**") (established to pay a portion of the costs of constructing and installing public infrastructure in Mission Bay), and (iii) the San Francisco Unified School District of the City and County of San Francisco Community Facilities District No. 90-1 (Public School Facilities) (the "**Public School CFD**") (established to pay a portion of the costs of acquiring and/or constructing public school facilities), and (b) "**CFD Assessments**" shall mean the special taxes (i) to be levied on the Project and other property in Mission Bay in accordance with the terms and conditions of the "Rate and Method of Apportionment of Special Tax" applicable to the Infrastructure CFD and the Maintenance CFD, respectively, and (ii) to be levied on the Project and other property in accordance with the terms and conditions applicable to the Public School CFD. Tenant acknowledges that, pursuant to the CFDs, CFD Assessments may be levied on the Project and that, without limiting the generality of any other provision contained in this Lease, Direct Expenses shall include all such CFD Assessments.

3. **Project Labor Agreement**. Tenant has been informed by Landlord of the following: (a) Perini Corporation, CDC and its parent, subsidiaries and successor developers in which it holds a majority interest (collectively, "**CDC Parties**"), the San Francisco Building and Construction Trades Council, AFL-CIO ("**Council**"), and certain affiliated local unions originally entered into a certain Mission Bay Project Agreement (the "**Original Project Labor Agreement**") for the Mission Bay project on October 8, 1990, pursuant to which (i) CDC Parties agreed, to the fullest extent possible, to award all construction contracts in Mission Bay for "Covered Work" (as defined in the Original Project Labor Agreement) to unionized construction firms; and (b) CDC and the individual members of the Council entered into an Addendum to Agreement ("**Addendum**") that amended certain terms of the Original Project Labor Agreement (the Original Project Labor Agreement, as amended by the Addendum, shall be referred to as the "**Project Labor Agreement**"), pursuant to which CDC agreed that CDC would require, as a condition of any sale, conveyance, ground lease, or donation of real property covered by the Project Labor Agreement ("**Covered Property**"), that any and all successors in interest and/or assignees, buyers, ground lessees, or donees (any of the foregoing, a "**Covered Successor**") of Covered Property shall require any contractors to which the Covered Successor contracts work that is covered by the Project Labor Agreement to sign and become a party to a successor project labor agreement (a "**Successor Project Labor Agreement**", the form of which is attached hereto as **Schedule 1** to this **Exhibit F**). Tenant acknowledges that the Project is Covered Property, that Landlord is a Covered Successor, and that Landlord has agreed to require any contractors to which Landlord contracts work which is Covered Work to sign and become a party to a Successor Project Labor Agreement. Accordingly, Tenant hereby agrees that Tenant shall require any contractors to which Tenant or any of its contractors contract work which is Covered Work to execute and deliver a Successor Project Labor Agreement. If Tenant acts as a contractor, Tenant shall be required to sign a Successor Project Labor Agreement as project contractor. Tenant will cause its general contractor to execute a Successor Project Labor Agreement prior to the commencement of any construction work on the Project and shall deliver an executed original of each Successor Project Labor Agreement to Landlord. Following Landlord's receipt of such executed original of the Successor Project Labor Agreement, Landlord shall use commercially reasonable efforts to obtain full execution of the Successor Project Labor Agreement by the union signatories, but Tenant acknowledges that Landlord shall have no liability whatsoever if full execution of the Successor Project Labor Agreement is not obtained.

4. **First Source Hiring Program**. Tenant has been informed by Landlord that there is a City-wide "First Source Hiring Program" ("**FSHP**") (adopted by the City and County of San Francisco on August 10, 1998, Ordinance No. 264-98). Tenant hereby acknowledges that its activities with respect to the Project are or may be subject to the FSHP. Accordingly, Tenant shall comply with any provisions of the FSHP that are applicable to the Premises or any construction in, or use or development of, the Premises by Tenant.

5. **Non-Discrimination**. Without limiting the generality of any other provision of this Lease, there shall be no discrimination against, or segregation of, any person or group of persons or any employee or applicant for employment on account of race, color, creed, religion, sex, marital or domestic partner status, familial status, national origin, ancestry, lawful source of income (as defined in Section 3304 of the San Francisco Police Code), gender identity, sexual orientation, age, or disability (including, without limitation, HIV/AIDS status) in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of any part of the Project, nor shall Tenant or any person claiming under or through Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in any part of the Project. All deeds, leases, subleases, or contracts concerning the Project shall contain the non-discrimination and non-segregation clauses specified for each type of document in Section 33436 of the California Health and Safety Code.

6. **Tax Exempt Entities**. Tenant acknowledges that it has received and reviewed that certain Grant Deed dated May 19, 2014, executed and acknowledged on behalf of FOCIL-MB, LLC, and Landlord, recorded in the Official Records on May 23, 2014, as Document No. 2014-J886903-00 (the "**Grant Deed**"), and further that this Lease and Tenant are subject and subordinate to, and Tenant shall not violate, the covenants contained in such Grant Deed. Such Grant Deed contains certain covenants by Landlord regarding payments of taxes (or payments in lieu of taxes) if (a) there is any sale, assignment, conveyance, lease, sublease, or other alienation of any portion of the Project to an entity that is or could be exempt from property taxation (a "**Tax Exempt Entity**"), or (b) there is a grant to a Tax Exempt Entity of occupancy rights (such as under a space lease) where, as the result of such grant, all or any portion of any improvements on all or any portion of the Project would or could be exempt from property taxation. Accordingly, Tenant shall not Transfer the Premises, or any portion thereof, or sublease space in, or otherwise grant any occupancy rights, in the Premises to any Tax Exempt Entity without first: (a) obtaining from such Tax Exempt Entity a binding contractual commitment, in form and substance reasonably satisfactory to, and for the benefit of, the Successor Agency to the Redevelopment Agency (the "**Successor Agency**") and the City and County of San Francisco (collectively, "**City and County**"), obligating such entity to make a payment in lieu of taxes ("**PILOT Agreement**") equal to the full amount of the property taxes that would have been assessed against the Premises notwithstanding such occupancy by a Tax Exempt Entity; or (b) entering into a binding PILOT Agreement, in form and substance reasonably satisfactory to, and for the benefit of, the Successor Agency and the City and County, requiring the full payment of property taxes (or a payment in lieu thereof in an amount equal to the property taxes) that would have been assessed against the Premises notwithstanding such occupancy by such Tax Exempt Entity, or (c) obtaining the written consent of the Successor Agency and the City and County, in their respective sole discretion. Tenant hereby agrees not to request that Landlord request an adjustment to the "Base Year Value" (as defined below) for the

"South Plan Area" (as defined in the OPA), or any portion thereof, as a result of any Transfer permitted under this Lease to a Tax Exempt Entity. For purposes hereof, (i) the term "**Base Year Value**" means the aggregate assessed value of property within the South Plan Area on the assessment roll last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan, and (ii) the term "last equalized" has the meaning set forth in Section 2052 of the California Revenue and Tax Code.

7. **Mitigation Measures**. Tenant has been informed by Landlord that the Project (along with other property) is subject to the Mitigation Monitoring and Reporting Program for the Mission Bay South Plan Area (including, but not limited to, the Mission Bay South CEQA Mitigation Measures described in Attachment L to the Mission Bay South Owner Participation Agreement between the Redevelopment Agency and CDC dated November 16, 1998, and recorded in the Official Records on December 3, 1998, as Document No. 98-G477258). Tenant shall comply with the following mitigation measures (and with any other mitigation measures that Landlord reasonably determines are applicable to Tenant's operations in the Premises):

(a) Mitigation Measure L01 (*Biohazardous Materials Handling Guidelines*): Require businesses that handle biohazardous materials and do not receive federal funding to certify that they follow the guidelines published by the National Research Council and the U.S. Department of Health and Human Services Public Health Service, National Institutes of Health, and Centers for Disease Control as set forth in Biosafety in Microbiological and Biomedical Laboratories, Guidelines for Research Involving Recombinant DNA Molecules (NIH Guidelines), and Guide for the Care and Use of Laboratory Animals, or their successors, as applicable.

(b) Mitigation Measure L02 (*Use of HEPA Filters*): Require businesses handling biohazardous materials to certify that they use high efficiency particulate air (HEPA) filters or substantially equivalent devices on all exhaust from Biosafety Level 3 laboratories unless they demonstrate that exhaust from the Biosafety Level 3 laboratories would not pose a substantial health and safety hazards to the public or the environment. Require such businesses to certify that they inspect or monitor the filters regularly to ensure proper functioning.

(c) Mitigation Measure L03 (*Handling of Biohazardous Materials*): Require businesses handling biohazardous materials to certify that they do not handle or use biohazardous materials requiring Biosafety Level 4 containment (i.e., dangerous or exotic materials that pose high risks of life-threatening diseases or aerosol-transmitted infections, or unknown risks of transmitting in the Project Area).

8. **Declaration of Tax Appeal Waiver Agreement**. Tenant acknowledges that it has received and reviewed a certain Declaration of Tax Appeal Waiver Agreement dated May 23, 2014, executed and acknowledged on behalf of FOCIL-MB, LLC, and Landlord, recorded in the Official Records on May 23, 2014, as Document No. 14-J886906 ("**Declaration of Tax Appeal Waiver Agreement**"), and further that this Lease and Tenant are subject and subordinate to, and Tenant shall not violate, the covenants contained in such Declaration of Tax Appeal Waiver Agreement. Such Declaration of Tax Appeal Waiver Agreement contains certain

covenants by Landlord to not (and waivers of any rights to) take any action or seek to take any action (including filing any appeal, contest, commencing any legal action or otherwise challenging or disputing in any way) that would result in a reduction of the assessed value of the Project for property tax purposes below a "**Minimum Amount**" (as defined in the Declaration of Tax Appeal Waiver Agreement as the sum of (i) $95,000,000.00 plus (ii) the actual construction costs for the Project, provided, however, that the Minimum Amount shall increase on the anniversary of the Completion of Construction (as defined therein) and annually thereafter by 2%). In connection with the foregoing, and notwithstanding the terms and conditions of Article 4 of this Lease, (a) Tenant shall not have the right to require Landlord to seek any reduction in Tax Expenses below the Minimum Amount, and (b) notwithstanding anything to the contrary set forth in this Lease, only Landlord may institute proceedings to reduce Tax Expenses and the filing of any such proceeding by Tenant without Landlord's consent shall constitute an Event of Default by Tenant under this Lease.

SCHEDULE 1 TO EXHIBIT F

THE EXCHANGE
SUCCESSOR PROJECT LABOR AGREEMENT

MISSION BAY

PROJECT AGREEMENT

Exhibit A-2

MISSION BAY

PROJECT AGREEMENT

This Project Agreement ("Agreement") is entered into this _____ day of _____, 200__ by and among _____, (hereinafter referred to as the "Project Contractor"), and the San Francisco Building and Construction Trades Council, AFL-CIO; and affiliated Local Unions whose names are subscribed hereto and who have, through their duly authorized officers, executed this Agreement (hereinafter collectively referred to as the "Union" or the "Unions"). The term Contractor as used in this Agreement includes all contractors and subcontractors of whatever tier. Contractor agrees to comply with the collective bargaining agreements listed in Schedule A for the purposes of the Covered Work only, and any obligation incurred under Schedule A agreements shall expire with the termination of this Agreement. Where specific reference to _____ only is intended, the term Project Contractor is used. This project is being constructed pursuant to an Owner's Participation Agreement ("Owner OPA") for Mission Bay _____ originally between the Redevelopment Agency of the City and County of San Francisco and Catellus Development Corporation ("Catellus") and subsequently transferred in part to _____ (the "Owner). The project area is generally bound by .

Catellus and the Unions entered into the Mission Bay Project Agreement ("Original PLA") for the entire Mission Bay project on October 8, 1990. The Original PLA was amended by an Addendum to Agreement effective _____, 2003 ("Addendum"), which among other things, requires the execution of this Agreement by the Project Contractor when Catellus sells, conveys, ground leases or donates to a third party any real property covered by the Original PLA, subject to the terms and conditions of the Addendum.

ARTICLE I. PURPOSE

The construction at the Owner's project will require substantial numbers of employees from construction and other supporting crafts. The orderly and uninterrupted construction of the work at the Mission Bay project and the Owner's project are of significant interest to the parties to this Agreement.

It is the purpose of this Agreement to ensure that all work covered by this Agreement proceeds efficiently, economically, and with due consideration for the protection of labor standards, wages, and working conditions.

Consistent with the implementation of the programs described in the Mission Bay Affirmative Action and Economic Development Plan ("MBAAWEDP"), Project Contractor will, to the fullest extent possible, award all construction contracts to unionized construction firms. Project Contractor further commits that all construction work under its jurisdiction shall be at prevailing wages, fringes and conditions for all trades and crafts pursuant to the appropriate contract identified on Schedule A. Project Contractor will use good-faith efforts to maximize MBE, WBE and LBE contracts with union firms. Should it be determined that Minority Business Enterprise/Women Owned Business Enterprise (MBE/WBE) goals for this project are not being reached as a result of this Agreement, the affected crafts, San Francisco Building Trades Council and Project Contractor will meet and confer to arrive at a resolution which allows for MBE/WBE goal attainment.

The parties to this Agreement have agreed and do establish and put into practice effective and binding methods for the settlement of all misunderstandings, disputes, or grievances that may arise between or among the parties to this Agreement. To accomplish the purpose that the

Contractor be assured of complete continuity of operation and that labor-management peace be maintained, the Unions agree not to engage in any strike, picketing, work stoppage, slowdown, sympathy action or any other disruptive activities directed to or in connection with Covered Work, and the Contractors agree not to engage in any lockout.

ARTICLE II. EFFECT OF OTHER AGREEMENTS

The provisions of this Agreement, including the local collective bargaining agreements listed on Schedule A, shall apply to Project Contractor's construction and the Owner's project, notwithstanding the provisions of local and/or national union agreements which may conflict or differ with the terms of this Agreement. Where a subject is covered by the provisions of this Agreement is also covered by a collective bargaining agreement which is listed on Schedule A, the provisions of this Agreement shall prevail. Where a subject is covered by the provisions of a collective bargaining agreement identified in Schedule A and not covered by this Agreement, the provisions of the appropriate collective bargaining agreement identified on Schedule A shall prevail. Further, the parties are bound by the MBAAEDP which is incorporated in its entirety in this document as though set forth herein. This Agreement is not a collateral agreement within the meaning of Section 56.3(c) and 56.11 of the San Francisco Administrative Code.

ARTICLE III. SCOPE OF THE AGREEMENT

This Agreement shall apply to all demolition, new construction including exterior landscaping and tenant work, including but not limited to mill cabinet work and built-in furniture work performed on the Owner's project by or otherwise at the control and direction of Project Contractor excluding uses existing at the time of execution of this Agreement (referred to herein as "Covered Work").

ARTICLE IV. UNION RECOGNITION

The Contractor recognizes the Unions signatory hereto as the collective bargaining agents for its employees covered by the terms of this Agreement.

This Agreement does not apply to general superintendents, superintendents, assistant superintendents, (unless covered in a collective bargaining agreement listed in Schedule A), office and clerical employees, guards or other professional or supervisory employees as defined in the National Labor Relations Act.

ARTICLE V. MANAGEMENT'S RIGHTS

The Contractors retain full and exclusive authority for the management of its operations. Except as expressly limited by other provisions of this Agreement and the appropriate collective bargaining agreement listed on Schedule A, the Contractor retains the right to direct the working force, including the hiring, promotion, transfer, discipline or discharge of its employees; the selection of foremen; the assignment and scheduling of work; and, the requirement of overtime work and the determination of when it shall be worked. No rules, customs, or practices which limit or restrict productivity, efficiency or the individual and/or joint working efforts of employees shall be permitted or observed. The Contractor may utilize any methods or techniques of construction.

Except as otherwise stated in the appropriate collective bargaining agreement listed on Schedule A, there shall be no limitation or restriction upon the Contractor's choice of materials or design, nor, regardless of source or location, upon the full use and installation of equipment, machinery, package units, precast, prefabricated, prefinished, or preassembled materials, tools,

or other labor saving devices. The Contractor may without restriction install or otherwise use materials, supplies or equipment regardless of their source. The on-site installation of application of such items shall be performed by the craft customarily having jurisdiction over such work under the applicable collective bargaining agreement listed on Schedule A; provided, however, it is recognized that other personnel having special talents or qualifications may participate in the installation, checkout or testing of specialized or unusual equipment or facilities.

Except as otherwise stated in the appropriate collective bargaining agreement listed on Schedule A, it is recognized that the use of new technology, equipment, machinery, tools and/or labor savings devices and methods of performing work will be initiated by the Contractor from time to time during the project. The Union agrees that it will not in any way restrict the implementation of such new devices or work methods. If there is any disagreement between the Contractor and the Union concerning the manner or implementation of such device or method of work, the implementation shall proceed as directed by the Contractor, and the Union shall have the right to arbitrate the dispute as set forth in Article VIII of this Agreement.

The failure of the Contractor to exercise rights herein reserved to it or the exercise of those rights in a particular way shall not be deemed a waiver of said rights or of the Contractor’s right to exercise said rights in some other manner not in conflict with the terms of this Agreement.

ARTICLE VI. UNION REPRESENTATION

Authorized representatives of the Union shall have access to the Covered Work provided they do not interfere with the work of employees and further provided that such representatives fully comply with the posted visitor and security and safety rules of the Covered Work.

The Union shall have the right to designate working journey workers as stewards. The Union shall, in writing, notify the Contractor as to the identity of the designated steward prior to the assumption of his/her duties as a steward. In addition to his/her work as an employee, the steward shall have the right to receive, but not solicit, complaints or grievances and to discuss and assist in the adjustment of the same with the employee's appropriate supervisor. The Contractor will not discriminate against a steward in the proper performance of his/her Union duties provided that such duties do not interfere with his/her regular work or with the work of other employees. Stewards shall receive the regular rate of pay for their respective craft. There will be no non-working stewards. The steward shall not have the right to determine when overtime shall be worked or who shall work overtime, or to interfere with any of the supervisory functions of the Contractor.

The Contractor agrees to notify the appropriate Union twenty-four (24) hours prior to the layoff of a steward, except in the case of discipline or discharge for a cause. If a steward is protected against such layoff by the provision of any of the collective-bargaining agreements listed on Schedule A, such protection shall be recognized to the extent that the steward possesses the necessary qualifications to perform the work remaining. In any case in which a steward is discharged or disciplined for cause the appropriate Union shall be notified immediately by the Contractor. For the purpose of this provision, "cause" for discharge shall mean incompetence, unexcused absenteeism, disobedience of orders, unsatisfactory performance of duties and violation of posted project work rules.

On work where Catellus' or Owner's personnel may be working in close proximity of the construction activities, the Union agrees that its representatives, stewards and individual workers will not interfere with Catellus' or Owner's personnel or with the work which is being performed by Catellus' or Owner's personnel. This is not to be construed to mean that Catellus' or Owner's personnel may perform work covered by the collective bargaining agreements listed on Schedule A.

ARTICLE VII **WORK STOPPAGES AND LOCKOUTS**

During the term of this Agreement, there shall be no strikes, picketing, work stoppages, slowdowns, sympathy actions or any other disruptive activities directed at or in connection with Covered Work for any reason by the Union or by any employee, and there shall be no lockout by the Contractor.

Failure of any Union or employee to cross any picket line established at the site of Covered Work is a violation of this Article.

The Union shall not sanction, aid or abet, encourage or continue any work stoppage, slowdown, sympathy action, strike, picketing or other disruptive activity at the site of Covered Work and shall undertake all possible means to prevent or to terminate any such activity. No employee shall engage in activities which violate this Article. Any employee who participates in or encourages any activities which interfere with the normal operations of the Covered Work shall be subject to disciplinary action, including discharge. The Union shall not be liable for acts of employees for which it has no responsibility.

In lieu of or in addition to any other action at law or equity, any party, including the Project Contractor, who the parties agree is a beneficiary of this Agreement and specifically this Article with full right of participation in any action under this Article, may institute the following procedure when a breach of paragraphs 1, 2, and/or 3 of this Article is alleged:

(a) The party invoking this procedure shall notify Gerald Mckay or John Kagel who the parties agree shall be the permanent Arbitrator under this procedure. In the event that the permanent Arbitrator is unavailable at any time, he shall appoint his alternate. Notice to the Arbitrator shall be by the most expeditious means available, with notice by telegram to the party alleged to be in violation and the involved International Union President.

(b) Upon receipt of said notice, the Arbitrator named above or his alternate shall set and hold a hearing within twenty-four (24) hours if it is contended that the violation still exists.

(c) The Arbitrator shall notify the parties by telegram of the place and time he has chosen for this hearing. Said hearing shall be completed in one session. A failure of any party to parties to attend said hearing shall not delay the hearing of evidence or issuance of an award by the Arbitrator.

(d) The sole issue at the hearing shall be whether or not a violation of paragraphs 1, 2 and/or 3 of this Article has, in fact, occurred and the Arbitrator shall have no authority to consider any matter in justification, explanation or mitigation of such violation or to award damages. Any issue concerning damages is reserved for court proceedings, if any. The award shall be issued in writing within three (3) hours after the close of the hearing and may be issued without an opinion. If any party desires an opinion, one shall be issued within fifteen (15) days, but its issuance shall not delay compliance with, or enforcement of the Award. The Arbitrator may order cessation of the violation of this Article and other appropriate relief, and such Award shall be served on all parties by hand or registered mail upon issuance.

(e) Such Award may be enforced by any court of competent jurisdiction upon the filing of this Agreement and all other relevant documents referred to hereinabove in the following manner. Telegraphic notice of the filing of such enforcement proceedings shall be given to the other party. In the proceeding to obtain an temporary order enforcing the Arbitrator's Award as issued under paragraph 4(d) of this Article, all parties waive the right to a hearing and agree that such proceedings may be ex parte. Such agreement does not waive any party's right to participate in a hearing for a final order of enforcement. The court's order or orders enforcing the Arbitrator's Award shall be served on all parties by hand or by delivery to their last known address or by registered mail.

(f) Any rights created by statute or law governing arbitration proceedings inconsistent with the above procedure or which interfere with compliance therewith are hereby waived by the parties to whom they accrue.

(g) The fees and expenses of the Arbitrator shall be divided equally between the moving parties and the party or parties respondent.

ARTICLE VIII PROJECT COORDINATION COMMITTEE

The parties agree to form a committee comprised of representatives for the Building Trades Council, affected local union and Project Contractor, to meet and discuss issues which may arise from time to time regarding the interpretation, application and enforcement of this Agreement.

In the event a dispute arises between or among the parties thereto which cannot be resolved by the committee described in the preceding paragraph, then the dispute shall be referred to arbitration as described in Article VII with mutually agreed-upon extensions to time limits set forth therein, as may be required.

ARTICLE IX WORK ASSIGNMENTS AND JURISDICTION DISPUTES

Work shall be assigned by the Contractor. There shall be no strikes, picketing, work stoppage, sympathy actions, slowdowns or other disruptive activity arising out of any jurisdictional dispute directed at or in connection with Covered Work during the term of this Agreement.

Except as provided below, all jurisdictional disputes will be settled in accordance with the procedural rules and decisions of the Plan for Settlement of Jurisdictional Disputes in the Construction Industry and shall be binding upon the Contractor and the Unions.

Where a jurisdictional dispute involves any Union not a party to the Plan for Settlement of Jurisdictional Disputes in the Construction Industry and is not resolved among the Unions and the site representative of the affected Contractor, it shall be referred for resolution to the International Unions with which the disputed Unions are affiliated. The International Unions shall hereafter meet with the representative of the affected Contractor to reach a joint resolution of the disputes. For purposes of all disputes referred to the International Unions shall hereafter meet with the representative of the affected Contractor to reach a joint resolution of the disputes. For purposes of all disputes referred to the International Unions, the Project Contractor shall be a party in interest. The resolution of the dispute shall be reduced to writing, signed by representatives of the Local and/or International Unions and a copy furnished to the Contractor. (The Local and/or International Unions and the Contractor, in making their determination, shall have no authority to assign work to a double crew, that is, to more employees than the minimum required to perform the work involved, or to assign the work to employees who are not qualified to perform the work involved.) This does not prohibit establishment of composite crews following jurisdictional guidelines where more than one employee is needed for the job. The work shall proceed as assigned by the Contractor until such resolution by the parties has been confirmed in the manner indicated by the disputing Unions to the Contractors. Any such resolution shall be final and binding on the Contractor and the Unions.

ARTICLE X WAGES, HOURS, WORKING CONDITIONS AND FRINGE BENEFITS

With the exception of black Friday which shall not be observed on construction covered by this Agreement, wages, hours, fringe benefits and other working conditions shall be determined by the appropriate collective bargaining agreements listed on Schedule A. Make-up days as provided in certain collective bargaining agreements listed on Schedule A shall apply to work covered by this Agreement.

ARTICLE XI NO DISCRIMINATION

The Contractor and the Unions agree that they will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin or age in any manner prohibited by law.

ARTICLE XII APPRENTICES

In order to meet and fulfill minority and woman apprentices and journey-level goals, to ensure those inducted into apprenticeship programs through Mission Bay Affirmative Action reach status, a continuity of work is required. All work covered by this Agreement will have an appropriate apprenticeship program equal to or better than those established by the appropriate collective bargaining agreements listed on Schedule A or their respective equivalent. The work will be done under the wages, hours, conditions, benefits of the appropriate collective bargaining agreement identified on Schedule A. The recruitment, selection, employment and training of apprentices shall be without discrimination because of age, race, color, religion, national origin, or sex. This provision shall be applied in manner consistent with the MBAAEDP and the appropriate JATC, except where superseded by the provisions of the Amended Consent Decree in Civil Case No. C-71-1277RFP, as modified, or as may be subsequently modified during the term of this Agreement.

ARTICLE XIII SAFETY AND HEALTH

The Contractor, the Unions and the employees shall comply with all applicable provisions of local, state, and federal laws and regulations relating to the job safety and safe work practices.

ARTICLE XIV SAVINGS AND SEPARABILITY

It is not the intention of either the Contractor or the Union parties hereto to violate any laws governing the subject matter of this Agreement. The parties hereto agree that in the event any provisions of this Agreement are finally held or determined to be illegal or void as being in contravention of any applicable law, the remainder of this Agreement shall remain in full force and effect unless the part or parts so found to be void are wholly inseparable from the remaining portions of this Agreement. Further, Contractor and Union agree that if and when any or all provisions of this Agreement are finally held or determined to be illegal or void by a court of competent jurisdiction, an effort will be made to then promptly enter into negotiations concerning the substance affected by such decision for the purpose of achieving conformity with the requirements of any applicable law and the intent of the parties hereto.

This Article shall not be construed to waive the prohibitions of Article VII, and if the parties are unable to resolve their differences, the matter shall be referred to the procedure of Article VIII for resolution.

ARTICLE XV ENTIRE UNDERSTANDING

The parties agree that the total results of their bargaining are embodied in this Agreement, and any attached exhibits and schedules, and no party signatory hereto is required to render any performance not set forth in the wording of this Agreement. This Agreement may be amended only by written agreement signed by the parties hereto. In the event that modification to this Agreement is required, the parties agree to promptly convene the Project Coordination Committee to discuss and negotiate the necessary modification.

ARTICLE XVI DURATION OF THE AGREEMENT

This Agreement shall become effective immediately upon Project Contractor's commencement of any demolition or construction activities at the Owner's project within the scope of the Owner's OPA and this Agreement and shall continue in effect for the duration Owner's construction activities on the Owner's project as described in Article III above. Construction of any phase, portion, section or segment of Owner's project shall be deemed completed when such phase, portion, section or segment has been turned over to the Owner and has received the final acceptance from the Owner's representative.

The collective bargaining agreements identified on Schedule A attached to this Agreement shall continue in full force and effect until the contractor and union parties to those collective bargaining agreements notify the Project Contractor of the mutually agreed upon changes in such agreements. The parties agree that any provisions negotiated into said collective bargaining agreements will not apply to work on the Owner's project if such provisions are less favorable to the Contractor than those uniformly required of contractors for construction work covered by those agreements. Such provisions, negotiated, shall not be recognized or applied on Owner's project if they may be construed to apply exclusively or predominantly to work covered by this Agreement.

The Unions agree that there will be no strikes, work stoppages, sympathy actions, picketing, slowdowns or other disruptive activities affecting the Covered Work by the Unions involved in the negotiation of the collective bargaining agreements listed on Schedule A, nor shall there by any lockout on Covered Work affecting the Unions during the course of such negotiations. Any disagreement between the parties over the incorporation into a collective bargaining agreement listed on Schedule A of such provision agreed upon in the negotiation of the collective bargaining agreement shall be subject to the grievance and arbitration procedures of Article VIII.

This Agreement shall be effective until____ ____ ,__ 200__ and shall renew automatically for additional terms of seven years (7) each unless not less than ninety (90) days prior to the termination date of the initial or any subsequent term either Project Contractor or the San Francisco Building Trades Council give written notice to the other requesting modification or termination of the Owner's OPA. Notwithstanding, this Agreement shall terminate upon the termination of the Owner's OPA. Should this Agreement terminate due to the termination of the Owner's OPA, it will be automatically reinstated if the Owner's OPA or a substitute agreement thereto is reinstated within three (3) years of its termination. If reinstatement of the Owner's OPA or a substitute agreement thereto occurs more than three (3) years after its termination, the parties will negotiate a new project agreement. Reinstatement of this Agreement is subject to the seven (7) year terms and notice provision stated above.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and effective as of the day and year above written.

PROJECT CONTRACTOR

_____

SAN FRANCISCO BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

_____

_____

UNIONS (See Schedule A Attached)

SCHEDULE A

Insulators & Asbestos Workers Local 16

Dated: _____

Boilermakers Local 549

Dated: _____

Bricklayers & Allied Crafts Local 3

Dated: _____

Carpenters Local 22

Dated: _____

Carpenters Local 2236

Dated: _____

Carpet & Linoleum Layers Local 12

Dated: _____

Cement Masons Local 300, Area 580

Dated: _____

Electrical Workers Local 6

Dated: _____

Elevator Constructors Local 8

Dated: _____

Glaziers & Glassworkers Local 718

Dated: _____

Hod Carriers Local 36

Dated: _____

Iron Workers Local 377

Dated: _____

Laborers Local 67

Dated: _____

Laborers Local 261

Dated: _____

Lathers Local 68-L

Dated: _____

Laborers Local 102

Dated: _____

Operating Engineers Local 3

Dated: _____

Painters Local 4

Dated: _____

Piledrivers Local 34

Dated: _____

Operative Plasterers Local 66

Dated: _____

Plumbers & Steamfitters Local 38

Dated: _____

Roofers & Waterproofers Local 40

Dated: _____

Sheet Metal Workers Local 104

Dated: _____

Sign & Display Local 510

Dated: _____

Sprinkler Fitters Local 483

Dated: _____

Teamsters Local 853

Dated: _____

Professional & Technical Engineers Local 21

Dated: _____

Iron Workers Shop Local 790

Dated: _____

United Steelworkers of America Machinists Local 1304

Dated: _____

Window Cleaners Local 44

Dated: _____

EXHIBIT G

THE EXCHANGE
MARKET RENT ANALYSIS

When determining Market Rent, the following rules and instructions shall be followed.

1. **RELEVANT FACTORS**. The "**Market Rent**," as used in this Lease, shall be equal to the annual rent per rentable square foot as would be applicable on the commencement of the applicable Option Term at which tenants, are, pursuant to transactions consummated within the twelve (12) month period immediately preceding the first day of the Option Term (provided that timing adjustments shall be made to reflect any perceived changes which will occur in the Market Rent following the date of any particular Comparable Transaction up to the date of the commencement of the Option Term) leasing non-sublease, non-encumbered, non-equity space comparable in location and quality to the Renewal Premises and consisting of at least two hundred fifty thousand (250,000) rentable square feet (unless there are not at least two (2) Comparable Transactions of at least two hundred fifty thousand (250,000) rentable square feet, then consisting of at least one hundred thousand (100,000) rentable square feet), for a comparable term, in an arm's-length transaction, which comparable space is located in the "Comparable Buildings," as that term is defined in Section 4, below (transactions satisfying the foregoing criteria shall be known as the "**Comparable Transactions**"). The terms of the Comparable Transactions shall be calculated as a Net Equivalent Lease Rate pursuant to the terms of this **Exhibit G** and shall take into consideration only the following terms and concessions (the "**Concessions**"): (i) the rental rate and escalations for the Comparable Transactions taking into account the amenities included in such Comparable Transactions, such as usage rights with respect to unique amenities, common areas, parking rights, and signage rights, compared with the amenities included under this Lease, such as usage rights with respect to the Roof Deck, parking rights, the Common Areas, and signage rights, (ii) the amount of parking rent per parking permit paid in the Comparable Transactions, (iii) operating expense and tax escalation protection granted in such Comparable Transactions such as a base year or expense stop; (iv) improvements or allowances provided or to be provided for such comparable space, as compared to the value of the existing improvements in the Renewal Premises, such value of existing improvements in the Renewal Premises to be based upon the age, quality and layout of the improvements and the extent to which the same could be utilized by general office users, (v) rental/parking abatement concessions, if any, being granted such tenants in connection with such comparable space, and (vi) all other monetary allowances and concessions being granted such tenants in connection with such Comparable Transactions; provided, however, that no consideration shall be given to (1) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with the applicable term or the fact that the Comparable Transactions do or do not involve the payment of real estate brokerage commissions, and (2) any period of rental abatement, if any, granted to tenants in Comparable Transactions in connection with the design, permitting and construction of improvements in such comparable space; provided, however, to the extent any of the tenants in the Comparable Transactions complete (or are reasonably anticipated to complete) the construction of improvements in such comparable space early, and are allowed to occupy their premises for purpose of conducting business without the payment of rent (similar to Tenant's beneficial

occupancy right in Section 2.5.2 of this Lease), then such occupancy period shall be considered in connection with the determination of Option Rent. The Market Rent shall include adjustment of the stated size of the Renewal Premises, based upon the standards of measurement utilized in the Comparable Transactions. In addition, because the rentable square footage of the Renewal Premises shall have determined pursuant to Section 1.2 of the Lease, no consideration shall be given to the measurement standard used to determine the rentable square footage of the Comparable Transactions, as compared to the measurement standard used by Landlord and Tenant to determine the rentable square footage of the Renewal Premises, and in no event shall the size of the Renewal Premises change in connection with the determination of Market Rent.

2. **INTENTIONALLY OMITTED**.

3. **CONCESSIONS**. If, in determining the Market Rent for an Option Term, Tenant is entitled to Concessions, Tenant shall not be granted such Concessions in-kind, but instead the rental rate component of the Market Rent shall be adjusted (pursuant to the methodology provided in Section 5), to reflect the fact that Tenant shall not be receiving such Concessions; provided, however, Landlord may, at Landlord's sole option, elect to grant any "free rent", "rent abatement", or "improvement allowances" Concessions to Tenant in-kind (i.e., as free rent, rent abatement, or improvement allowances), in which case the rental rate component of the Market Rent shall not be adjusted with respect to such free rent, rent abatement, and/or improvement allowance Concessions (but shall still be adjusted for any other Concessions Tenant is entitled to but not granted).

4. **COMPARABLE BUILDINGS**. For purposes of this Lease, the term "**Comparable Buildings**" shall mean the Buildings and those certain other first-class office buildings which are comparable to the Buildings in terms of age (based upon the date of completion of construction or major renovation), quality of construction, level of services and amenities (including, but not limited to, the type (e.g., surface, covered, subterranean) and amount of parking), size and appearance, proximity and access to transportation available to the public, freeway access, and are located in the area depicted on **Schedule 1 to Exhibit G** attached hereto.

5. **METHODOLOGY FOR REVIEWING AND COMPARING THE COMPARABLE TRANSACTIONS**. In order to analyze the Comparable Transactions based on the factors to be considered in calculating Market Rent, and given that the Comparable Transactions may vary in terms of length of term, rental rate, concessions, etc., the following steps shall be taken into consideration to "adjust" the objective data from each of the Comparable Transactions. By taking this approach, a "Net Equivalent Lease Rate" for each of the Comparable Transactions shall be determined using the following steps to adjust the Comparable Transactions, which will allow for an "apples to apples" comparison of the Comparable Transactions.

5.1 The contractual rent payments for each of the Comparable Transactions should be arrayed monthly or annually over the lease term. All Comparable Transactions should be adjusted to simulate a net rent structure, wherein the tenant is responsible for the payment of all property operating expenses and taxes. This results in the estimate of Net Equivalent Rent received by each landlord for each Comparable Transaction being expressed as a periodic net rent payment.

5.2 Any free rent or similar inducements received over time should be deducted in the time period in which they occur, resulting in the net cash flow arrayed over the lease term.

5.3 The resultant net cash flow to be received by the landlord in a Comparable Transaction should be then discounted (using an annual discount rate equal to 8.0%) to the commencement date of the lease term for such Comparable Transaction (but not including any build-out period if included in the lease term), resulting in a net present value estimate.

5.4 From the net present value, up front inducements (improvements allowances and other concessions) should be deducted. These items should be deducted directly, on a "dollar for dollar" basis, without discounting since they are typically incurred at lease commencement, while rent (which is discounted) is a future receipt.

5.5 The net present value should then amortized back over the lease term as a level monthly or annual net rent payment using the same annual interest rate of 8.0% used in the present value analysis. This calculation will result in a hypothetical level or even payment over the option period, termed the "Net Equivalent Lease Rate" (or constant equivalent in general financial terms).

6. **USE OF NET EQUIVALENT LEASE RATES FOR COMPARABLE TRANSACTIONS**. The Net Equivalent Lease Rates for the Comparable Transactions shall then be used to reconcile, in a manner usual and customary for a real estate appraisal process, to a conclusion of Market Rent which shall be stated as a Net Equivalent Lease Rate applicable the Option Term.

SCHEDULE 1 TO EXHIBIT G

THE EXCHANGE
DEPICTION OF COMPARABLE AREA

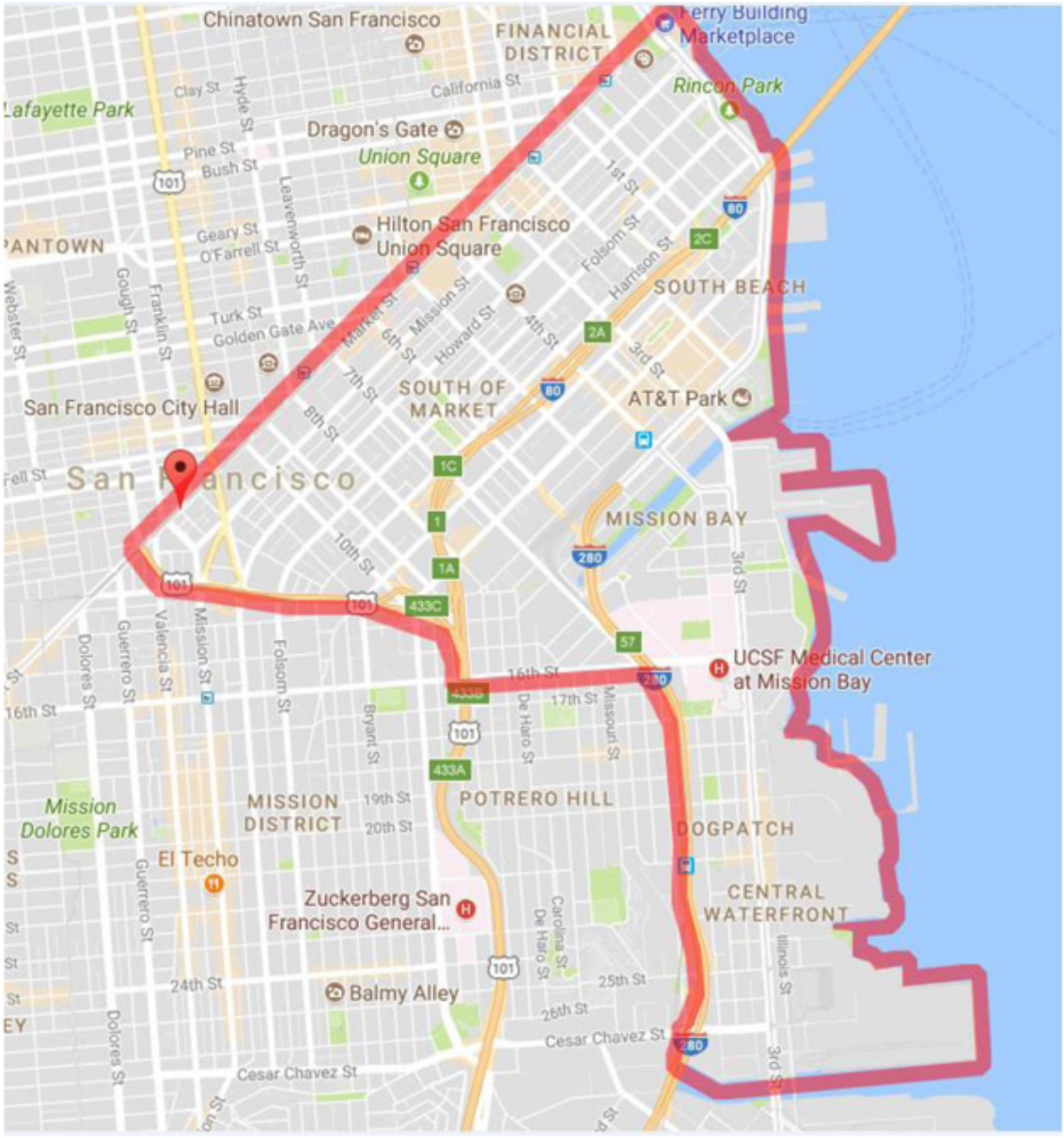


EXHIBIT H

THE EXCHANGE
RECOGNITION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FORM OF RECOGNITION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
1901 Avenue of the Stars, 18th Floor
Los Angeles, California 90067
Attention: Anton N. Natsis, Esq.

RECOGNITION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS

This Recognition of Covenants, Conditions, and Restrictions (this "**Agreement**") is entered into as of the day of , 20 , by and between ("**Landlord**"), and ("**Tenant**"), with reference to the following facts:

A. Landlord and Tenant entered into that certain Lease dated , 20 (the "**Lease**"). Pursuant to the Lease, Landlord leased to Tenant and Tenant leased from Landlord space (the "**Premises**") located in certain buildings on certain real property described in **Exhibit A** attached hereto and incorporated herein by this reference (the "**Property**").

B. The Premises is located in a project located on real property which is part of an area owned by Landlord containing approximately ( ) acres of real property located in the City of , California (the "**Project**"), as more particularly described in **Exhibit B** attached hereto and incorporated herein by this reference.

C. Landlord, as declarant, has previously recorded, or proposes to record concurrently with the recordation of this Agreement, a Declaration of Covenants, Conditions, and Restrictions (the "**Declaration**"), dated , 20 , in connection with the Project.

D. Tenant is agreeing to recognize and be bound by the terms of the Declaration, and the parties hereto desire to set forth their agreements concerning the same.

NOW, THEREFORE, in consideration of (a) the foregoing recitals and the mutual agreements hereinafter set forth, and (b) for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows,

1. Tenant's Recognition of Declaration. Notwithstanding that the Lease has been executed prior to the recordation of the Declaration, Tenant agrees to recognize and by bound by all of the terms and conditions of the Declaration.

2. Miscellaneous.

2.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, estates, personal representatives, successors, and assigns.

2.2 This Agreement is made in, and shall be governed, enforced and construed under the laws of, the State of California.

2.3 This Agreement constitutes the entire understanding and agreements of the parties with respect to the subject matter hereof, and shall supersede and replace all prior understandings and agreements, whether verbal or in writing. The parties confirm and acknowledge that there are no other promises, covenants, understandings, agreements, representations, or warranties with respect to the subject matter of this Agreement except as expressly set forth herein.

2.4 This Agreement is not to be modified, terminated, or amended in any respect, except pursuant to any instrument in writing duly executed by both of the parties hereto.

2.5 In the event that either party hereto shall bring any legal action or other proceeding with respect to the breach, interpretation, or enforcement of this Agreement, or with respect to any dispute relating to any transaction covered by this Agreement, the losing party in such action or proceeding shall reimburse the prevailing party therein for all reasonable costs of litigation, including reasonable attorneys' fees, in such amount as may be determined by the court or other tribunal having jurisdiction, including matters on appeal.

2.6 All captions and heading herein are for convenience and ease of reference only, and shall not be used or referred to in any way in connection with the interpretation or enforcement of this Agreement.

2.7 If any provision of this Agreement, as applied to any party or to any circumstance, shall be adjudged by a court of competent jurisdictions to be void or unenforceable for any reason, the same shall not affect any other provision of this Agreement, the application of such provision under circumstances different from those adjudged by the court, or the validity or enforceability of this Agreement as a whole.

2.8 Time is of the essence of this Agreement.

2.9 The Parties agree to execute any further documents, and take any further actions, as may be reasonable and appropriate in order to carry out the purpose and intent of this Agreement.

2.10 As used herein, the masculine, feminine or neuter gender, and the singular and plural numbers, shall each be deemed to include the others whenever and whatever the context so indicates.

SIGNATURE PAGE OF RECOGNITION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

"Landlord":

_____,
a _____

By: _____

Its: _____

"Tenant":

_____,
a _____

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT I

THE EXCHANGE
FORM OF LETTER OF CREDIT

(Letterhead of a money center bank acceptable to the Landlord)

FAX NO. [( ) -]
SWIFT: [Insert No., if any]

[Insert Bank Name And Address]

DATE OF ISSUE: _____

BENEFICIARY:

KR Mission Bay, LLC
c/o Kilroy Realty Corporation
12200 West Olympic Boulevard, Suite 200
Los Angeles, California 90064
Attention: Legal Department

Fax: (310) 481-6530

APPLICANT:
[Insert Applicant Name And Address]

LETTER OF CREDIT NO. _____

EXPIRATION DATE:
_____ AT OUR COUNTERS

AMOUNT AVAILABLE:
USD[Insert Dollar Amount]
(U.S. DOLLARS [Insert Dollar Amount])

LADIES AND GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN YOUR FAVOR FOR THE ACCOUNT OF [Insert Tenant's Name], A [Insert Entity Type], UP TO THE AGGREGATE AMOUNT OF USD[Insert Dollar Amount] ([Insert Dollar Amount] U.S. DOLLARS) EFFECTIVE IMMEDIATELY AND EXPIRING ON (Expiration Date) AVAILABLE BY PAYMENT UPON PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON [Insert Bank Name] WHEN ACCOMPANIED BY THE FOLLOWING DOCUMENT(S):

1. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND AMENDMENT(S), IF ANY.

2. BENEFICIARY'S SIGNED STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF [Insert Landlord's Name], A [Insert Entity Type] ("LANDLORD") STATING THE FOLLOWING:

"THE UNDERSIGNED HEREBY CERTIFIES THAT THE LANDLORD, EITHER (A) UNDER THE LEASE (DEFINED BELOW), OR (B) AS A RESULT OF THE TERMINATION OF SUCH LEASE, HAS THE RIGHT TO DRAW DOWN THE AMOUNT OF USD ____ IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS THE SAME MAY HAVE BEEN AMENDED (COLLECTIVELY, THE "LEASE"), OR SUCH AMOUNT CONSTITUTES DAMAGES OWING BY THE TENANT TO BENEFICIARY RESULTING FROM THE BREACH OF SUCH LEASE BY THE TENANT THEREUNDER, OR THE TERMINATION OF SUCH LEASE, AND SUCH AMOUNT REMAINS UNPAID AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT WE HAVE RECEIVED A WRITTEN NOTICE OF [Insert Bank Name]'S ELECTION NOT TO EXTEND ITS STANDBY LETTER OF CREDIT NO. _____ AND HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT WITHIN AT LEAST THIRTY (30) DAYS PRIOR TO THE PRESENT EXPIRATION DATE."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF THE FILING OF A VOLUNTARY PETITION UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE BY THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS THE SAME MAY HAVE BEEN AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF AN INVOLUNTARY PETITION HAVING BEEN FILED UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE AGAINST THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS THE SAME MAY HAVE BEEN AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF THE REJECTION, OR DEEMED REJECTION, OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS THE SAME MAY HAVE BEEN AMENDED, UNDER SECTION 365 OF THE U.S. BANKRUPTCY CODE."

SPECIAL CONDITIONS:

PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS MAY BE MADE UNDER THIS STANDBY LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS STANDBY LETTER OF CREDIT.

ALL INFORMATION REQUIRED WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING. [Please Provide The Required Forms For Review, And Attach As Schedules To The Letter Of Credit.]

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

ALL BANKING CHARGES ARE FOR THE APPLICANT'S ACCOUNT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE WE SEND YOU NOTICE BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD. SAID NOTICE WILL BE SENT TO THE ADDRESS INDICATED ABOVE, UNLESS A CHANGE OF ADDRESS IS OTHERWISE NOTIFIED BY YOU TO US IN WRITING BY RECEIPTED MAIL OR COURIER. ANY NOTICE TO US WILL BE DEEMED EFFECTIVE ONLY UPON ACTUAL RECEIPT BY US AT OUR DESIGNATED OFFICE. IN NO EVENT, AND WITHOUT FURTHER NOTICE FROM OURSELVES, SHALL THE EXPIRATION DATE BE EXTENDED BEYOND A FINAL EXPIRATION DATE OF ____(60 days from the Lease Expiration Date)____.

THIS LETTER OF CREDIT MAY BE TRANSFERRED SUCCESSIVELY ONLY UP TO THE THEN AVAILABLE AMOUNT IN FAVOR OF A NOMINATED TRANSFEREE ("TRANSFEREE"), ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE IS IN COMPLIANCE WITH ALL APPLICABLE U.S. LAWS AND REGULATIONS. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S) IF ANY, MUST BE SURRENDERED TO US TOGETHER WITH OUR TRANSFER FORM (AVAILABLE UPON REQUEST) AND PAYMENT OF OUR CUSTOMARY TRANSFER FEES, WHICH FEES SHALL BE PAYABLE BY APPLICANT (PROVIDED THAT BENEFICIARY MAY, BUT SHALL NOT BE OBLIGATED TO, PAY SUCH FEES TO US ON BEHALF OF APPLICANT, AND SEEK REIMBURSEMENT THEREOF FROM APPLICANT). IN CASE OF ANY TRANSFER UNDER THIS LETTER OF CREDIT, THE DRAFT AND ANY REQUIRED STATEMENT MUST BE EXECUTED BY THE TRANSFEREE AND WHERE THE BENEFICIARY'S NAME APPEARS WITHIN THIS STANDBY LETTER OF CREDIT, THE TRANSFEREE'S NAME IS AUTOMATICALLY SUBSTITUTED THEREFOR.

ALL DRAFTS REQUIRED UNDER THIS STANDBY LETTER OF CREDIT MUST BE MARKED: ‘‘DRAWN UNDER [Insert Bank Name] STANDBY LETTER OF CREDIT NO. _____.”

WE HEREBY AGREE WITH YOU THAT IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AT OR PRIOR TO [Insert Time – (*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS PRESENTED CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SUCCEEDING BUSINESS DAY. IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AFTER [Insert Time – (*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS CONFORM WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SECOND SUCCEEDING BUSINESS DAY. AS USED IN THIS LETTER OF CREDIT, “BUSINESS DAY” SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF CALIFORNIA ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE. IF THE EXPIRATION DATE FOR THIS LETTER OF CREDIT SHALL EVER FALL ON A DAY WHICH IS NOT A BUSINESS DAY THEN SUCH EXPIRATION DATE SHALL AUTOMATICALLY BE EXTENDED TO THE DATE WHICH IS THE NEXT BUSINESS DAY.

PRESENTATION OF A DRAWING UNDER THIS LETTER OF CREDIT MAY BE MADE ON OR PRIOR TO THE THEN CURRENT EXPIRATION DATE HEREOF BY HAND DELIVERY, COURIER SERVICE, OVERNIGHT MAIL, OR FACSIMILE. PRESENTATION BY FACSIMILE TRANSMISSION SHALL BE BY TRANSMISSION OF THE ABOVE REQUIRED SIGHT DRAFT DRAWN ON US TOGETHER WITH THIS LETTER OF CREDIT TO OUR FACSIMILE NUMBER, [Insert Fax Number – (____)_____-_____], ATTENTION: [Insert Appropriate Recipient], WITH TELEPHONIC CONFIRMATION OF OUR RECEIPT OF SUCH FACSIMILE TRANSMISSION AT OUR TELEPHONE NUMBER [Insert Telephone Number – (____)_____-_____] OR TO SUCH OTHER FACSIMILE OR TELEPHONE NUMBERS, AS TO WHICH YOU HAVE RECEIVED WRITTEN NOTICE FROM US AS BEING THE APPLICABLE SUCH NUMBER. WE AGREE TO NOTIFY YOU IN WRITING, BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE, OF ANY CHANGE IN SUCH DIRECTION. ANY FACSIMILE PRESENTATION PURSUANT TO THIS PARAGRAPH SHALL ALSO STATE THEREON THAT THE ORIGINAL OF SUCH SIGHT DRAFT AND LETTER OF CREDIT ARE BEING REMITTED, FOR DELIVERY ON THE NEXT BUSINESS DAY, TO [Insert Bank Name] AT THE APPLICABLE ADDRESS FOR PRESENTMENT PURSUANT TO THE PARAGRAPH FOLLOWING THIS ONE.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENT(S) DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS STANDBY LETTER OF CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE LOCATED AT [Insert Bank Name], [Insert Bank Address], ATTN: [Insert Appropriate Recipient], ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT, (Expiration Date).

IN THE EVENT THAT THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT IS LOST, STOLEN, MUTILATED, OR OTHERWISE DESTROYED, WE HEREBY AGREE TO ISSUE A DUPLICATE ORIGINAL HEREOF UPON RECEIPT OF A WRITTEN REQUEST FROM YOU AND A CERTIFICATION BY YOU (PURPORTEDLY SIGNED BY YOUR AUTHORIZED REPRESENTATIVE) OF THE LOSS, THEFT, MUTILATION, OR OTHER DESTRUCTION OF THE ORIGINAL HEREOF.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS STANDBY LETTER OF CREDIT IS SUBJECT TO THE "INTERNATIONAL STANDBY PRACTICES" (ISP 98) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 590).

Very truly yours,

(Name of Issuing Bank)

By: _____

EXHIBIT I-1

THE EXCHANGE
FORM OF INITIAL LETTER OF CREDIT

Goldman Sachs Bank USA
200 West Street
New York, NY 10282
IRREVOCABLE STANDBY LETTER OF CREDIT

[insert date of issuance]

Applicant:

[insert name of Applicant]
[insert address of Applicant]
[insert address of Applicant]

Beneficiary:

[insert name of Beneficiary]
Attn: **[insert attention party name]**
[insert address of Beneficiary]
Email: **[insert email address of Beneficiary]**
Telephone: **[insert telephone number of Beneficiary]**

Letter of Credit Number: **[insert reference number]**

Expiration Date: **[insert date]**

Dear Sir or Madam:

At the request and for the account of **[insert name and address of applicant]** ("Applicant"), we, Goldman Sachs Bank USA ("Issuer"), issue this irrevocable, transferable standby letter of credit number **[insert reference number]** ("Standby") from our offices in New York, New York in favor of **[insert name and address of beneficiary]** ("Beneficiary") in the maximum aggregate amount of **[amount]**.

We undertake to Beneficiary to pay Beneficiary's demand for payment in the currency and for an amount available under this Standby and in the form of the Payment Demand attached hereto as Exhibit A completed as indicated and presented to us, together with the original of this Standby, at the following place for presentation: Goldman Sachs Bank USA, c/o Goldman Sachs Loan Operations, Attn: Letter of Credit Department Manager, 6011 Connection Drive, Irving, TX 75039, on or before the expiration date above. Your Payment Demand may be presented by hand delivery, courier service, overnight mail, email to gs-loc-operations@ny.email.gs.com or by facsimile transmission to 917-977-4587 or such other street address, email address, or fax number as we may notify you of in writing. If presentation is to be made by facsimile transmission, you shall provide telephone notification to us at 972-368-2790 prior to initiating such transmission.

The expiration date of this Standby shall be automatically extended for successive one-year periods unless we notify Beneficiary by overnight courier, registered mail, or other receipted means of delivery sent to Beneficiary's above-stated address at least thirty (30) or more days before the then-current expiration date that we elect not to extend the expiration date. The expiration date is not subject to automatic extension beyond **[insert date]**.

Payment. Payment against a complying presentation shall be made from our offices at 200 West Street, New York, New York 10282 within 3 banking days after such complying presentation is made and shall be paid by wire transfer to a duly requested account of Beneficiary.

Drawing. Partial and multiple drawings are permitted.

Reduction. Any payment made under this Standby shall reduce the amount available under it.

Transfer. This Standby is transferable one or more times in its entirety but not in part. Any transfer fees shall be for the **Applicant's** account. Any transfer made hereunder must conform strictly to the terms hereof and to the conditions of Rule 6 of ISP98. This Standby will not be transferred to any person or entity who is subject to sanctions issued by the U.S. Department of Commerce or to whom such transfer is prohibited by applicable regulations or laws or by any policy of the Issuer in effect at the time, or to whom payment is blocked or prohibited by foreign assets control regulations or any other applicable regulations or laws. No transfer shall be effected until:

1. an executed Transfer Request in the form of Exhibit B attached hereto is filed with us; and

2. the original of this Standby is returned to us for endorsement thereon of any transfer effected; and

3. the request has been approved, which approval will not be unreasonably withheld.

In the event that the original of this Standby is lost, stolen, mutilated, or otherwise destroyed, we hereby agree to issue a duplicate original hereof upon receipt of a written request from Beneficiary and a certification by Beneficiary (purportedly signed by Beneficiary's authorized representative) of the loss, theft, mutilation, or other destruction of the original hereof.

ISP98 & Governing Law. This Standby is issued subject to the International Standby Practices 1998 (ISP98) (International Chamber of Commerce Publication No.590) and shall be governed by and construed in accordance with the law of the State of New York, including, without limitation, the Uniform Commercial Code as in effect from time to time in the State of New York.

Communications. Communications other than demands may be made to us in writing and delivered in person, by courier, by email, or by facsimile transmission to us at: Goldman Sachs Bank USA, c/o Goldman Sachs Loan Operations, Attn: Letter of Credit Department Manager, 6011 Connection Drive, Irving, TX 75039, email: gs-loc-business@gs.com, facsimile: 917-977-4587. Beneficiary requests for amendment of this Standby, including amendment to reflect a change in Beneficiary's address, should be made to Applicant, who may then request Issuer *to issue the desired amendment.*

GOLDMAN SACHS BANK USA

Authorized Signature

Exhibit A

Form of Payment Demand

[INSERT DATE]

Goldman Sachs Bank USA
c/o Goldman Sachs Loan Operations
Attn: Letter of Credit Department Manager
6011 Connection Drive
Irving, TX 75039

Re: Your Standby Letter of Credit No.**[insert reference number]**, dated **[insert date]**, (the "Standby")

The undersigned Beneficiary demands payment of [insert AMOUNT AND CURRENCY IN WORDS FOLLOWED BY PARENTHETICAL WITH ISO CURRENCY CODE AND THEN AMOUNT IN NUMBERS] under the Standby.

[INSERT ONE OF THE FOLLOWING ALTERNATIVE STATEMENTS:

Beneficiary states that **[Applicant]**, which is the Tenant under that certain office lease dated [insert lease date], as the same may have been amended (collectively, the "Lease"), is obligated to pay to Beneficiary the amount demanded under or in connection with the agreement between Beneficiary and **[Applicant]** titled **[insert agreement title]** and dated **[insert date]**, [as the same may have been amended, supplemented, or otherwise modified from time to time].

or

Beneficiary states that the Standby is set to expire fewer than 60 days from the date hereof because Issuer has given a notice of non-extension of the Standby.

or

Beneficiary states that Beneficiary is entitled to draw down the full amount of letter of credit no. _____ as the result of the filing of a voluntary petition under the U.S. Bankruptcy Code or a State Bankruptcy Code by the Tenant under the Lease, which filing has not been dismissed at the time of this drawing.

or

Beneficiary states that Beneficiary is entitled to draw down the full amount of letter of credit no. _____ as the result of an involuntary petition having been filed under the U.S. Bankruptcy Code or a State Bankruptcy Code against the Tenant under the Lease, which filing has not been dismissed at the time of this drawing.

or

Beneficiary states that Beneficiary is entitled to draw down the full amount of letter of credit no. _____ as the result of the rejection, or deemed rejection, of the Lease, under Section 365 of the U.S. Bankruptcy Code.

Beneficiary requests that payment be made by wire transfer to an account of Beneficiary as follows: [INSERT NAME AND NUMBER OF BENEFICIARY'S ACCOUNT AND NAME, ADDRESS, AND ROUTING NUMBER OF BENEFICIARY'S BANK].

[Insert Beneficiary's name and address]

By its authorized officer:

[INSERT ORIGINAL SIGNATURE]
[INSERT TYPED/PRINTED NAME AND TITLE]

Exhibit B

Form of Transfer Request

FULL TRANSFER OF LETTER OF CREDIT

Goldman Sachs Bank USA
c/o Goldman Sachs Loan Operations
ATTN: Letter of Credit Department Manager
6011 Connection Drive
Irving, Texas 75039

Re: Your Standby Letter of Credit No.**[insert reference number]**, dated **[insert date]**

Ladies and Gentlemen:

For value received, the undersigned beneficiary (the "Beneficiary") hereby requests that all rights of the undersigned Beneficiary to draw under the above-captioned Letter of Credit (the "Standby") be irrevocably transferred to:

_____

[INSERT NAME OF TRANSFEREE]

_____

[INSERT ADDRESS OF TRANSFEREE]

Beneficiary states that there are no outstanding demands by Beneficiary for payment, no outstanding requests for transfer, and no outstanding requests for agreement to reduction or cancellation of the Standby.

By this transfer, all rights of the undersigned Beneficiary in the Standby are to be transferred to the transferee and the transferee shall thereafter have the sole rights as Beneficiary thereof; provided that no rights shall be deemed to have been transferred to the transferee until such transfer complies with the requirements of the Standby pertaining to such transfers including, without limitation, your approval, which shall not be unreasonably withheld. All future amendments to the Standby are to be consented to by the transferee without necessity of any consent of or notice to the undersigned.

The Standby together with all amendments (if any) is returned herewith and in accordance therewith we ask that you transfer the Standby to the above transferee or that, if so requested by the transferee, you issue a new irrevocable letter of credit in favor of the transferee on the same terms as the Standby (other than the name and contact details of the beneficiary, the issue date thereof and the Letter of Credit number).

Very truly yours,
[Insert Beneficiary's name and address]

By its authorized officer:

[INSERT ORIGINAL SIGNATURE]
[INSERT TYPED/PRINTED NAME AND TITLE]

SIGNATURE GUARANTEED
The above signature(s) with title(s) conform(s) with that/those on file with us for this company and signer(s) is/are authorized to execute this instrument. We attest that the company has been identified by us as a customer, in compliance with USA PATRIOT Act procedures of our bank.

(Name of Bank)

(Bank Address)

(City, State, Zip Code)

(Telephone Number)

(Authorized Name and Title)

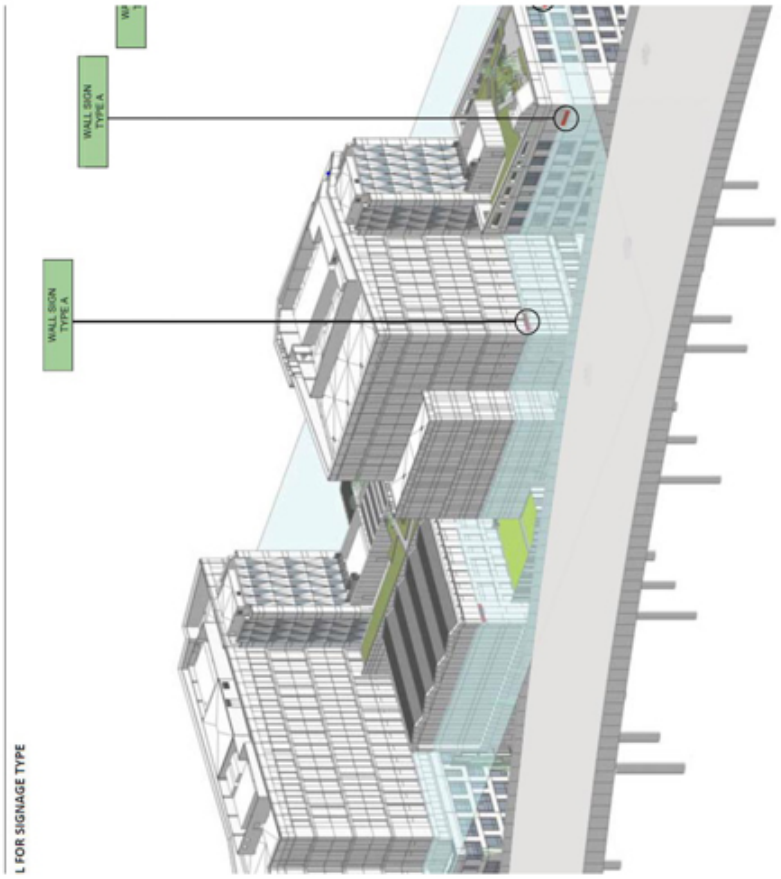
(Authorized Signature)

EXHIBIT I-2

THE EXCHANGE
INTENTIONALLY OMITTED

EXHIBIT J

THE EXCHANGE
LOCATION OF EXTERIOR SIGNAGE



WALL SIGN TYPE A
WALL SIGN TYPE A
VIEW_1
WALL SIGN TYPE A
WALL SIGN TYPE A
VIEW_3

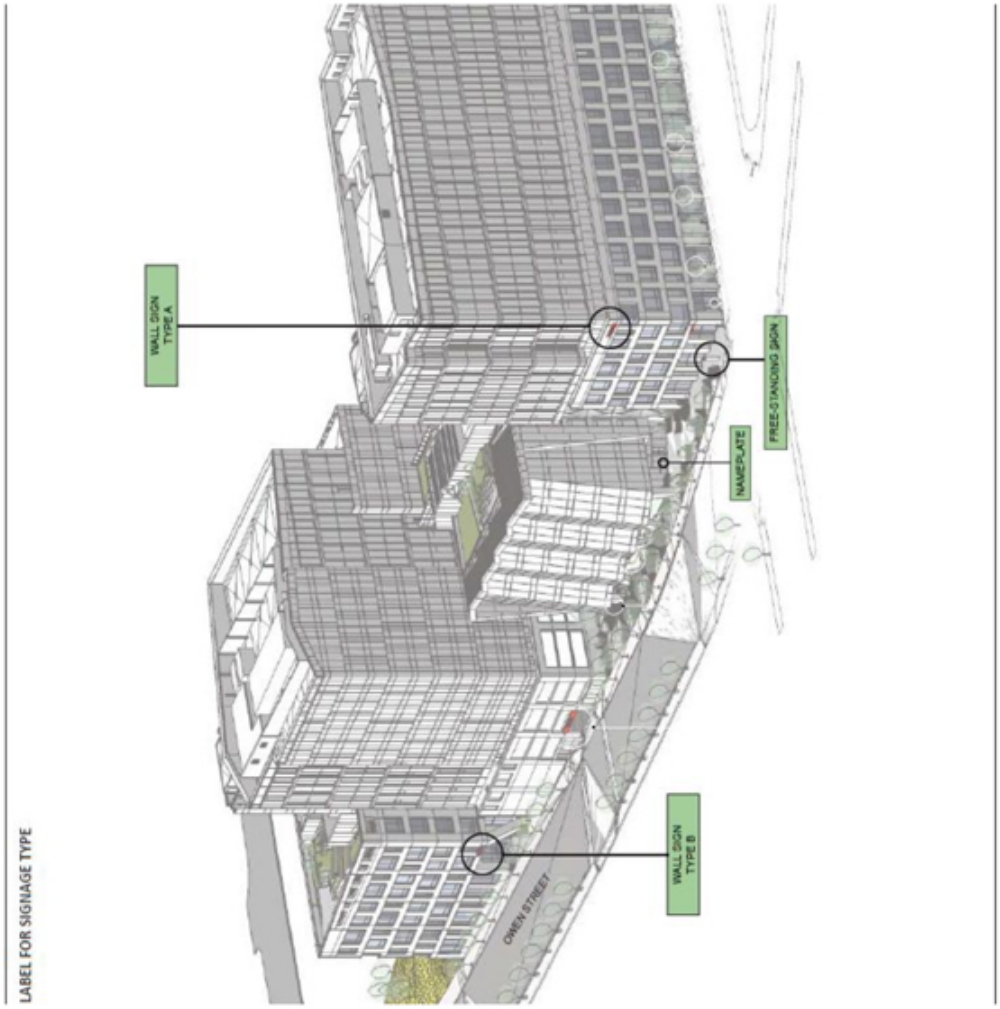

LABEL FOR SIGNAGE TYPE
WALL SIGN TYPE A
FREE-STANDING SIGN
NAMEPLATE
WALL SIGN TYPE B
ORIEN STREET

EXHIBIT J-1

THE EXCHANGE
ANTICIPATED LOCATION OF RETAIL SIGNAGE

EXHIBIT K

THE EXCHANGE
MULTI-TENANT PROVISIONS

Except as otherwise expressly provided below, all references in this **Exhibit K** to a "Section" shall mean the relevant Section of the Lease to which this **Exhibit K** is attached.

1. **Premises**. The rentable square footage of the Premises and "Tenant's Share" shall be modified accordingly to reflect the number of rentable square feet in the then existing Premises (consistent with the number of rentable square feet on each of the applicable floors of the Premises, as set forth in **Exhibit A-1** attached to this Lease).

2. **Permitted Use**. Section 7 of the Summary shall be deleted and replaced with the following.

7.	Permitted Use (Article 5):	General office use together with ancillary uses consistent with high-tech, multi-tenant first-class office buildings, subject to the terms and conditions set forth in Section 5.1 of this Lease.

3. **Tax Expenses**. Section 4.2.5.1 of this Lease shall be modified so that Tax Expenses includes leasehold taxes or taxes based upon the receipt of the Rent payable hereunder and rent payable by other tenants of the Project, including gross receipts or sales taxes applicable to the receipt of such rent, unless required to be paid by Tenant or other tenants of the Project.

4. **Bicycle Storage Area**. Section 5.3.1 of this Lease shall be amended to provide that Tenant's use of the Landlord Bicycle Storage Area shall be non-exclusive.

5. **Services and Utilities**. The corresponding Sections of Article 6 of this Lease shall be deleted and replaced with the following.

6.1.1 **HVAC.** In accordance with the "Base Building" definition as provided in Section 1 of the Work Letter, each Building shall be equipped with a heating and air conditioning ("**HVAC**") system serving the applicable Building (the "**BB HVAC System**"). Subject to limitations imposed by all governmental rules, regulations and guidelines applicable thereto, Landlord shall provide BB HVAC System service for normal comfort for normal office use in the Premises, assuming an office occupancy density no greater than one (1) person for any 125 rentable square feet of space, from 8:00 A.M. to 6:00 P.M. Monday through Friday (the "**Building Hours**"), except for the date of observation of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and, at Landlord's discretion, other locally or nationally recognized holidays (collectively, the "**Holidays**"). Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the BB HVAC System. If Tenant desires to use HVAC during hours other than Building Hours, Tenant shall give Landlord's property management office such prior notice (which shall be via telephone or an

on-line system), if any, as Landlord reasonably shall from time to time establish as appropriate, of Tenant's desired use of HVAC, and Landlord shall supply such HVAC to Tenant at such hourly cost to Tenant (which shall be treated as Additional Rent) as Landlord shall from time to time establish, provided that such costs shall be Landlord's good faith estimate of the cost of providing such service with no markup for profit to Landlord.

6.1.9 **Access Control**. As part of the construction of the Base Buildings, Landlord shall install an access-control system for the Buildings and Parking Facilities, including, without limitation, door access controls, lobby turnstiles and elevator access controls; provided that the parties acknowledge that the North Lobby[is][ADD IF APPLICABLE—and the South Lobby are] open to the public, and access will not be restricted during general business hours. Landlord shall not be obligated to provide any other security equipment. Notwithstanding any provision to the contrary set forth in this Lease, in no case, shall Landlord be liable for personal injury or property damage for any lack of security in the Building or for any error with regard to the admission to or exclusion from the Buildings or Project of any person.

6. **Assignment and Subletting**. The following shall be added to Section 14.2 of this Lease.

14.2.6 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease; or

14.2.7 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, is then currently engaged in active negotiations with Landlord, or has negotiated with Landlord during the five (5)-month period immediately preceding the Transfer Notice, for space within the Project (and, in such latter instance, Landlord has (or reasonably anticipates it will have) available space in the Project suitable to meet such proposed Transferee's occupancy needs).

7. **Roof Deck**. Article 22 of this Lease shall be deleted and replaced with the following.

22.1 **In General**. Tenant shall have the right to use, on a non-exclusive basis, the roof deck located on the seventh (7th) floor of the North Building (the "**Roof Deck**"), which Roof Deck shall, for purposes of this Lease, be deemed part of the Common Areas. Tenant's use of the Roof Deck shall be subject to such reasonable rules and regulations as may be prescribed by Landlord from time to time. Tenant shall not make any improvements or alterations to the Roof Deck, nor shall Tenant be permitted to install or place on the Roof Deck any furniture, fixtures, plants, graphics, signs or insignias or other items of any kind whatsoever.

22.2 **Landlord Use Rights**. Landlord shall have the right to temporarily close the Roof Deck or limit access thereto from time to time (i) in connection with Landlord's maintenance or repair of the Roof Deck or Buildings and (ii) for other reasonable purposes, including, without limitation, for events hosted on behalf of or for Landlord (collectively, "**Landlord Use Rights**"). Subject to the terms of this Article 22, Tenant shall allow Landlord and Landlord's permitted users of the Roof Deck access to Tenant's restrooms located in its Premises during any Landlord Use Rights, if no other restrooms are reasonably available in connection with the same.

22.3 **Other Terms**. Landlord and Tenant acknowledge and agree that (i) Tenant shall be responsible for supervising and controlling access to the Roof Deck by Tenant's employees, officers, directors, shareholders, agents, representatives, contractors and invitees (the "**Roof Deck Users**"); and (ii) Landlord is not responsible for supervising and controlling access to the Roof Deck, except in connection with Landlord's exercise of Landlord's Use Rights. Except to the extent arising as a consequence of the negligence or willful misconduct of Landlord: (a) Tenant assumes the risk for any Loss arising out of the use or misuse of the Roof Deck by Tenant's Roof Deck Users, and Tenant releases and discharges Landlord from and against any such loss, claim, damage or liability; (b) Tenant further agrees to indemnify, defend and hold Landlord and the Landlord Parties, harmless from and against any and all losses and claims relating to or arising out of the use or misuse of the Roof Deck by Tenant or Tenant's Roof Deck Users. Except to the extent arising as a consequence of the negligence or willful misconduct of Tenant: (A) Landlord assumes the risk for any Loss arising out of the use or misuse of the Roof Deck by Landlord's Roof Deck Users, and Landlord releases and discharges Tenant from and against any such Loss; (B) Landlord further agrees to indemnify, defend and hold Tenant and the Tenant Parties, harmless from and against any and all Losses relating to or arising out of the use or misuse of the Roof Deck by Landlord or Landlord's Roof Deck Users. Neither party shall have any liability or responsibility to monitor the use, or manner of use, by the Roof Deck Users of the other party.

8. **Signs**. Sections 23.3 and 23.5 of this Lease shall be deleted and replaced with the following.

23.3 **Lobby Signage**. Original Tenant and any Permitted Transferee Assignee, at Tenant's sole cost and expense, shall have the non-exclusive right to install, repair and maintain its name and/or logo in the North Lobby and the South Lobby. Any such installation, repair and/or maintenance shall be subject to compliance with Applicable Laws and Landlord's prior approval of any such signs (including the size and location of any such signs), which approval shall not be unreasonably withheld, conditioned or delayed. In any event, Tenant shall be entitled to building standard signage in the lobby directory of the North Complex and the South Complex throughout the Lease Term.

23.5 **Exterior Signage**. Throughout the Lease Term, as the same may be extended, so long as Tenant satisfies the Minimum Signage Threshold, Original Tenant and any Permitted Transferee Assignee, at Tenant's sole cost and expense, shall have the non-exclusive right (except to the extent provided below) to install, repair and maintain (i) its name and logo on any monument sign installed by Landlord (in Landlord's sole discretion) and associated with a particular Building in which all or a portion of the Premises is located (provided that Tenant hereby acknowledges and agrees that no monument sign exists as of the date of this Lease, and Landlord has no obligation to install any monument sign for any Building), and (ii) Tenant's prorata share of signs applicable to the office space of the Project generally, and exclusive signage rights for exterior signage that pertains to a particular Building, which Tenant is then leasing the entirety of, which exterior signs may be Tenant's name and/or logo. The location of all exterior signs available for office tenants of the Project are shown on **Exhibit J** attached

hereto. Landlord shall work with Tenant to obtain City and other required approvals of such monument and exterior signs. Any such installation, repair and/or maintenance (including the exact location thereof) shall be subject to compliance with Applicable Laws, the Underlying Documents and Landlord's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary set forth herein, Landlord shall be entitled to grant any retail tenants the rights to install their standard building sign package, including, eyebrow signage, blade signage, and store front signage, on or about their premises, and may grant such retail tenants monument signage rights, with the name and/or logo of such tenant located below Tenant's name and logo on any shared monument sign. The anticipated size, types and locations of retail signage are set forth on **Exhibit J-1** attached hereto; provided that the exact size, types and locations of such signage shall be reasonably determined by Landlord in consultation with Tenant (but such consultation shall not be required if Landlord does not depart from the signage shown on **Exhibit J-1**) and subject to City and other required approvals and the Underlying Documents. In addition, Landlord may grant exterior signage rights to other tenants of the Project, based on the locations of signage shown on **Exhibit J** attached hereto. The term "**Minimum Signage Threshold**" shall mean that the Original Tenant and/or its Permitted Transferee Assignee shall not have, in the aggregate, subleased (pursuant to a sublease or subleases then in effect) more than, twenty-five percent (25%) of the rentable square footage of the then-existing Premises.

9. **Tenant Parking**. Section 28.1 of this Lease shall be modified to proportionately reduce to the total resulting from multiplying the total maximum number of Give-Back Parking Passes and Subleased Parking Passes by a ratio based on the number of rentable square feet in the then-existing Premises compared to the number of rentable square feet in the entire initial Premises.

10. **Shuttle Service**. Section 29.40 of this Lease shall be deleted and replaced with the following.

29.40 **Shuttle Service**. Subject to the provisions of this Section 29.40, so long as no Default is continuing, Landlord shall operate (or provide for the operation of), throughout the Lease Term, a shuttle service (the "**Shuttle Service**") at the Project, for non-exclusive use by Tenant's employees at the Project ("**Shuttle Service Riders**") in common with other tenants and occupants of the Project. The use of the Shuttle Service shall be subject to the reasonable rules and regulations reasonably established from time to time by Landlord, and/or the operator of the Shuttle Service, provided that any such rules and regulations do not expressly contradict any of the terms set forth in this Section 29.40. Landlord will reasonably designate (a) the hours of operation of the Shuttle Service, which shall at least include the hours of 8 a.m. through 10:30 a.m. and 4:30 p.m. through 7:30 p.m., five (5) days a week (excluding weekends and holidays) (the "**Shuttle Service Hours**"), (b) the frequency of stops, and (c) designated routes, which shall include stops at the nearest BART Station and CalTrain Station. Landlord and Tenant acknowledge that the use of the Shuttle Service by the Shuttle Service Riders shall be at their own risk. Landlord agrees that, if Tenant so elects and appoints a representative, Landlord shall meet and confer with Tenant's representative from time to time regarding the manner in which the Shuttle Service is operated, including the Shuttle Service Hours, the number and capacity of shuttles, and the designated routes of the Shuttle Service; provided, however, any suggestions or requests made by Tenant's representative shall not be binding on Landlord, but shall be taken

into reasonable consideration. Subject to Tenant’s obligation to reimburse Landlord for after-Shuttle Service Hours costs, as set forth above, there shall be no fee payable by the Shuttle Service Riders for use of the Shuttle Service and the cost of the Shuttle Service shall be excluded from the Operating Expenses of the Project, as set forth in Section 4.2.4(l) above