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

FORM 10-K

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

For the fiscal year ended December 31, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 Or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to_____

Commission file number: 001-35980

NANOSTRING TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-0094687**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

530 Fairview Avenue North
Seattle, Washington 98109
(Address of principal executive offices)
(206) 378-6266
(Registrant's telephone number, including area code)

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

Title of Each Class	**Name of Exchange on Which Registered**
Common Stock, $0.0001 par value per share	**The NASDAQ Stock Market LLC (The NASDAQ Global Market)**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or 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. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). (Check one): Yes ☐ No ☒

The aggregate market value of the voting and non-voting stock held by non-affiliates of the Registrant, based on the closing sale price of the Registrant's common stock on the last business day of its most recently completed second fiscal quarter, as reported on The NASDAQ Global Market, was approximately $295.2 million. Shares of common stock held by each executive officer and director and by each other person who may be deemed to be an affiliate of the Registrant, have been excluded from this computation. The determination of affiliate status for this purpose is not necessarily a conclusive determination for other purposes.

There were 31,085,236 shares of the Registrant's common stock, $0.0001 par value per share, outstanding on February 28, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

None.

NANOSTRING TECHNOLOGIES, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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Special Note Regarding Forward-Looking Information

This Annual Report on Form 10-K, including the "Management's Discussion and Analysis of Financial Condition and Results of Operation" section in Item 7, and other materials accompanying this Annual Report on Form 10-K contain forward-looking statements that are based on our management's beliefs and assumptions and on information currently available. The statements contained in this Annual Report on Form 10-K that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Forward-looking statements can be identified by words such as "believe," "anticipate," "could," "continue," "depends," "expect," "expand," "forecast," "intend," "predict," "plan," "rely," "should," "will," "may," "seek," or the negative of these terms and other similar expressions, although not all forward-looking statements contain these words. You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition, or state other "forward-looking" information. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements. These forward-looking statements include, but are not limited to:

- our expectations regarding our future operating results and capital needs, including our expectations regarding instrument, consumable and total revenue, operating expenses, sufficiency of cash on hand and operating and net loss;
- our ability to successfully launch and commercialize our Digital Spatial Profiling and Hyb & Seq platforms;
- the success, costs and timing of implementation of our business model, strategic plans for our business and future product development plans;
- the regulatory regime and our ability to secure and maintain regulatory clearance or approval or reimbursement for the clinical use of our products, domestically and internationally;
- our ability to realize the potential payments set forth in our collaboration agreements;
- our strategic relationships, including with patent holders of our technologies, manufacturers and distributors of our products, collaboration partners and third parties who conduct our clinical studies;
- our intellectual property position;
- our ability to attract and retain key scientific or management personnel;
- our expectations regarding the competitive position, market size and growth potential for our business; and
- our ability to sustain and manage growth, including our ability to expand our customer base, develop new products, enter new markets and hire and retain key personnel.

All forward-looking statements are based on information available to us on the date of this Annual Report on Form 10-K and we will not update any of the forward-looking statements after the date of this Annual Report on Form 10-K, except as required by law. Our actual results could differ materially from those discussed in this Annual Report on Form 10-K. The forward-looking statements contained in this Annual Report on Form 10-K, and other written and oral forward-looking statements made by us from time to time, are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements, and you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. Factors that might cause such a difference include, but are not limited to, those discussed in the following discussion and within Part I, Item 1A "Risk Factors" of this Annual Report on Form 10-K. In this report, "we," "our," "us," "NanoString," and "the Company" refer to NanoString Technologies, Inc. and its subsidiaries.

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 Annual Report on Form 10-K, and although 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 a thorough 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.

PART I

Item 1. Business

Overview

We develop, manufacture and sell products that unlock scientifically valuable and clinically actionable information from minute amounts of biological material. Our core technology is a unique, proprietary optical barcoding chemistry that enables the labeling and counting of single molecules. This proprietary chemistry may reduce the number of steps required to conduct certain types of scientific experiments and allow for multiple experiments to be conducted at once. As a result, we are able to develop tools that are easier for researchers to use and that may generate faster and more consistent scientific results.

We use our technology to develop tools for scientific research, primarily in the fields of genomics and proteomics, and also to develop clinical diagnostic tests. We currently have one commercially available product platform, our nCounter Analysis System instruments and related consumables. nCounter can be used to analyze the activity of up to 800 genes in a single experiment. nCounter is also used by clinicians to analyze gene activity relevant for diagnostic applications. Our proprietary nCounter-based Prosigna assay analyzes the activity of 50 genes to assess the risk of recurrence in breast cancer patients previously treated with radiation therapy. As of December 31, 2018, we had an installed base of approximately 730 nCounter systems, which our customers have used to publish more than 2,300 peer-reviewed scientific papers.

We have discovered other novel applications that utilize our proprietary barcoding chemistry, and we have two new product platforms under development. Following completion of product development, each of these new systems is expected to be commercialized as a new instrument along with associated consumables.

The first new platform, our GeoMx Digital Spatial Profiling, or DSP system, is designed to enable the field of spatial genomics. While nCounter and other existing technologies analyze gene activity as a whole throughout the totality of a biological sample, GeoMx DSP is used to analyze specifically selected regions of a biological sample in order to see how gene activity or protein levels might vary across those regions or in certain cell types. In advance of the launch of the commercial version of GeoMx DSP, we have provided early access to the system's capabilities by offering selected customers the opportunity to send biological samples to our Seattle facility to be tested by us on prototype instruments. To date, we have conducted over 70 projects for approximately 50 customers pursuant to this Technology Access Program, or TAP. In addition, in the third quarter of 2018 we announced the GeoMx Priority Site, or GPS, Program. The GPS Program is designed to provide customers the opportunity to be among the first to receive a GeoMx DSP instrument following its commercial launch, as well as advanced service and support. Inclusion in the GPS Program has also provided researchers the opportunity to begin generating data on samples through our TAP service. As of December 31, 2018, we have received over 30 orders for GeoMx DSP pursuant to our GPS Program. The full commercial launch of GeoMx DSP instruments and consumables is expected to commence during the first half of 2019, with installations of commercial instruments expected to commence in the second half of 2019.

The second new platform, our Hyb & Seq molecular profiling system, is designed to use a modified version of our proprietary chemistry to determine and analyze gene sequences within a biological sample, or to potentially profile the activity of an even greater number of genes as compared to our nCounter Analysis System. Hyb & Seq is designed to determine gene sequences using a work flow with fewer steps as compared to currently available gene sequencing technologies. Hyb & Seq is expected to become commercially available during 2021.

New discoveries in genetics have generated a significant amount of scientific information and medical advancement. The decoding of the human genome, and the subsequent generation of large amounts of gene sequence data, has led to the emergence of pathway-based biology whereby researchers seek to understand how networks of genes may work together to produce a biological function or condition. The desire to interpret gene sequence data and map biological pathways has led to demand for technologies that can precisely and efficiently measure the activation state of hundreds of genes simultaneously.

Demand for these new or improved technologies has been driven by researchers in disease areas such as cancer, immunology and neurology. Researchers in these fields are increasingly attempting to determine which sequences of genes or mutations are important in disease-related biological pathways so that new potential treatments might be developed. For example, in the field of cancer, researchers and clinicians have learned that cancer cell behavior is impacted by multiple genes and proteins, and that analysis of these factors together may be important in determining whether or not a cancer might be responsive to a certain treatment. In addition, more cancers are being detected earlier and tumor samples are becoming smaller and smaller. Tumor samples are often stored in a format known as formalin-fixed paraffin embedded, or FFPE, which complicates subsequent analysis of genetic material. Researchers and clinicians may face similar challenges with analysis of biological samples in other therapeutic areas of interest.

Our proprietary chemistry, which has been incorporated into our nCounter product platform and our two product platforms in development, addresses many of the fundamental challenges of genetic and molecular profiling and biological

pathway research. The sensitivity and precision of our chemistry allows the measurement of subtle changes in the activity of multiple genes from minute amounts of a biological sample. Our chemistry is particularly compatible with FFPE, increasing its popularity among cancer researchers. Our chemistry also supports product configurations that are easy to use with simple workflow as compared to many other scientific platforms used for genetic and proteomic research, including absence of library preparation and amplification steps that can be cumbersome or time consuming or that may introduce the possibility of measurement errors. The sensitivity and workflow efficiency of our product platforms also allows for testing of many different samples in a single day, enabling our products to be potentially useful in hospital or similar settings to conduct clinical diagnostic tests.

We market and sell our systems and related consumables to researchers in academic, government and biopharmaceutical laboratories for research use and to clinical laboratories and medical centers for diagnostic use, both through our direct sales force and through selected distributors in certain international markets. We generated revenue of $106.7 million, $114.9 million, and $86.5 million in 2018, 2017, and 2016, respectively, while incurring net losses of $77.4 million, $43.6 million, and $47.1 million in 2018, 2017, and 2016, respectively.

We are organized as, and operate in, one reportable segment. For additional information, see Note 2 of the Notes to Consolidated Financial Statements under Item 8 of this report. For financial information regarding our business, see Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this report and our audited consolidated financial statements and related notes included elsewhere in this report.

We were incorporated in Delaware in June 2003. Our principal executive offices are located at 530 Fairview Avenue, North, Seattle, Washington 98109 and our telephone number is (206) 378-6266. Our common stock trades on The Nasdaq Global Market under the symbol “NSTG.”

This Annual Report on Form 10-K includes our trademarks and registered trademarks, including “NanoString,” “NanoString Technologies,” “nCounter,” “Prosigna,” “nCounter Elements,” “nCounter *SPRINT*,” “Vantage 3D,” “3D Biology,” “Hyb & Seq,” and “GeoMx.” Each other trademark, trade name or service mark appearing in this Annual Report on Form 10-K belongs to its holder.

Our Market Opportunity

Every living organism has a genome that contains a full set of biological instructions required to build and maintain life. A gene is a specific set of instructions embedded in the DNA of a cell. For a gene to be “turned on,” or “expressed,” the cell must first transcribe a copy of its DNA sequence into molecules of messenger RNA. Then, the cell translates the expressed information contained in the RNA into proteins that control most biological processes. In addition to the translated RNAs, there are many types of non-coding RNAs that are involved in many cellular processes and the control of gene expression, including microRNA, or miRNA.

By analyzing the variations in genomes, genes, gene activity or expression and proteins in and between organisms, researchers can determine their functions and roles in health and disease. An improved understanding of the genome and its functions allows researchers to drive advancements in scientific discovery. As they make scientific discoveries, researchers have been able to translate some of these findings into clinical applications that improve patient care.

Biological pathways are the networks of tens or hundreds of genes that work together to produce a biological function. Understanding the activation state of pathways and disruptions in individual elements provides significant insight into the fundamental basis of health and disease and facilitates data driven treatment decisions. As a result, pathway-based biology has become a widely adopted paradigm that researchers use to understand biological processes and has assisted them in the development of diagnostic tests and drugs to treat disease.

Understanding biological pathways has become particularly important in cancer research and treatment. Cancer is a disease generally caused by genetic mutations in cells. The behavior of cancer cells is extremely complex and depends on the activity of many different genes and proteins. It is often impossible for researchers to identify a single gene or protein that adequately predicts a more or less aggressive type of cancer. In some cases, researchers have been able to identify more or less aggressive types of cancer through gene expression analysis of biological pathways, enabling oncologists to determine which specific treatments are most likely to be effective for an individual patient, monitor a patient’s response to those treatments and determine the likelihood of recurrence. Recently cancer researchers, in part based on their research of biological pathways and gene expression, have begun to demonstrate the potential of harnessing a patient’s immune system to fight cancer. A new class of therapeutics, referred to generally as immuno-oncology drugs, have begun to come to market with the promise of long-term remissions, or even cures, in certain types of cancer.

As interest in understanding biological pathways that may be relevant to medicine has increased, academic, government and biopharmaceutical company researchers have aspired to perform analyses of a larger number of genes and samples and are seeking new methods of interrogation that would allow them to:

- increase the number of molecular targets that can be analyzed simultaneously in order to understand the complete biological pathway involving multiple genes;
- provide more reliable, precise and reproducible data about targeted genes and biological pathways;
- maximize the amount of biologic information extracted from precious tissue or other biological samples;
- minimize the computational intensity of complex genomic and proteomic analysis;
- process difficult-to-work-with specimens, such as tumor biopsies stored in FFPE format;
- improve the overall efficiency of their laboratories by simplifying workflow and accelerating the rate of successfully completing their research; and
- create more systematic and reliable ways to help transition their research discoveries into future clinical products.

The interest in new methods of interrogation has led to the development of new research technologies. The newest technologies to experience rapid adoption have been focused primarily on determining the sequence of a person's or organism's DNA, in order to assess how differences among individuals might be predictive of certain aspects of health or disease. In particular, a technology known as next generation sequencing, or NGS, has become widely adopted. In recent years NGS use has accelerated, as the technology has improved and the cost to sequence DNA using NGS has declined. As of December 31, 2018, there were approximately 18,000 NGS systems installed in laboratories globally.

While NGS has revolutionized researchers' ability to generate gene sequence data rapidly and cost effectively on large numbers of biological samples, other aspects of examining biological pathways are still done using legacy techniques or new technologies that have proved less capable of providing multiplexed experimentation, ease of use and low cost. Together with determining a gene sequence via NGS, pathway-based research requires further analysis of the activity of multiple genes and sensitivity to small changes in expression, which can be challenging for traditional scientific tools.

Researchers interested in multiplex gene expression or biological pathway analysis have traditionally performed experiments using microarrays or quantitative polymerase chain reaction, or qPCR, and protein expression experiments using flow cytometry, mass spectrometry, immunohistochemistry or enzyme-linked immunosorbent assay, or ELISA, assays. These techniques have been available for decades, and while suitable for analyzing the expression of a smaller number of genes may not be cost effective or scalable enough to study biological pathways. While these types of experiments could be repeated to analyze expression of multiple genes, they are often destructive of biological samples, creating limitations given the amounts of biological sample that may be available. These types of experiments may also involve library preparation and amplification steps that can be cumbersome or time consuming or that may introduce the possibility of measurement errors.

More recently, RNA sequencing, or RNA-Seq, which is done using NGS technology, has enabled researchers to look at the entirety of the gene expression within a single sample, and enhanced researchers' ability to discover patterns of gene expression that have biological meaning. NGS systems have a more complex and time-consuming workflow than traditional methods of analyzing gene or protein expression however, and RNA-Seq generates large amounts of data that may be expensive to store and may not have relevance to the scientific question being explored.

In both life sciences research and clinical medicine, there is a growing need for improved technologies that can precisely and rapidly measure the activation state of hundreds of genes simultaneously across a large number of precious samples. Furthermore, there is an untapped opportunity for technologies capable of simultaneously profiling the activity of genes and related proteins, which ultimately dictate biological activity.

Our Solution

We believe our proprietary chemistry and product platforms provide novel features that address the challenges and technology needs of researchers working to analyze and interpret the increasing amounts of data being generated by NGS and understand biological pathways. Our products support experiments that typically take fewer steps as compared to traditional techniques, perform multiplexed experiments in a single run and have been shown to generate consistent and accurate results from a variety of biological samples, including FFPE imbedded cancer tissue.

Our technology and product platforms offer a number of compelling advantages, including:

- *Optimized for Pathway-Based Biology and Development of Multiplexed Biomarkers*. Our nCounter Analysis System can profile the activity of up to 800 genes in a single experiment, which allows customers to analyze interactions among hundreds of genes or proteins that mediate biological pathways. Our GeoMx DSP System is designed to enable the multiplex profiling of protein and RNA targets in specifically selected regions of a biological sample.
- *Digital Precision*. Our molecular barcodes hybridize directly to target molecules in a sample, allowing them to be counted. This generates digital data (1 molecule = 1 count) of excellent quality over a wide dynamic range of measurements and provides excellent reproducibility.
- *Simple Workflow*. Our systems are designed to offer minimal sample preparation and automated workflow, which enables the simultaneous analysis of hundreds of genes and proteins in approximately 24 hours between the time a

sample is loaded and results are obtained. Our systems can generate data that customers can evaluate without the use of complex bioinformatics.

- *Flexible Sample Requirements*. Our systems are designed to unlock biologic information from minute amounts of a variety of challenging tissue samples, including FFPE samples, cell lysates and single cells.
- *Efficient Sample Requirements.* Our systems also can generate scientific results using very small amounts of biological material, which may be important in settings, such as pharmaceutical product development, where multiple researchers may desire access to samples.
- *Versatility*. The FLEX configuration of our nCounter Analysis System provides clinical laboratories a single platform with the flexibility to support both clinical testing, by running Prosigna or Laboratory Developed Tests, and research, by processing translational research experiments and multiplexed assays using our research reagents.

Our Products and Technology

We currently have one commercially available product platform based on our technology, our nCounter Analysis System and related consumables. We also have two new product platforms under development enabled by our technology, our GeoMx DSP system and our Hyb & Seq molecular profiling system.

nCounter Analysis System

Our nCounter Analysis System is an automated, multi-application, digital detection and counting system which directly profiles hundreds of molecules simultaneously, using our proprietary optical barcoding chemistry that is powerful enough for use in research, yet simple enough for use in clinical laboratories. Our nCounter Analysis System is based on automated instruments that prepare and analyze tissue samples using proprietary reagents, which can only be obtained from us. Our research customers purchase instruments from us and then purchase our reagents and related consumables for the specific experiment they wish to conduct. Our clinical laboratory customers typically purchase instruments from us and also purchase our reagents and related consumables, including Prosigna, for tests that they intend to run.

Our nCounter Analysis System is capable of supporting a number of applications including:

- *Gene Expression*. Researchers can use the nCounter Analysis System to measure the degree to which individual genes in pathways are turned “on” or “off” by simultaneously quantifying the amount of messenger RNA, or mRNA, associated with each of up to 800 genes.
- *Protein Expression*. Today, researchers can use the nCounter Analysis System to simultaneously measure up to 30 proteins. Ultimately, we intend to expand this capability to an increased number of protein targets, limited only by the 800 target capacity of an assay and the number of antibodies that can be sourced and combined without cross-reaction.
- *Gene Mutations*. In late 2016, we launched our first assay to detect a particular type of gene mutation, known as single nucleotide variations. Our initial panel, targeting solid tumors, gives researchers the power to measure 104 different gene mutations simultaneously, at the same time as measuring the expression of other genes and proteins.
- *miRNA Expression*. Researchers can use the nCounter Analysis System to measure the simultaneous expression levels of up to 800 different miRNAs. The nCounter Analysis System is capable of highly multiplexed, direct digital detection and counting of miRNAs in a single reaction without amplification, thereby delivering high levels of sensitivity, specificity, precision, and linearity.
- *Copy Number Variation*. Researchers can use the nCounter Analysis System to probe for structural variations that result in cells having an abnormal number of copies of one or more sections of the DNA. Researchers are able to conduct large-scale, statistically-powered studies of these copy number variations by leveraging the nCounter Analysis System’s multiplexing capacity to assay up to 800 DNA regions in a single tube, with as little as 300 ng of DNA.
- *Gene Fusions*. Researchers can use the nCounter Analysis System to detect gene fusion events that occur when one gene fuses to another gene. A number of design options are available for developing assays for these complex structural variants which have been shown to be important in a number of cancers.
- *Molecular Diagnostics*. Our nCounter Analysis System has the ability to simultaneously quantify gene expression on tens or hundreds of genes from minimal amounts of FFPE tissue, which makes it well suited for profiling pathway activation in tumor samples. Identifying whether certain genes are active in a biological sample may prove useful in the diagnosis of disease or disease progression, or in determining whether a certain drug therapy may be more or less effective in a given patient. In addition, nCounter has the precision, reproducibility, and simple workflow required of technologies used in clinical laboratories.

nCounter Instrument Platforms

We currently offer three versions of our nCounter analysis system for commercial sale. In 2008, we began marketing a research use only version of the system, and since that time we have expanded our product line to include three instruments, each targeted at a distinct user segment. Our nCounter *SPRINT* is designed to appeal to individual researchers running relatively smaller experiments. Our nCounter MAX is a higher throughput instrument with features appealing to larger core laboratories serving multiple researchers. Our nCounter FLEX, which is targeted toward clinical laboratories, is a version of our MAX system that has been 510(k) cleared by the FDA and CE marked by European regulatory authorities. nCounter FLEX is enabled to run our proprietary Prosigna breast cancer assay, as well as other proprietary or laboratory developed tests, or LDTs, that may be developed.

	nCounter *SPRINT*	**nCounter MAX**	**nCounter FLEX**
Target customer	Individual researchers	Core research labs	Clinical labs
Throughput (samples per day)	24	48	48
Expandable with additional prep station [(1)]	No	Yes	Yes
Diagnostic menu	No	No	Yes
U.S. list price	$149,000	$235,000	$265,000

(1) nCounter MAX and FLEX throughput may be increased to up to 96 samples per day by adding a second prep station.

The nCounter MAX and FLEX systems comprise a Prep Station and a Digital Analyzer. The Prep Station is the automated liquid handling component that processes samples after they are hybridized and prepares the samples for data collection on the Digital Analyzer. The Digital Analyzer collects data from samples by taking images of the immobilized fluorescent reporters in the sample cartridge and processing the data into output files, which include the target identifier and related count numbers along with a broad set of internal controls that validate the precision of each assay. The nCounter MAX and FLEX systems employ a simple three-step workflow that takes approximately 24 hours and requires approximately 15 minutes of hands-on time by the user. When run in research mode, a user can process up to 48 samples per day by installing one Prep Station with a single Digital Analyzer. One can increase the number of samples analyzed to 96 samples per day on a single Digital Analyzer if it is coupled with two Prep Stations. This throughput can be quadrupled using sample multiplexing for experiments targeting 200 genes or fewer. For Prosigna, a clinical laboratory can process up to 30 samples per day on an nCounter FLEX system. The nCounter FLEX system was designed and is manufactured under ISO 13485:2003, the current quality standard for *in vitro* diagnostic platforms and medical devices.

The nCounter *SPRINT* Profiler is a single instrument targeted to individual researchers that combines the liquid handling steps and the digital analysis through use of a special microfluidic cartridge. The nCounter *SPRINT* Profiler employs an even more streamlined two-step workflow that requires only 10 minutes of hands-on time by the user and can process up to 24 samples per day.

nCounter instrument platforms also include our nSolver Analysis Software, a data analysis program that offers researchers the ability to quickly and easily quality check, normalize, and analyze their data without having to use any additional software for data analysis. The FLEX system, in addition to running any of our research applications, can also be enabled with software that runs Prosigna to generate individualized patient reports.

nCounter Consumables

All three nCounter instruments are capable of running our research consumable products and provide comparable, high-quality data. The majority of our nCounter consumables sold are standardized off-the-shelf "panel" products that represent important gene signatures for certain disease areas, and also include our proprietary Prosigna breast cancer assay. nCounter consumables can also be customized to a specific set of genes at a customer's request.

Panels

We offer more than 30 gene expression and analysis panels for use with a broad range of sample types and species, including human, mouse, non-human primate and other. These pre-manufactured CodeSets include highly-curated content relevant to a particular research area. In certain cases, nCounter panels may be partially customized to address individual research interests with the purchase of an optional Panel Plus CodeSet. Our most significant current nCounter panel offerings include:

- *Pan Cancer Gene Expression Panels.* A portfolio of panels designed to comprehensively analyze genes driving the growth of cancer cells, the immune system's response, and the progression of the cancer, including:

- *Pathways.* A novel set of 770 essential genes representing the signaling pathways implicated in cancer, including key driver genes, selected using a data-driven approach to identifying the genes most relevant to cancer biology.
- *Immune Profiling.* A novel set of 770 genes designed in collaboration with cancer immunologists around the globe, combining markers for 24 different immune cell types and populations, 30 common cancer antigens and genes that represent all known categories of immune response including key checkpoint blockade genes.
- *Progression.* A novel set of 770 genes addressing the key questions of what happens when cancer metastasizes, including genes for the study of angiogenesis, epithelial mesenchymal transition, extracellular matrix formation, and metastasis.

- *PanCancer RNA: Protein Immune Profiling Panels.* Two panels that combine gene expression analysis of the 770 genes contained in the PanCancer Immune Profiling Gene Expression Panel with the analysis of up to 30 proteins of interest in measuring the immune system's response to cancer or intracellular signaling.
- *360 Gene Expression Panels.* These panels include our IO 360 and Breast Cancer 360 and represent a series of next generation panels that combine clinically actionable content for evaluating the tumor microenvironment and immune response along with validated signatures such as the Company's Tumor Inflammation Signature and PAM 50 (breast cancer subtyping) along with up to 30 additional signatures encompassing all aspects of the cancer. These panels may be combined with our 360 Data Analysis Service to provide access to propriety signature algorithms.
- *CAR-T Characterization Panel*. A new panel developed in collaboration with leaders in the CAR-T field for use throughout the CAR-T workflow (development, manufacturing and monitoring post-infusion clinical trials). The panel represents a step toward standardization by providing molecular characterization for 8 essential components of CAR-T biology using 780 genes with a customizable feature to allow for measurement of the transgene insert that creates the CAR-T cell.
- *Neuropathology and Neuroinflammation Gene Expression Panels.* Two panels built in collaboration with leading drug developers, have been designed to address the growing biomarker needs in the field of neuroscience. These panels, which analyze approximately 770 genes profile mechanisms for neurodegenerative diseases as well as neuropsychiatric disorders.
- *Mouse-AD Panel*. A new panel developed for use with Alzheimer's Disease, or AD, research in mouse models. The panel, created in collaboration with The Jackson Laboratories and MODEL-AD Consortium allows for more reliable pre-clinical translational studies by incorporating gene content for 30 clinically derived AD associated gene modules for measuring AD phenotypes and disease progression that were discovered as part of a consortium study of human brain tissue.
- *Autoimmune Disease Gene Expression Panels.* Two panels created to address the specific challenges of autoimmune disease research and assist with the understanding of the underlying mechanisms of autoimmune disease and for identification of potential responders and non-responders to drug treatments.
- *miRNA Expression Panels*. A family of panels that provide a cost-effective profiling solution capable of highly multiplexed, direct digital detection and counting of up to 800 miRNAs in a single reaction without amplification.

Custom CodeSets

We work with our customers to design and develop custom gene expression CodeSets to enable them to evaluate specific genes that are the subject of their study. Our customers provide us a list of targets for which we subsequently build a unique CodeSet to their specifications. Our design process leverages full length sequences for the DNA or RNA molecules that our customers are interested in detecting and prevents cross hybridization to non-target molecules in the sample. The custom CodeSet design process occurs in four distinct steps: (1) the customer selects the genes of interest, (2) we design probes and provide a design report to the customer, (3) the customer reviews and approves the design report, and (4) we manufacture, test and ship the CodeSet to the customer. The manufacturing process typically takes from three to five weeks, depending on the number of genes targeted and samples to be processed by the customer.

Master Kits, Cartridges and Reagents

For our nCounter MAX or FLEX systems, the Master Kit includes all of the ancillary reagents and plasticware required for our customers to be able to setup and process samples in the nCounter Prep Station and nCounter Digital Analyzer. The components of the Master Kit include the sample cartridge, strip tubes, tips, buffers, and reagent plates. For our nCounter *SPRINT* Profiler, customers purchase microfluidic cartridges and separate bottles of reagents which together provide the ancillary components for processing samples with CodeSets and Panels.

Molecular Diagnostics

Our nCounter Analysis System has the ability to simultaneously quantify gene expression on tens or hundreds of genes from minimal amounts of FFPE tissue, which makes it well-suited for profiling pathway activation in tumor samples. In addition, it has the precision, reproducibility, and simple workflow required of technologies used in clinical laboratories. Our clinical laboratory customers use the nCounter Analysis System and *in vitro* diagnostic kits to provide clinical diagnostic services. Currently, Prosigna is the only *in vitro* diagnostic kit available for use on our nCounter Analysis System. Over time, we intend to develop, obtain regulatory authorization for, and sell additional *in vitro* diagnostic kits.

We believe that the attributes that make the nCounter Analysis System attractive to researchers also make the system attractive to hospitals and clinical laboratories that desire to conduct molecular diagnostic tests. We believe the precision, ease of use and flexibility of the nCounter Analysis System may allow medical technicians to conduct complex molecular diagnostic tests with minimal training. Our clinical laboratory customers use the nCounter FLEX system and *in vitro* diagnostic kits to provide clinical diagnostic services. Currently, Prosigna is the only *in vitro* diagnostic kit available for use on our nCounter FLEX system. We have one additional *in vitro* diagnostic test, our proprietary LymphMark assay, under development pursuant to a collaboration with Celgene Corporation, or Celgene.

- *Prosigna*. Prosigna, our first *in vitro* molecular diagnostic test, is based on a collection of 50 genes known as the PAM50 gene signature, which was discovered by several of our research customers. Prosigna can provide a breast cancer patient and physician with a subtype classification based on the fundamental biology of the patient's tumor, as well as a prognostic score that indicates the probability of cancer recurrence over 10 years. Physicians use Prosigna to help guide therapeutic decisions so that patients receive a therapeutic intervention, such as chemotherapy, only if clinically warranted. Prosigna is regulated as an *in vitro* diagnostic test and we distribute it as a kit for use on our nCounter FLEX system in clinical laboratories. In September 2013, we received 510(k) clearance from the FDA to market in the United States a version of Prosigna providing a prognostic indicator for distant recurrence-free survival at 10 years, which is indicated for postmenopausal women with Stage I/II lymph node-negative or Stage II lymph node-positive (one to three positive nodes) hormone receptor-positive breast cancer who have undergone surgery in conjunction with locoregional treatment consistent with standard of care. For each patient, the Prosigna report includes the Prosigna Score, which is referred to as the ROR Score in the scientific literature and outside the United States, and a risk category based on both the Prosigna Score and nodal status. Node-negative patients are classified as low, intermediate or high risk, while node-positive patients are classified as low or high risk. Prosigna competes with other tests that are currently available as services from specialized central laboratories. In September 2012, we obtained CE mark designation for Prosigna for use as a semi-quantitative *in vitro* diagnostic assay using the gene expression profile of cells found in FFPE breast tumor tissue to assess the 10-year risk of distant recurrence in postmenopausal women with HR+ early stage breast cancer treated with endocrine therapy alone. This CE-marked product is indicated for use in patients with either node-negative or node-positive disease and provides physicians and their patients with the intrinsic subtype of a patient's breast cancer tumor, ROR score, and risk category (high/intermediate/low). In early 2013, we began marketing this test in Europe and Israel. We sell Prosigna kits to our lab customers on a fixed dollars-per-kit basis. These customers are responsible for providing the testing service and contracting and billing payors. Accordingly, we are not directly exposed to third-party payor reimbursement risk.
- *LymphMark*. Our proprietary LymphMark assay, an *in vitro* molecular diagnostic test candidate under development, is intended to identify the cell-of-origin subtype of a tumor for patients with diffuse large B-Cell lymphoma, or DLBCL, a form of blood cancer. LymphMark is designed to aid in the disease characterization of patients newly diagnosed with DLBCL to support disease management in conjunction with other clinical and pathological information. DLBCL is a heterogeneous group of cancers that represents the most common form of Non-Hodgkin Lymphoma. According to the National Cancer Institute, there were approximately 70,000 new cases of Non-Hodgkin Lymphoma in the United States in 2015. DLBCL is the most common type of Non-Hodgkin Lymphoma, representing approximately 1 out of every 3 cases. The subtypes of DLBCL have long been known to have varying prognoses. In January 2014, certain of our research customers published a paper in the journal *Blood* describing the development and validation of a biomarker assay based on a 20-gene expression DLBCL subtype classifier using our nCounter Analysis System. LymphMark is currently being specifically investigated as an aid for identifying DLBCL patients that may be most likely to benefit from treatment with Celgene's drug REVLIMID. Under our collaboration with Celgene, we have delivered an *in vitro* companion diagnostic test that was used to subtype and screen patients who enrolled in a pivotal study of REVLIMID for the treatment of DLBCL. The results of Celgene's study are expected to be announced in 2019, after which we may file for regulatory approval with the FDA to market and sell LymphMark.
- *Laboratory Developed Tests*. Clinical laboratories can use our custom manufacturing services to supply reagents to create LDTs, which are diagnostic tests that are developed, validated and performed by a single laboratory. These reagents enable assays for gene expression, copy number variation and gene fusions. Clinical laboratories can use

these reagents to develop assays to replace tests currently performed using fluorescence-based in situ hybridization, or FISH.

GeoMx DSP

Our second product platform, GeoMx DSP, is currently under development. Our GeoMx DSP system is designed to enable the field of spatial genomics.

nCounter and other existing technologies typically analyze gene activity throughout the totality of a biological sample, using "grind and bind" approaches that analyze average gene expression levels across an entire sample. GeoMx DSP is designed to allow researchers to explore and quantify how the activity of large numbers of proteins or genes vary spatially in different selected regions of interest across the landscape of a heterogeneous tissue biopsy, retaining spatial information and providing high-plex assays that target different regions in the same sample.

The commercial launch of the GeoMx DSP instrument and consumables is expected to commence during the first half of 2019, with installations of commercial instruments expected to commence in the second half of 2019.

Many of the current technologies used to analyze gene activity in selected parts of a biological sample are many decades old. These technologies include primarily immunohistochemistry, or IHC, which is used to estimate amounts of protein, and in-situ hybridization, or ISH, which is used to estimate amounts of RNA. Both IHC and ISH typically use stains that provide the ability to identify typically less than four proteins or RNAs based on assigned colors. The colors aid researchers in identifying where certain proteins or RNA may reside in a sample and provide a visual approximation of amounts. These techniques are limited however in their ability to only look at four proteins or RNAs at a time, with no ability to precisely quantify the amounts present in any given region or cell type. These limitations may lead to misleading or incomplete scientific conclusions as to the most relevant biological pathways in any given sample.

GeoMx DSP is designed to allow researchers to address important questions regarding how protein and gene expression vary spatially across multiple specific regions of interest across the landscape of a heterogeneous tissue biopsy. Our GeoMx DSP instruments are expected to image slide-mounted tissue biopsies, allow selection of regions of interest, and automate the preparation of samples from selected regions for molecular profiling using either an nCounter system or NGS. GeoMx DSP technology is expected to offer a number of advantages compared to traditional technologies, including the ability to profile a larger number of different genes or proteins in each region, more flexibility on the selection of regions, and processing of a larger number of samples per day.

GeoMx DSP Instrument

Our GeoMx DSP instruments use specialized optics and software to image slide-mounted tissue biopsies that have been prepared using IHC or ISH technology that is typically available in research or commercial laboratories. GeoMx then allows a researcher to select regions of interest for analysis on screen, and then prepares samples from selected regions of interest for molecular profiling using either an nCounter system or next generation gene sequencer.

GeoMx DSP Consumables

The initial portfolio of GeoMx DSP consumables at launch is expected to focus on protein and RNA analysis for immuno-oncology applications, and protein analysis for neurobiology applications. GeoMx DSP consumables expected to be available at the commercial launch date will be designed to support the profiling of biological activity, after regions of interest have been identified and samples have been prepared using GeoMx DSP, using our nCounter Analysis System. We have additional GeoMx DSP consumable products under development that are expected to enable profiling of larger numbers of RNA in selected regions of interest using an NGS system. We expect these NGS-enabled consumable products to be commercially available in 2020.

GeoMx DSP consumable products are currently designed as standardized panel products that represent important content for certain disease areas, with an initial "core" panel offered for purchase, and an option for researchers to add content to that core depending on the area of interest or desired number of targets for analysis. Our initial GeoMx DSP consumable product offering is expected to include:

- *Immuno-Oncology Panels*. An immuno-oncology-focused panel menu that is expected to comprise up to 90 protein targets and 84 RNA targets for analyzing the tumor and tumor microenvironment compartments in human tissue samples. The standard or core panel offering is expected to comprise of 20 targets, and researchers will then have the option of adding over 40 additional targets for analysis, with sets of additional targets focused on specific applications such as immuno-oncology drug target proteins, or human immune activation proteins. We also expect to offer panel content to allow for the analysis of up to 84 immune pathways RNA. Additionally, 30 protein targets are expected to be released for analyzing mouse samples for pre-clinical applications.

- *Neurobiology Panels*. A neurobiology-focused menu that is expected to comprise up to 40 protein targets to profile neural cells in human tissue. The standard or core panel offering is expected to comprise of 20 targets, and researchers will then have the option of adding up to 20 additional targets for analysis, with sets of additional targets focused on specific applications such as proteins implicated in AD or Parkinson's disease.

Hyb & Seq Molecular Profiler

Our third product platform, our Hyb & Seq molecular profiling system, is currently under development. Hyb & Seq is designed to use a modified version of our proprietary chemistry to determine and analyze gene sequences within a biological sample, or to potentially profile the activity of an even greater number of genes.

While currently available NGS technology has become widely used for research, challenges relating to complex workflow and the need for a large central laboratory to batch process samples to reduce cost have limited broader NGS adoption for use in clinical diagnostic applications to date.

Hyb & Seq is designed to use a modified version of our proprietary chemistry to determine sequence data similar to NGS. As our chemistry does not require amplification, enzyme application or library preparation, Hyb & Seq may offer a faster, easier to use way of determining gene sequences as compared to existing NGS technologies. Hyb & Seq's simple workflow and compatibility with a variety of sample types may offer the potential for a sample-to-answer solution for clinical sequencing. Hyb & Seq may also offer the ability to rapidly detect and quantify a large number of RNA or DNA targets in parallel. Potential applications of this capability could include gene expression measurement, or infectious disease testing.

Hyb & Seq is expected to become commercially available in 2021.

Collaborations

Lam Research Corporation

In August 2017, we entered into a collaboration agreement with Lam Research Corporation, or Lam, to develop our Hyb & Seq sequencing platform and related assays. Under the terms of the agreement, Lam will contribute up to an aggregate of $50.0 million towards the project. The development funding is non-refundable, unless the parties determine that completion of development of the product will not continue, in which case any funds advanced to us by Lam that have not been committed or spent will be refunded to Lam. We will reimburse Lam for the cost of up to 10 full-time Lam employees each year in accordance with the product development plan. Lam is eligible to receive certain single-digit percentage royalty payments from us on net sales of certain products and technologies developed under the agreement, if any such net sales are recorded. The maximum amount of royalties we may pay to Lam will be capped at an amount up to three times the amount of development funding actually provided by Lam. We retain exclusive rights to obtain regulatory approval, manufacture and commercialize any Hyb & Seq products.

All intellectual property made or conceived solely by us pursuant to the collaboration will be owned by us and licensed to Lam solely for the purposes of the collaboration. All intellectual property made or conceived solely by Lam pursuant to the collaboration will be owned by Lam and, subject to certain restrictions on use with Lam competitors, licensed to us for the purposes of the collaboration and further development and commercialization of our Hyb & Seq platform, as well as certain other products and technologies resulting from the collaboration in the field of molecular profiling. Jointly created intellectual property will be jointly owned, provided that neither we nor Lam use such jointly owned intellectual property in the other party's competitive field.

The collaboration agreement establishes a joint steering committee to oversee, review and coordinate our and Lam's activities under the collaboration agreement and monitor progress and expenditures against the associated development plan. The joint steering committee is comprised of three employees from each of us and Lam, and will be chaired by one of our employees. We will have final decision-making authority on the joint steering committee, subject to certain exceptions for decisions regarding development failure, material changes to the development plan, budget, and the Hyb & Seq product being developed under the agreement, and intellectual property ownership, which require consensus of the parties. The collaboration agreement also contains customary representations, warranties, covenants, indemnities and other obligations of the parties.

The term of the collaboration agreement is 15 years. Either we or Lam may terminate the collaboration agreement in the case of a material breach by the other party after providing notice and an opportunity to cure or in the case of bankruptcy or insolvency of the other party. The joint steering committee may also terminate the collaboration agreement if development is discontinued in the case of a development failure. Lam may also terminate the collaboration agreement on or after the first anniversary in the event we undergo a change of control.

In connection with the execution of the collaboration agreement, we issued Lam a warrant to purchase up to 1.0 million shares of our common stock with the number of underlying shares exercisable at any time proportionate to the amount of the $50.0 million commitment that has been provided by Lam. The exercise price of the warrant is $16.75 per share, and it

will expire on the seventh anniversary of the issuance date. The warrant was determined to have a fair value of $6.7 million upon issuance, which will be recorded as additional paid in capital proportionately from the quarterly collaboration payments made by Lam.

In connection with the entry into the collaboration agreement and issuance of the warrant, we and Lam have agreed, subject to certain exceptions applicable to Lam, to be bound by certain "standstill" provisions. Pursuant to the "standstill" provisions, until the third anniversary of the entry into the collaboration agreement, we, Lam and our respective officers, directors, employees or contractors acting on their behalf will not (1) acquire, offer to acquire, agree to acquire or publicly propose or offer to acquire, securities, indebtedness, businesses, properties or assets of the other party or any subsidiary or division thereof; (2) initiate, induce or attempt to induce any other person or group to initiate any transaction referred to in clause (1), any stockholder proposal regarding the other party or call hold or convene a stockholders' meeting of the other party; (3) make or participate in any solicitation of proxies to vote or seek to advise or influence any person with respect to the voting of any voting securities of the other party; (4) make any public announcement with respect to, or submit a proposal or offer for any extraordinary transaction involving the other party or any of its securities or assets; (5) form, join or in any way participate in a group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, in connection with any of the foregoing prohibited activities; (6) act or seek to control or influence the management, board of directors or policies of the other party; (7) take any action that could reasonably be expected to require the other party to make a public announcement regarding the possibility of any of the prohibited activities described in clauses (1) through (6) or (8) advise, assist or encourage any other person in connection with any of the foregoing prohibited activities.

In addition, Lam has agreed, subject to certain exceptions, not to offer, sell or transfer any of our common stock or securities convertible into or exchangeable or exercisable for our common stock, for three years after the entry into the collaboration agreement without first obtaining our consent, which we may withhold in our sole discretion, unless the collaboration agreement has been terminated, in which case our consent may not be unreasonably withheld.

Celgene Corporation

In March 2014, we entered into a collaboration agreement with Celgene to develop, seek regulatory approval for, and commercialize a companion diagnostic assay using the nCounter Analysis System to identify a subset of patients with DLBCL, who are believed to be the most likely to benefit from treatment with Celgene's drug REVLIMID. Under the terms of the collaboration agreement, we will develop, seek regulatory approval for, and commercialize the diagnostic test, and we retain the flexibility to independently develop and commercialize additional indications for the test. Pursuant to our agreement, as amended in February 2018, we are eligible to receive payments from Celgene totaling up to $24.8 million, of which $5.8 million was received as an upfront payment and $19.0 million is for development funding and potential success-based developmental and regulatory milestones. In February 2018, Celgene agreed to provide us with additional funding for work intended to enable a subtype and prognostic indication for the test being developed under the agreement. In connection with this amendment, we agreed to remove the right to receive payments from Celgene in the event commercial sales of the companion diagnostic test do not exceed certain pre-specified minimum annual revenues during the first three years following regulatory approval. In addition, the amendment allows Celgene, at its election, to use trial samples with additional technologies for companion diagnostics.

Under the collaboration agreement with Celgene, we have delivered an *in vitro* companion diagnostic test that was used to subtype and screen patients who enrolled in a pivotal study of REVLIMID for the treatment of DLBCL. The upfront payment, a portion of the success-based milestone payments and the payments related to the subsequent amendments, totaling $14.5 million, have been received from Celgene to date, and we are using these funds in part to cover our costs for clinical development of the test.

Merck & Co., Inc.

In May 2015, we entered into a clinical research collaboration agreement with Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc., or Merck, to develop an assay intended to optimize immune-related gene expression signatures and evaluate the potential to predict benefit from Merck's anti-PD-1 therapy, KEYTRUDA, in multiple tumor types. In February 2016, we expanded our collaboration with Merck by entering into a new development collaboration agreement to clinically develop, seek regulatory approval for, and commercialize a companion diagnostic test to predict response to KEYTRUDA in multiple tumor types. In connection with the execution of the development collaboration agreement, we and Merck terminated our May 2015 clinical research collaboration and moved all remaining activities under such clinical research collaboration work plan to the new development collaboration agreement. In October 2017, we were notified by Merck of the decision not to pursue regulatory approval of the companion diagnostic test for KEYTRUDA. As a result, in August 2018, we and Merck agreed to mutually terminate our development collaboration agreement, effective as of September 30, 2018, following the completion of certain close-out activities.

Medivation, Inc. and Astellas Pharma, Inc.

In January 2016, we entered into a collaboration with Medivation, Inc., or Medivation, and Astellas Pharma Inc., or Astellas, to pursue the translation of a novel gene expression signature algorithm discovered by Medivation into a companion diagnostic assay using the nCounter Analysis System. In September 2016, Medivation was acquired by Pfizer, Inc., or Pfizer, and became a wholly owned subsidiary of Pfizer. In May 2017, we received notification from Pfizer and Astellas terminating the collaboration agreement as a result of a decision to discontinue the related clinical trial.

Intellectual Property

We must develop and maintain protection on the proprietary aspects of our technologies in order to remain competitive. We rely on a combination of patents, copyrights, trademarks, trade secret and other intellectual property laws and confidentiality, material transfer agreements, licenses, invention assignment agreements and other contracts to protect our intellectual property rights.

As of December 31, 2018, we owned or exclusively licensed 27 issued U.S. patents and approximately 36 pending U.S. patent applications, including provisional and non-provisional filings. We also owned or licensed approximately 266 pending and granted counterpart applications worldwide, including 118 country-specific validations of 13 European patents. The issued U.S. patents that we own or exclusively license are expected to expire between July 3, 2021 and February 6, 2033. We have either sole or joint ownership positions in all of our pending U.S. patent applications. Where we jointly own cases, we typically have negotiated license or assignment provisions to obtain exclusive rights. For our material nCounter Analysis System and Prosigna product rights, we are the exclusive licensee. We also generally protect our newly developed intellectual property by entering into confidentiality agreements that include intellectual property assignment clauses with our employees, consultants and collaborators. Our patent applications generally relate to the following main areas:

- our nCounter Analysis System biology, chemistry, methods and hardware;
- specific applications for our nCounter Analysis System technology;
- our gene expression markers, methods and gene signatures for recurrence and drug response in certain forms of cancer;
- biological and chemical compositions, methods and hardware for enzyme and amplification free sequencing; and
- biological and chemical compositions, methods and hardware for multiplexed detection and quantification of protein and/or nucleic acid expression in a defined region of a tissue or cell.

We intend to file additional patent applications in the United States and abroad to strengthen our intellectual property rights; however, our patent applications may not result in issued patents, and we cannot assure investors that any patents that have issued or might issue will protect our technology. We have received notices of claims of potential infringement from third parties and may receive additional notices in the future. When appropriate, we have taken a license to the intellectual property rights from such third parties. For additional information, see the section of this report captioned “Risk Factors — Risks Related to Intellectual Property.”

We own a number of trademarks and develop names for our new products and as appropriate secure trademark protection for them, including domain name registration, in relevant jurisdictions.

License Agreements

We have relied, and expect to continue to rely, on strategic collaborations and licensing agreements with third parties. For example, our base molecular barcoding technology is in-licensed from the Institute for Systems Biology and the intellectual property that forms the basis of Prosigna is in-licensed from Bioclassifier, LLC. In addition to the licenses with the Institute for Systems Biology and Bioclassifier, we have licensed technology related to the DLBCL assay from the National Institutes of Health, and we rely on other license and supply arrangements for proprietary components which require us to pay royalties on the sale of our products. Other research customers are using our nCounter Analysis System to discover gene expression signatures that we believe could form the basis of future diagnostic products. In the future, we may consider these gene signatures for in-licensing. Our licensing arrangements with the Institute for Systems Biology and Bioclassifier are discussed below in greater detail.

Institute for Systems Biology

In 2004, we entered into an agreement with the Institute for Systems Biology pursuant to which the Institute granted to us an exclusive, subject to certain government rights, worldwide license, including the right to sublicense, to the digital molecular barcoding technology on which our nCounter Analysis System is based, including 13 patents and patent applications. Pursuant to the terms of the amended license agreement, we are required to pay the Institute for Systems Biology royalties on net sales of products sold by us, or our sublicensees, at a low single digit percentage rate, which was reduced by 50% in the

third quarter of 2016 for the remainder of the license term due to the achievement of a cumulative sales threshold. Through December 31, 2018, we have paid aggregate royalties of $5.7 million under the license agreement. Unless terminated earlier in accordance with the terms of the amended license agreement, the agreement will terminate upon the expiration of the last to expire patent licensed to us. The Institute for Systems Biology has the right to terminate the agreement under certain situations, including our failure to meet certain diligence requirements or our uncured material breach of the agreement.

Bioclassifier, LLC

In July 2010, we entered into an exclusive license agreement with Bioclassifier, LLC, pursuant to which Bioclassifier granted to us an exclusive, subject to certain government rights, worldwide license, with the right to sublicense, to certain intellectual property rights and technology, including eight non-provisional patent applications, related to the PAM50 gene signature in the field of research products and prognostic and/or diagnostic tests for cancer, including Prosigna. Bioclassifier has licensed these rights from the academic institutions that employed the cancer researchers that discovered or were involved in the initial development of PAM50. Pursuant to the agreement, we are required to pay Bioclassifier the greater of certain minimum royalty amounts and mid-single digit to low double digit percentage royalties on net sales of products and/or methods sold by us that are covered by patent rights or include, use or are technology licensed to us. Our obligation to pay royalties to Bioclassifier expires on a country-by-country basis upon the expiration of the last patent licensed or, if a product or method includes, uses or is technology licensed to us but is not covered by a patent licensed to us, ten years after the first commercial sale of the product or method in such country. We are also required to pay Bioclassifier a percentage of any income received by us from the grant of a sublicense to the patents or technology licensed to us under the agreement. In July 2018, we agreed to amend our license agreement with Bioclassifier to increase the current royalty rate paid to Bioclassifier on sales of licensed products in the United States to an upper-single digit percentage, which became effective January 1, 2018. The agreement specifies that we will control and be responsible for the costs of prosecuting and enforcing the intellectual property licensed in certain major market countries. The agreement also includes customary rights of termination for Bioclassifier, including for our uncured material breach or our bankruptcy. Through December 31, 2018, we have paid Bioclassifier $2.2 million.

Research and Development

We have committed, and expect to continue to commit, significant resources to developing new technologies and products, improving product performance and reliability and reducing costs. We are continuously seeking to improve our product platforms, including the technology, software, accessibility and overall capability. We also seek to develop additional research consumable content, and new potential molecular diagnostic tests. We have assembled experienced research and development teams at our Seattle, Washington location with the scientific, engineering, software and process talent that we believe is required to successfully grow our business.

As of December 31, 2018, we had 173 employees in research and development, of which 58 hold a Ph.D. degree and one holds an M.D. degree.

Sales and Marketing

We began selling nCounter Analysis Systems to researchers in 2008 and began sales efforts in the clinical laboratory market in 2013. We sell our instruments and related products primarily through our own sales force in North America and through a combination of direct and distributor channels in Europe, the Middle East, Asia Pacific and South America. We have agreements with 28 distributors, each of which is specific to a certain territory. In the event a distributor does not meet minimum performance requirements, we may terminate the distribution agreement or convert from an exclusive to non-exclusive arrangement within the territory, allowing us to enter into arrangements with other distributors for the territory.

For additional information regarding geographic distribution of revenue, see Note 16 of the Notes to Consolidated Financial Statements under Item 8 of this report. For the year ended December 31, 2018, our collaborator, Lam, represented 17% of our total revenue. For the year ended December 31, 2017, two customers/collaborators, Merck, and Medivation, Inc. and Astellas Pharma Inc., represented 25% and 10%, respectively, of our total revenue. For the year ended December 31, 2016, Merck represented 13% of our total revenue.

Instrumentation and Research Consumables

Our sales and marketing efforts for instrumentation and in the life sciences research market are targeted at department heads, research or clinical laboratory directors, principal investigators, core facility directors, and research scientists and pathologists at leading academic institutions, biopharmaceutical companies, publicly and privately-funded research institutions and contract research organizations. We seek to increase awareness of our products among our target customers through direct sales calls, trade shows, seminars, academic conferences, web presence and other forms of internet marketing.

Our instruments require a significant capital investment or commitment to a lease or reagent rental agreement. Accordingly, our sales process involves numerous interactions with multiple people within an organization, and often includes

in-depth analysis by potential customers of our products, proof-of-principle studies, preparation of extensive documentation and a lengthy review process. As a result of these factors, the large capital investment required in purchasing our instruments and the budget cycles of our customers, the time from initial contact with a customer to our receipt of a purchase order can vary significantly and be up to 12 months or longer. Given the length and uncertainty of our sales cycle, we have in the past experienced, and likely will in the future experience, fluctuations in our instrument sales on a period-to-period basis.

We have continued to invest in our commercial channel to increase our reach and productivity. During 2017 and 2018, we added staff focused on sales of our consumable products to support our existing instrument-focused sales staff. We believe these investments helped to drive the growth of our installed instrument base, and the continued utilization of our consumables by our installed base of instrument users.

Molecular Diagnostics

The commercialization of Prosigna kits involves a three-pronged effort. First, we seek to establish third-party reimbursement and patient access for clinical testing services that our clinical laboratory customers will provide based upon our products by gaining inclusion in influential treatment guidelines and educating third-party payors regarding the clinical utility and health economic value of the clinical tests enabled by our technology. Second, we seek to establish an installed base of nCounter Analysis Systems by selling or leasing instruments to select clinical laboratories, with initial sales efforts directed at laboratories, hospitals, networks or practices that test or treat a high volume of breast cancer patients. Third, we intend to drive physician demand for clinical testing services enabled by our diagnostic products, and direct test orders toward those laboratories which have adopted our technology. Where appropriate, we intend to coordinate commercial efforts with the sales and marketing personnel of the clinical laboratories offering clinical testing services based on our diagnostic products.

Manufacturing and Suppliers

We use third-party contract manufacturers to produce our instruments and certain raw materials for our consumables. We build our consumables, including our Panels, Custom CodeSets and reagent packages at our Seattle, Washington facility.

Instruments

We outsource manufacturing of our instruments. Precision System Science, Co., Ltd. of Chiba, Japan, or PSS, is our sole source supplier for the nCounter Prep Station. Korvis Automation Inc., or Korvis, is our sole source supplier for our nCounter Digital Analyzers and our GeoMx DSP instrument at its facility in Corvallis, Oregon. Paramit Corporation, or Paramit, is our sole source supplier for our nCounter *SPRINT* Profiler at its facility in Morgan Hill, California.

The facilities at which our instruments are built have been certified to ISO 13485:2003 standards. Our contracts with these instrument suppliers do not commit them to carry inventory or make available any particular quantities. Under the terms of the three instrument supply agreements, we are required to place binding purchase orders for instruments that will be delivered to us by the supplier three to six months from the date of placement of the purchase order. Although qualifying alternative third-party manufacturers could be time consuming and expensive, our instruments' design is similar to other instruments and we believe that alternatives would be available if necessary. However, if our instrument suppliers terminate our relationship with them or if they give other customers' needs higher priority than ours, then we may not be able to obtain adequate supplies in a timely manner or on commercially reasonable terms.

Consumables

We manufacture our consumables in our Seattle, Washington facility which has been certified to ISO 13485:2003 standards. We expanded our manufacturing capacity in 2015 by relocating certain research and development functions and converting the space to incremental manufacturing labs and offices. In the future, should additional space become necessary, we believe that there will be space available near our existing facility that we believe we can secure; however, we cannot predict that this space will be available if and when it is needed.

We rely on a limited number of suppliers for certain components and materials used in the manufacture of our consumables. Some of these components are sourced from a single supplier. For example, Cidra Precision Services, LLC, of Wallingford, Connecticut, part of IDEX Health & Science, is the sole supplier of the microfluidic cartridge for our nCounter *SPRINT* Profiler. For some components, we have qualified second sources for several of our critical reagents, including oligonucleotides, adhesives and dyes. We believe that having dual sources for our components helps reduce the risk of a production delay caused by a disruption in the supply of a critical component. We continue to pursue qualifying additional suppliers, but cannot predict how expensive, time-consuming or successful these efforts will be. If we were to lose one or more of our suppliers, it may take significant time and effort to qualify alternative suppliers.

Competition

In the life sciences research market, we compete with companies such as Agilent Technologies, Becton-Dickinson, Bio-Rad, Bio-Techne, Fluidigm, HTG Molecular Diagnostics, Illumina, Luminex, Merck Millipore, O-Link, Perkin Elmer, Qiagen, Roche Applied Science, Thermo Fisher Scientific, and 10x Genomics, some of which also offer diagnostic applications of their technologies. These competitors and others have products for gene and protein expression analysis that compete in certain segments of the market in which we sell our products. In addition, there are a number of new market entrants in the process of developing novel technologies for the life sciences market.

In the breast cancer diagnostics market, we compete with Genomic Health's Onco*type* Dx, a service for gene expression analysis performed in a central laboratory in Redwood City, California. We also face competition from companies such as Agendia and bioTheranostics, which also offer centralized laboratories that profile gene or protein expression in breast cancer. Outside the United States, we also face regional competition from Myriad Genetics, and its product EndoPredict, a distributed test for breast cancer recurrence.

We believe that we have multiple competitive advantages in the research market, including the automated nature of our systems with simple, rapid and efficient workflow that requires very limited human intervention or labor; the multiplexing capability of our technology to analyze significantly more target molecules in a single tube without amplification, representing multiple biological pathways; the ability to analyze combinations of DNA, RNA and proteins simultaneously in a single experiment; compatibility with many sample types, including difficult samples such as FFPE; and the ability to analyze small sample inputs, in some cases down to a single cell, from a wide variety of sample types.

In the diagnostics market, we believe our competitive advantages include the compelling evidence of Prosigna's ability to inform major medical treatment decisions, including results from our studies; the quality of our nCounter Analysis System, which enables consistent and reproducible results in decentralized laboratories; and the improved convenience for physicians and patients, including more rapid test result turnaround time.

While we believe that we compete favorably based on the factors described above, many of our competitors enjoy other competitive advantages over us, including:

- greater name and brand recognition, financial and human resources;
- broader product lines;
- larger sales forces and more established distributor networks;
- substantial intellectual property portfolios;
- larger and more established customer bases and relationships; and
- better established, larger scale and lower cost manufacturing capabilities.

For additional information, see the section of this report captioned "Risk Factors - The life sciences research and diagnostics markets are highly competitive. If we fail to compete effectively, our business and operating results will suffer."

Government Regulation

Medical Device Regulation

United States

In the United States, medical devices, including *in vitro* diagnostics, are subject to extensive regulation by the U.S. Food and Drug Administration, or FDA, under the Federal Food, Drug, and Cosmetic Act, or FDC Act, and its implementing regulations, and other federal and state statutes and regulations. The laws and regulations govern, among other things, medical device development, testing, labeling, storage, premarket clearance or approval, advertising and promotion and product sales and distribution.

A medical device is an instrument, apparatus, implement, machine, contrivance, implant, *in vitro* reagent, or other similar or related article, including any component part or accessory, which is (1) intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, in man or other animals, or (2) intended to affect the structure or any function of the body of man or other animals, and which does not achieve any of its primary intended purposes through chemical action within or on the body of man or other animals and which is not dependent upon being metabolized for the achievement of any of its primary intended purposes. *In vitro* diagnostics are a type of medical device, and are tests that can be used in the screening or diagnosis and/or detection of diseases, conditions or infections, including, without limitation, the presence of certain chemicals, genetic or other biomarkers.

Medical devices to be commercially distributed in the United States must receive from the FDA either clearance of a premarket notification, or 510(k), or premarket approval of a premarket approval application, or PMA, pursuant to the FDC Act prior to marketing, unless subject to an exemption. Devices deemed to pose relatively low risk are placed in either Class I or II. Placement of a device into Class II generally requires the manufacturer to submit to the FDA a 510(k) seeking clearance for commercial distribution; this is known as the 510(k) clearance process. Class III devices that were on the market before May 28, 1976 and for which FDA has not yet required submission of PMAs are also required to submit a 510(k) to FDA. Most Class I devices are exempted from this premarket submission requirement. Devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices and some diagnostic tests, are placed into Class III requiring PMA approval. Devices deemed not substantially equivalent to a previously 510(k)-cleared device or novel devices for which no predicate device exists are placed into Class III, but may be reclassified by FDA into Class I or Class II upon the submission by the manufacturer of a *de novo* reclassification application. A clinical trial is almost always required to support a PMA application or *de novo* application, and in many cases is required for a 510(k) application. All clinical studies of investigational devices must be conducted in compliance with applicable FDA or Institutional Review Board, or IRB, regulations.

510(k) Clearance Pathway. To obtain 510(k) clearance, a manufacturer must submit a premarket notification demonstrating to the FDA's satisfaction that the proposed device is substantially equivalent in intended use and in technological characteristics to a previously 510(k) cleared device or a device that was in commercial distribution before May 28, 1976, for which the FDA has not yet called for submission of PMA applications. The previously cleared device is known as a predicate. The FDA's 510(k) clearance pathway usually takes from six to 12 months, but it can take significantly longer, particularly for a novel type of product. The FDA will also not begin a substantive review of the filing until it verifies the application contains all necessary information required to commence a substantive review. If the application does not contain all required information, the FDA will not file the application and return it to the submitter, highlighting the deficiencies in the application.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, requires a new 510(k) clearance or could require a PMA approval. The FDA requires each manufacturer to make this determination in the first instance, but the FDA can review any such decision. If the FDA disagrees with a manufacturer's decision not to seek a new 510(k) clearance, the agency may require the manufacturer to seek 510(k) clearance or PMA approval. If the modified device has been commercialized, the FDA also can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or PMA approval is obtained.

PMA Approval Pathway. The PMA approval pathway requires a demonstration of reasonable assurance of safety and effectiveness of the device to the FDA's satisfaction. The PMA approval pathway is costly, lengthy and uncertain.

A PMA application must provide extensive preclinical and clinical trial data and also information about the device and its components regarding, among other things, device design, manufacturing and labeling. As part of the PMA review, the FDA will typically inspect the manufacturer's facilities for compliance with Quality System Regulation, or QSR, requirements, which impose stringent testing, control, documentation and other quality assurance procedures.

Upon submission, the FDA determines if the PMA application is sufficiently complete to permit a substantive review, and, if so, the application is accepted for filing. The FDA then commences an in-depth review of the PMA application. The PMA approval process typically takes one to three years, but may last longer. The review time is often significantly extended as a result of the FDA asking for more information or clarification of information already provided. The FDA also may respond with a "not approvable" determination based on deficiencies in the application and require additional clinical studies that are often expensive and time consuming and can delay approval for months or even years. During the review period for a new type of device, an FDA advisory committee, a panel of external experts, likely will be convened to review the application and recommend to the FDA whether, or upon what conditions, the device should be approved. Although the FDA is not bound by the advisory panel decision, the panel's recommendation is important to the FDA's overall decision making process.

If the FDA's evaluation of the PMA application is favorable, the FDA typically issues an "approvable letter" requiring the applicant's agreement to specific conditions, such as changes in labeling, or specific additional information such as submission of final labeling, in order to secure final approval of the PMA application. Once the approvable letter is satisfied, the FDA will issue an approval for specific indications, which can be more limited than those originally sought by the manufacturer. The PMA can include post-approval conditions that the FDA believes necessary to ensure the safety and effectiveness of the device including, among other things, post-approval studies and restrictions on labeling, promotion, sale and distribution. Failure to comply with the conditions of approval can result in material adverse enforcement action, including the loss or withdrawal of the approval or placement of restrictions on the sale of the device until the conditions are satisfied.

Even after approval of a PMA, a new PMA or PMA supplement may be required in the event of a modification to the device, its labeling or its manufacturing process. Supplements to a PMA may require the submission of the same type of information required for an original PMA, except that the supplement is generally limited to that information needed to support the proposed change from the product covered by the original PMA.

De Novo Pathway. If no predicate can be identified, the product is automatically classified as Class III, requiring a PMA. However, the FDA can reclassify, or use "*de novo* classification" for, a device for which there was no predicate device if the device is low or moderate risk. A device company can submit a *de novo* application at the outset, rather than submitting a 510(k) application for its particular product. When granting a *de novo* application the FDA will establish special controls that other applicants for the same device type must satisfy, which often includes labeling restrictions and data requirements. Subsequent applicants can rely upon the *de novo* product as a predicate for a 510(k) clearance. The *de novo* route has been used for many *in vitro* diagnostic products.

Postmarket. After a device is placed on the market, numerous regulatory requirements apply. These include: the quality manufacturing requirements set forth in the QSR, labeling regulations, the FDA's general prohibition against promoting products for unapproved or "off label" uses, registration and listing, the Medical Device Reporting, or MDR, regulation (which requires that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur), and the Reports of Corrections and Removals regulation (which requires manufacturers to report recalls and field actions to the FDA if initiated to reduce a risk to health posed by the device or to remedy a violation of the FDC Act).

The FDA enforces these requirements by unannounced inspection, market surveillance, and other means. If the FDA finds a violation, it can institute a wide variety of enforcement actions, ranging from an untitled regulatory letter or a warning letter, to more severe sanctions such as fines, injunctions, and civil penalties; recall or seizure of products; operating restrictions, partial suspension or total shutdown of production; refusing requests for 510(k) clearance or PMA approval of new products; withdrawing 510(k) clearance or PMA approvals already granted; and criminal prosecution. For additional information, see the section of this report captioned "Risk Factors — Risks Related to Government Regulation and Diagnostic Product Reimbursement."

Products Labeled for Research Use Only. In essence, RUO products are not regulated as medical devices and are therefore not subject to the regulatory requirements enforced by the FDA. The products must bear the statement: "For Research Use Only. Not for Use in Diagnostic Procedures." RUO products cannot make any claims related to safety, effectiveness or diagnostic utility, and they cannot be intended for human clinical diagnostic use. In November 2013, the FDA issued a final guidance on products labeled RUO, which, among other things, reaffirmed that a company may not make any clinical or diagnostic claims about an RUO product. The FDA will also evaluate the totality of the circumstances to determine if the product is intended for diagnostic purposes. If FDA were to determine, based on the totality of circumstances, that our products labeled and marketed for RUO are intended for diagnostic purposes, they would be considered medical devices that will require clearance or approval prior to commercialization.

Dual-Use Instruments. Dual-use instruments are subject to FDA regulation since they are intended, at least in part, for use by customers performing clinical diagnostic testing. In November 2014, FDA issued a guidance that described FDA's approach to regulating molecular diagnostic instruments that combine in a single molecular instrument both approved/cleared device functions and device functions for which approval/clearance is not required.

Laboratory Developed Tests. Laboratory Developed Tests, or LDTs, are developed, validated and used within a single laboratory. In the past, the FDA generally exercised its enforcement discretion for LDTs and did not require clearance or approval prior to marketing. On October 3, 2014, FDA issued two draft guidances that proposed to actively regulate LDTs using a risk-based approach, and would have required 510(k)s or PMAs for certain "moderate" or "high" risk devices. However, in late November 2016, FDA announced that it would not be finalizing the 2014 draft LDT Guidances.

Companion Diagnostics. In August 2014, FDA issued a companion diagnostics final guidance stating that if the device is essential to the safety or efficacy of the drug, FDA will generally require approval or clearance for the device at the time when FDA approves the drug. Most companion diagnostics will require PMA approval.

International

International sales of medical devices are subject to foreign government regulations, which vary substantially from country to country. The European Commission is the legislative body responsible for directives under which manufacturers selling medical products in the European Union, or EU, and the European Economic Area, or EEA, must comply. The EU includes most of the major countries in Europe, while other countries, such as Switzerland, are part of the EEA and have voluntarily adopted laws and regulations that mirror those of the EU with respect to medical devices. The EU has adopted directives that address regulation of the design, manufacture, labeling, clinical studies and post-market vigilance for medical devices. Devices that comply with the requirements of a relevant directive will be entitled to bear the CE conformity marking, indicating that the device conforms to the essential requirements of the applicable directives and, accordingly, can be marketed throughout the EU and EEA.

In September 2012, Prosigna was CE-marked for compliance with IVDD 98/79/EC for use in conjunction with a diagnostic version of our nCounter Analysis System in the EU to assess a breast cancer patient's risk of distant recurrence.

Outside of the EU, regulatory approval needs to be sought on a country-by-country basis in order to market medical devices. Although there is a trend towards harmonization of quality system standards, regulations in each country may vary substantially, which can affect timelines of introduction.

Reimbursement

Our nCounter FLEX Analysis Systems are purchased or leased by clinical laboratories, which use our diagnostic products as the basis for testing patients' samples. These customers can use our products to enable commercial testing services, and generate revenue for their laboratories for this service. In order to collect payment for testing services based upon our diagnostic products, our clinical laboratory customers may bill third parties, including public and private payors. The demand for our diagnostic products will depend indirectly upon the ability for our customers to successfully bill for and receive reimbursement from third-party payors for the clinical testing services based on our products. Therefore, we intend to work with third-party payors in markets where we intend to sell our diagnostic products to ensure that testing services based on our products are covered and paid.

The decision of payors to cover and pay for a specific testing service is driven by many factors, including:

- strong clinical and analytical validation data;
- acceptance into major clinical guidelines, including the National Comprehensive Cancer Network, or NCCN, the American Society of Clinical Oncologists, or ASCO, and the St. Gallen Consensus guidelines;
- health economic studies that may indicate that the test improves quality-adjusted survival and leads to reduced costs; and
- decision impact studies that show the test leads to better treatment decisions.

We have generated dossiers for submission to payors in support of reimbursement for testing services based upon our initial diagnostic product, Prosigna. The dossiers typically contain data from studies supporting the analytical and clinical validity of Prosigna, as well as health economic analyses that examine whether the clinical information supplied by Prosigna changes medical practice in a way that leads to benefit for both the patients and the payors. In some cases, these health economic analyses may be supported by the results of clinical studies of Prosigna's impact on adjuvant treatment decisions in early stage breast cancer called decision impact studies. We developed a clinical protocol for Prosigna decision impact studies in collaboration with two European cooperative groups, and based on this protocol we have completed three studies to date.

United States

In the United States, clinical laboratory revenue is derived from various third-party payors, including insurance companies, health maintenance organizations, or HMOs, and government healthcare programs, such as Medicare and Medicaid. Clinical laboratory testing services are paid through various methodologies when covered by third-party payors, such as prospective payment systems and fee schedules. For any new clinical test, payment for the clinical laboratory service requires a decision by the third-party payor to cover the particular test, the establishment of a reimbursement rate for the test and the identification of one or more Current Procedural Terminology, or CPT, codes that accurately describe the test.

The American Medical Association, or AMA, has issued a set of CPT codes for billing and reimbursement of complex genomic tests that are based on information from multiple analytes or genes. These new MAAA, or Multianalyte Assays with Algorithmic Analyses, codes are intended to capture tests such as Prosigna and are divided into two categories of unique codes. Category 1 MAAA codes are intended for tests that AMA's CPT Editorial Panel has vetted and found to meet a certain set of criteria, such as demonstrated clinical validity and utility, as well as current national utilization thresholds. MAAA codes issued to complex genomic tests that have not met all Category 1 coding criteria are referred to as administrative MAAA codes. Assignment of either unique reimbursement code to a particular test may facilitate claims processing by payors; however, assignment of a unique reimbursement code alone does not guarantee favorable reimbursement decisions by payors. A genomic test with an assigned MAAA code must still be vetted and approved by individual payors for coverage and payment before reimbursement is achieved. Given the more stringent requirements for receipt of a Category 1 MAAA, including demonstrated clinical validity and utility and satisfaction of national utilization thresholds, we believe that certain payors may more readily render favorable reimbursement decisions for genomic tests with a Category 1 MAAA rather than an administrative MAAA.

In October 2016, we applied for and received a Category 1 MAAA code for Prosigna. The code was published in the CPT code book in late August 2017, with an effective date of January 1, 2018.

The Centers for Medicare & Medicaid Services, or CMS, administers the Medicare and Medicaid programs, which provide health care to almost one in every three Americans. For any particular geographic region, Medicare claims are processed at the local level by Medicare Administrative Contractors, or MACs. New diagnostic tests typically follow one of three routes to coverage via CMS: National Coverage Determinations, or NCDs, Local Coverage Determinations, or LCDs, or simply payment of claims by a MAC. The NCD applies to Medicare beneficiaries living throughout the United States. Due to

cost and CMS bandwidth limitations there are generally few NCDs. The LCD process applies to only beneficiaries in the coverage area of a single MAC, requiring multiple LCDs to cover the testing throughout the United States. Due to the cost of developing an LCD, contractors tend to develop a relatively small number and prefer to tacitly cover services by paying claims. There is also a subset of NCDs known as Coverage with Evidence Development, or CED, that allow a technology (service or procedure) to be covered while evidence of clinical utility is collected through a registry or a study to answer outstanding questions on outcomes. Some MACs have developed Coverage with Data Development, or CDD, policies for the same purpose, which are administered at the local level.

Over the past three years, we have pursued Medicare coverage for Prosigna by working with MACs to obtain favorable LCDs. In 2016, Prosigna achieved Medicare coverage in all 50 states through this process.

For Medicare, the reimbursement rates for individual tests are established under the Clinical Laboratory Fee Schedule (local fee schedules for outpatient clinical laboratory services) or the Physician Fee Schedule, depending on the amount of physician work involved in the test. Molecular diagnostic tests, such as Prosigna, are paid under the Clinical Laboratory Fee Schedule. For additional information, see the section of this report captioned "Risk Factors — Risks Related to Government Regulation and Diagnostic Product Reimbursement."

With respect to private insurance coverage, we have made significant progress in obtaining third-party reimbursement for the use of tests that incorporate new technology, such as Prosigna. Over the past three years, we have pursued coverage with all of the large private payers to facilitate reimbursement of Prosigna testing. In 2016, coverage policies were adopted by Cigna and Aetna and, in early 2017, Humana adopted a positive coverage policy. Additionally, the Blue Cross and Blue Shield, or BCBS, Association Evidence Street recently published a positive assessment of Prosigna. Most individual BCBS entities have updated their coverage policies to include Prosigna based on this evaluation.

Outside the United States

In Europe, governments are primarily responsible for reimbursing diagnostic testing services. A relatively small portion of the market is made up of private payors and cash-pay patients. The primary barrier of adoption of a new *in vitro* diagnostic test is often reimbursement, and public reimbursement can take several years to achieve, depending on the country. Public reimbursement for genomic testing for breast cancer is available in Canada, Ireland, France, Greece, Switzerland, Denmark and the United Kingdom. Selected private coverage for testing is available in the United Kingdom, Germany, Spain, France, the UAE and Hungary. Reimbursement approval in some countries, such as Spain and Italy, is managed at the regional level. Israel is a market in which genomic testing for breast cancer is widely reimbursed by all four major Sick Funds, the third-party payors that cover a substantial majority of the population.

Our market access approach in Europe is similar to that in the United States and involves data driving clinical and economic publications to support guideline inclusion. Initially, we have targeted the private and cash pay market in Europe. In parallel, we are seeking to establish public reimbursement of Prosigna by national and regional governments in Europe.

Other Regulations

Our operations in the United States and abroad are subject to various fraud and abuse laws, including, without limitation, the federal anti-kickback statute and state and federal marketing compliance laws in the United States. These laws may impact our operations directly, or indirectly through our customers, and may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include the following federal laws and their counterparts at the state level:

- the Federal Anti-kickback Law and state anti-kickback prohibitions;
- the Federal physician self-referral prohibition, commonly known as the Stark Law, and state equivalents;
- the Federal Health Insurance Portability and Accountability Act of 1996, as amended;
- the Medicare civil money penalty and exclusion requirements;
- the Federal False Claims Act civil and criminal penalties and state equivalents;
- the Foreign Corrupt Practices Act, which applies to our international activities;
- the Physician Payment Sunshine Act; and
- the European Union's General Data Privacy Regulations, or GDPR.

Employees

As of December 31, 2018, we had 476 employees, of which 115 work in manufacturing, 141 in sales, marketing and business development, 173 in research and development, and 47 in general and administrative. None of our U.S. employees are represented by a labor union or are the subject of a collective bargaining agreement. As of December 31, 2018, of our 476 employees, 432 were employed in the United States and 44 were employed outside the United States.

Environmental Matters

Our operations require the use of hazardous materials (including biological materials) which subject us to a variety of federal, state and local environmental and safety laws and regulations. Some of the regulations under the current regulatory structure provide for strict liability, holding a party potentially liable without regard to fault or negligence. We could be held liable for damages and fines as a result of our, or others', business operations should contamination of the environment or individual exposure to hazardous substances occur. We cannot predict how changes in laws or development of new regulations will affect our business operations or the cost of compliance.

Where You Can Find Additional Information

We make available free of charge through our investor relations website, www.nanostring.com, our annual reports, quarterly reports, current reports, proxy statements and all amendments to those reports as soon as reasonably practicable after such material is electronically filed or furnished with the SEC. These reports may also be obtained without charge by contacting Investor Relations, NanoString Technologies, Inc., 530 Fairview Avenue, North, Seattle, Washington 98109, e-mail: investorrelations@nanostring.com. Our Internet website and the information contained therein or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding reports that we file or furnish electronically with them at www.sec.gov.

Item 1A. Risk Factors

You should carefully consider the following risk factors, in addition to the other information contained in this report, including the section of this report captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes. If any of the events described in the following risk factors and the risks described elsewhere in this report occurs, our business, operating results and financial condition could be seriously harmed. This report on Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this report.

Risks Related to Our Business and Strategy

We have incurred losses since we were formed and expect to incur losses in the future. We cannot be certain that we will achieve or sustain profitability.

We have incurred losses since we were formed and expect to incur losses in the future. We incurred net losses of $77.4 million, $43.6 million, and $47.1 million for the years ended December 31, 2018, 2017, and 2016, respectively. As of December 31, 2018, we had an accumulated deficit of $391.3 million. We expect that our losses will continue for at least the next several years as we will be required to invest significant additional funds toward ongoing development and commercialization of our technology. We also expect that our operating expenses will continue to increase as we grow our business, but there can be no assurance that our revenue and gross profit will increase sufficiently such that our net losses decline, or we attain profitability, in the future. Our ability to achieve or sustain profitability is based on numerous factors, many of which are beyond our control, including the market acceptance of our products, future product development and our market penetration and margins. We may never be able to generate sufficient revenue to achieve or sustain profitability.

Our financial results may vary significantly from quarter to quarter which may adversely affect our stock price.

Investors should consider our business and prospects in light of the risks and difficulties we expect to encounter in the new, uncertain and rapidly evolving markets in which we compete. Because these markets are new and evolving, predicting their future growth and size is difficult. We expect that our visibility into future sales of our products, including volumes, prices and product mix between instruments and consumables, and the amount and timing of payments pursuant to collaboration agreements will continue to be limited and could result in unexpected fluctuations in our quarterly and annual operating results.

Numerous other factors, many of which are outside our control, may cause or contribute to significant fluctuations in our quarterly and annual operating results. These fluctuations may make financial planning and forecasting difficult. In addition, these fluctuations may result in unanticipated changes in our available cash, which could negatively affect our business and prospects. Factors that may contribute to fluctuations in our operating results include many of the risks described in this section. Also, one or more of such factors may cause our revenue or operating expenses in one period to be disproportionately higher or lower relative to the others. For example, in May 2017, our collaboration with Medivation, Inc. and Astellas Pharma Inc., or Astellas Pharma, was terminated, resulting in the recognition of $11.3 million of collaboration revenue during the second quarter of 2017. In October 2017, Merck notified us of the decision to not continue to pursue regulatory approval of the companion diagnostic for their product, KEYTRUDA, under our collaboration, resulting in the recognition of $11.6 million of collaboration revenue during the fourth quarter of 2017. In August 2018, we and Merck agreed to mutually terminate our development collaboration agreement, effective as of September 30, 2018, following the completion of certain close-out activities. Furthermore, our instruments involve a significant capital commitment by our customers and accordingly involve a lengthy sales cycle. We may expend significant effort in attempting to make a particular sale, which may be deferred by the customer or never occur. Accordingly, comparing our operating results on a period-to-period basis may not be meaningful, and investors should not rely on our past results as an indication of our future performance. If such fluctuations occur or if our operating results deviate from our expectations or the expectations of securities analysts, our stock price may be adversely affected.

If we do not achieve, sustain or successfully manage our anticipated growth, our business and growth prospects will be harmed.

We have experienced significant revenue growth in recent periods and we may not achieve similar growth rates in the future. Investors should not rely on our operating results for any prior periods as an indication of our future operating performance. If we are unable to maintain adequate revenue growth, our financial results could suffer and our stock price could decline. Furthermore, growth will place significant strains on our management and our operational and financial systems and processes. For example, the commercial launch of our GeoMx DSP, which we anticipate will occur in 2019, is a key element of our growth strategy and will require us to hire and retain additional sales and marketing personnel and resources. If we do not successfully generate demand for our GeoMx DSP instrument, other new product offerings, or manage our anticipated

expenses accordingly, our operating results will be harmed.

Our future success is dependent upon our ability to expand our customer base and introduce new applications and products.

Our current customer base is primarily composed of academic and government research laboratories, biopharmaceutical companies and clinical laboratories (including physician-owned laboratories) that perform analyses using our nCounter Analysis Systems. Our success will depend, in part, upon our ability to increase our market penetration among all of these customers and to expand our market by developing and marketing new research applications, new instruments, and new diagnostic products. During 2017, in an effort to enhance future results, we added sales staff focused on consumable sales to existing customers, enabling existing sales representatives to increase focus on instrument sales. We expect that increasing the installed base of our nCounter Analysis Systems will drive demand for our relatively high margin consumable products. If we are not able to successfully increase our installed base of nCounter Analysis Systems, sales of our consumable products and our margins may not meet expectations. Moreover, we must convince physicians and third-party payors that our diagnostic products, such as Prosigna, are cost effective in obtaining information that can help inform treatment decisions and that our nCounter Analysis Systems could enable an equivalent or superior approach that lessens reliance on centralized laboratories. In the U.S., Medicare and most private insurers provide coverage and payment for patients to be tested with Prosigna; however, other countries, such as Germany, provide more limited coverage and payment for Prosigna.

We also plan to develop and introduce new products which would be sold primarily to new customer types, such as our GeoMx DSP instrument for use in pathology labs and a sequencer based on our Hyb & Seq chemistry targeted for use by hospitals and oncology clinics. We anticipate that our GeoMx DSP instrument will become commercially available in 2019 and scaling and training our sales force to attract new customers will require substantial time and expense. Any failure to expand our existing customer base through the launch of our GeoMx DSP instrument, or other new applications and products would adversely affect our operating results.

Our research business depends on levels of research and development spending by academic and governmental research institutions and biopharmaceutical companies, a reduction in which could limit demand for our products and adversely affect our business and operating results.

In the near term, we expect that a large portion of our revenue will be derived from sales of our nCounter Analysis Systems to academic and government research laboratories and biopharmaceutical companies worldwide for research and development applications. The demand for our products will depend in part upon the research and development budgets of these customers, which are impacted by factors beyond our control, such as:

- changes in government programs (such as the National Institutes of Health) that provide funding to research institutions and companies;
- macroeconomic conditions and the political climate;
- changes in the regulatory environment;
- differences in budgetary cycles;
- competitor product offerings or pricing;
- market-driven pressures to consolidate operations and reduce costs; and
- market acceptance of relatively new technologies, such as ours.

In addition, academic, governmental and other research institutions that fund research and development activities may be subject to stringent budgetary constraints that could result in spending reductions, reduced allocations or budget cutbacks, which could jeopardize the ability of these customers to purchase our products. Our operating results may fluctuate substantially due to reductions and delays in research and development expenditures by these customers. Any decrease in our customers' budgets or expenditures, or in the size, scope or frequency of capital or operating expenditures, could materially and adversely affect our business, operating results and financial condition.

Our sales cycle is lengthy and variable, which makes it difficult for us to forecast revenue and other operating results.

Our sales process involves numerous interactions with multiple individuals within an organization, and often includes in-depth analysis by potential customers of our products, performance of proof-of-principle studies, preparation of extensive documentation and a lengthy review process. As a result of these factors, the large capital investment required in purchasing our instruments and the budget cycles of our customers, the time from initial contact with a customer to our receipt of a purchase order can vary significantly and be up to 12 months or longer. With the introduction of our nCounter *SPRINT* system in July 2015, which is targeted at individual researchers that often have less certain funding than other potential customers, our visibility regarding timing of sales has decreased. Given the length and uncertainty of our sales cycle, we have in the past experienced, and likely will in the future experience, fluctuations in our instrument sales on a period-to-period basis. These

factors also make it difficult to forecast revenue on a quarterly basis. Furthermore, from time-to-time, we may lease instruments or place instruments under reagent rental agreements, wherein a customer does not purchase an instrument upfront but instead pays a rental fee associated with each purchase of reagents. An increase in instruments placed under these lease or reagent rental agreements may reduce the number of instruments we would otherwise sell in any period. In addition, any failure to meet customer expectations could result in customers choosing to continue to use their existing systems or to purchase systems other than ours.

Our reliance on distributors for sales of our products outside of the United States, and on clinical laboratories for delivery of Prosigna testing services, could limit or prevent us from selling our products and impact our revenue.

We have established distribution agreements for our nCounter Analysis Systems and related consumable products in many countries where we do not sell directly. We intend to continue to grow our business internationally, and to do so we must attract additional distributors and retain existing distributors to maximize the commercial opportunity for our products. There is no guarantee that we will be successful in attracting or retaining desirable sales and distribution partners or that we will be able to enter into such arrangements on favorable terms. Distributors may not commit the necessary resources to market and sell our products to the level of our expectations or may choose to favor marketing the products of our competitors. If current or future distributors do not perform adequately, or we are unable to enter into effective arrangements with distributors in particular geographic areas, we may not realize long-term international revenue growth.

Similarly, we or our distributors have entered into agreements with clinical laboratories globally to provide Prosigna testing services. We do not provide testing services directly and, thus, we are reliant on these clinical laboratories to actively promote and sell Prosigna testing services. These clinical laboratories may take longer than anticipated to begin offering Prosigna testing services and may not commit the necessary resources to market and sell Prosigna testing services to the level of our expectations. Furthermore, we intend to contract with additional clinical laboratories to offer Prosigna testing services, including physician-owned laboratories, and we may be unsuccessful in attracting and contracting with new clinical laboratory providers. If current or future Prosigna testing service providers do not perform adequately, or we are unable to enter into contracts with additional clinical laboratories to provide Prosigna testing services, we may not be successful selling Prosigna and our future revenue prospects may be adversely affected.

Our future capital needs are uncertain and we may need to raise additional funds in the future.

We believe that our existing cash and cash equivalents, together with funds available under our term loan agreement and revolving credit facility, will be sufficient to meet our anticipated cash requirements for at least the next 12 months. However, we may need to raise substantial additional capital to:

- expand the commercialization of our products;
- fund our operations; and
- further our research and development.

Our future funding requirements will depend on many factors, including:

- market acceptance of our products;
- the cost and timing of establishing additional sales, marketing and distribution capabilities;
- revenue and cash flow derived from existing or future collaborations;
- the cost of our research and development activities;
- the cost and timing of regulatory clearances or approvals;
- the effect of competing technological and market developments; and
- the extent to which we acquire or invest in businesses, products and technologies, including new licensing arrangements for new products.

We cannot assure you that we will be able to obtain additional funds on acceptable terms, or at all. If we raise additional funds by issuing equity or equity-linked securities, or convertible debt, our stockholders may experience dilution. For example, in January 2018, we entered into a sales agreement with Cowen and Company, LLC, or Cowen, to sell up to $40.0 million worth of shares of our common stock, from time to time, through an “at the market” equity offering program under which Cowen will act as sales agent. In July 2018 and August 2018, we sold an aggregate of 4,600,000 shares of common stock in an underwritten public offering for net proceeds of $53.8 million. In October 2018, we entered into a new $100.0 million term loan facility with CR Group L.P. Additional debt financing, if available, may involve additional covenants restricting our operations or our ability to incur additional debt. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish some rights to our technologies or our products, or grant licenses on terms that are not favorable to us. We have in the past pursued these types of transactions, and may in the future

pursue similar transactions or other strategic transactions, on our own or with other advisors, that may impact our business and prospects and the value of our common stock. If we do not have, or are not able to obtain, sufficient funds, we may have to delay development or commercialization of our products or license to third parties the rights to commercialize products or technologies that we would otherwise seek to commercialize. We also may have to reduce marketing, customer support or other resources devoted to our products or cease operations. Any of these factors could harm our operating results.

Our research and development efforts will be hindered if we are not able to contract with third parties for access to archival tissue samples.

Under standard clinical practice, tumor biopsies removed from patients are preserved and stored in formalin-fixed paraffin embedded, or FFPE, format. We rely on our ability to secure access to these archived FFPE tumor biopsy samples, as well as information pertaining to the clinical outcomes of the patients from which they were derived for our clinical development activities. Others compete with us for access to these samples. Additionally, the process of negotiating access to archived samples is lengthy because it typically involves numerous parties and approval levels to resolve complex issues such as usage rights, institutional review board approval, privacy rights, publication rights, intellectual property ownership and research parameters. In January 2017, the Department of Health and Human Services finalized new rules, which became effective as of January 19, 2018, expanding the language to be included in informed consent forms related to the collection of identifiable private information or identifiable biospecimens. If this new requirement, or other factors arising in the future, impact our ability to negotiate access to archived tumor tissue samples with hospitals, clinical partners, pharmaceutical companies, or companies developing therapeutics on a timely basis or on commercially reasonable terms, or at all, or if other laboratories or our competitors secure access to these samples before us, our ability to research, develop and commercialize future products will be limited or delayed.

We may not be able to develop new products, enhance the capabilities of our systems to keep pace with rapidly changing technology and customer requirements or successfully manage the transition to new product offerings, any of which could have a material adverse effect on our business and operating results.

Our success depends on our ability to develop new products and applications for our technology in existing and new markets, while improving the performance and cost-effectiveness of our systems. New technologies, techniques or products could emerge that might offer better combinations of price and performance than our current or future products and systems. Existing markets for our products, including gene expression analysis, gene fusions and copy number variation, as well as new markets, such as protein expression and gene mutations, and potential markets for our research and diagnostic product candidates, are characterized by rapid technological change and innovation. Competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. We anticipate that we will face increased competition in the future as existing companies and competitors develop new or improved products and as new companies enter the market with new technologies. It is critical to our success that we anticipate changes in technology and customer requirements and successfully introduce new, enhanced and competitive technologies to meet our customers' and prospective customers' needs on a timely and cost-effective basis. If we do not successfully innovate and introduce new technology into our product lines, our business and operating results will be adversely impacted.

The development of new products typically requires new scientific discoveries or advancements and complex technology and engineering. Such developments may involve external suppliers and service providers, making the management of development projects complex and subject to risks and uncertainties regarding timing, timely delivery of required components or services and satisfactory technical performance of such components or assembled products. For example, in 2017, we continued to work with our supplier of cartridges used in our nCounter *SPRINT* systems to improve the design which resolved the previous leakage issues in the microfluidic device produced for us. If we do not achieve the required technical specifications or successfully manage new product development processes, or if development work is not performed according to schedule, then such new technologies or products may be adversely impacted and our business and operating results may be harmed.

Additionally, we must carefully manage the introduction of new products. If customers believe that such products will offer enhanced features or be sold for a more attractive price, they may delay purchases until such products are available. If customers conclude that such new products offer better value as compared to our existing products, we may suffer from reduced sales of our existing products and our overall revenue may decline. We may also have excess or obsolete inventory of older products as we transition to new products and our experience in managing product transitions is limited. If we do not effectively manage the transitions to new product offerings, our revenue, results of operations and business will be adversely affected.

New market opportunities may not develop as quickly as we expect, limiting our ability to successfully market and sell our products.

The market for our products is new and evolving. Accordingly, we expect the application of our technologies to emerging opportunities will take several years to develop and mature and we cannot be certain that these market opportunities will develop as we expect. For example, in September 2015, we launched our first 3D Biology application, a new product that allows users to simultaneously measure gene and protein expression from a single sample. In 2016 and 2017, we launched additional 3D Biology panels, including our first for the measurement of DNA mutations and in 2017 we launched our 360 panels for use in breast cancer, immuno-oncology and hematology. In 2018, we expanded beyond oncology and launched panels in neuroscience and CAR-T characterization. We recently launched our GeoMx DSP product on an early access basis, which will target the pathology market, a market we have not previously targeted.

The future growth of the market for these new products depends on many factors beyond our control, including recognition and acceptance of our applications by the scientific community and the growth, prevalence and costs of competing methods of genomic analysis. If the markets for our new products do not develop as we expect, our business may be adversely affected. If we are not able to successfully market and sell our products or to achieve the revenue or margins we expect, our operating results may be harmed.

We are dependent on single source suppliers for some of the components and materials used in our products, and the loss of any of these suppliers could harm our business.

We rely on Precision System Science, Co., Ltd of Chiba, Japan, to build our nCounter Prep Station, Korvis LLC of Corvallis, Oregon, to build our nCounter Digital Analyzer and GeoMx DSP, Paramit Corporation of Morgan Hill, California, to build our new nCounter *SPRINT* Profiler and IDEX Corporation of Lake Forest, Illinois to build the fluidics cartridge, a key component of our nCounter *SPRINT* Profiler. Each of these contract manufacturers are sole suppliers. Since our contracts with these instrument suppliers do not commit them to carry inventory or make available any particular quantities, they may give other customers' needs higher priority than ours, and we may not be able to obtain adequate supplies in a timely manner or on commercially reasonable terms. We also rely on sole suppliers for various components we use to manufacture our consumable products. We periodically forecast our needs for such components and enter into standard purchase orders with them. If we were to lose such suppliers, there can be no assurance that we will be able to identify or enter into agreements with alternative suppliers on a timely basis on acceptable terms, if at all. If we should encounter delays or difficulties in securing the quality and quantity of materials we require for our products, our supply chain would be interrupted which would adversely affect sales. If any of these events occur, our business and operating results could be harmed.

We may experience manufacturing problems or delays that could limit our growth or adversely affect our operating results.

Our consumable products are manufactured at our Seattle, Washington facility using complex processes, sophisticated equipment and strict adherence to specifications and quality systems procedures. Any unforeseen manufacturing problems, such as contamination of our facility, equipment malfunction, quality issues with components and materials sourced from third-party suppliers or failure to strictly follow procedures or meet specifications, could result in delays or shortfalls in production or require us to voluntarily recall our consumable products. Identifying and resolving the cause of any such manufacturing or supplier issues could require substantial time and resources. If we are unable to keep up with demand for our products by successfully manufacturing and shipping our products in a timely manner, our revenue could be impaired, market acceptance for our products could be adversely affected and our customers might instead purchase our competitors' products.

In addition, the introduction of new products may require the development of new manufacturing processes and procedures as well as new suppliers. For example, our GeoMx DSP systems may require that we establish supply relationships with antibody providers. While all of our CodeSets are produced using the same basic processes, significant variations may be required to meet new product specifications. Developing new processes and negotiating supply agreements can be very time consuming, and any unexpected difficulty in doing so could delay the introduction of a product.

If our Seattle facilities become unavailable or inoperable, we will be unable to continue our research and development, manufacturing our consumables or processing sales orders, and our business will be harmed.

We manufacture our consumable products in our headquarters facilities in Seattle, Washington. In addition, Seattle is the center for research and development, order processing, receipt of our instruments manufactured by third-party contract manufacturers and shipping products to customers. Our facilities and the equipment we use to manufacture our consumable products would be costly, and would require substantial lead time, to repair or replace. Seattle is situated near active earthquake fault lines. These facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes and power outages, which may render it difficult or impossible for us to produce our products for some period of time. The inability to manufacture consumables or to ship products to customers for even a short period of time may result in the loss of customers or harm our reputation, and we may be unable to regain those customers in the future. Although we possess insurance for

damage to our property and the disruption of our business, this insurance, and in particular earthquake insurance, which is limited, may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, if at all.

We expect to generate a substantial portion of our product and service revenue internationally and are subject to various risks relating to our international activities, which could adversely affect our operating results.

For 2018, 2017, and 2016 approximately 40%, 40%, and 38% respectively, of our product and service revenue was generated from sales to customers located outside of North America. We believe that a significant percentage of our future revenue will come from international sources as we expand our overseas operations and develop opportunities in additional areas. Engaging in international business involves a number of difficulties and risks, including:

- required compliance with existing and changing foreign regulatory requirements and laws;
- required compliance with anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act, data privacy requirements, labor laws and anti-competition regulations;
- export or import restrictions;
- various reimbursement and insurance regimes;
- laws and business practices favoring local companies;
- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- political and economic instability, such as the anticipated exit of Great Britain from the European Economic Community;
- potentially adverse tax consequences, tariffs, customs charges, bureaucratic requirements and other trade barriers;
- difficulties and costs of staffing and managing foreign operations; and
- difficulties protecting or procuring intellectual property rights.

As we expand internationally, our results of operations and cash flows will become increasingly subject to fluctuations due to changes in foreign currency exchange rates. Historically, most of our revenue has been denominated in U.S. dollars, although we have sold our products and services in local currency outside of the United States, principally the Euro. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United States. As our operations in countries outside of the United States grow, our results of operations and cash flows will increasingly be subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. For example, if the value of the U.S. dollar increases relative to foreign currencies, our product and service revenue could be adversely affected as we convert revenue from local currencies to U.S. dollars. Similarly, a strong U.S. dollar relative to the local currencies of our international customers can potentially reduce demand for our products, which may compound the adverse effect of foreign exchange translation on our revenue. If we dedicate significant resources to our international operations and are unable to manage these risks effectively, our business, operating results and prospects will suffer.

Significant U.K. or European developments stemming from the U.K.'s decision to withdraw from the European Union could have a material adverse effect on us.

In June 2016, the United Kingdom held a referendum and voted in favor of leaving the European Union, and in March 2017, the government of the United Kingdom formally initiated the withdrawal process. Negotiations for the United Kingdom's exit from the EU, or Brexit, has created political and economic uncertainty, particularly in the United Kingdom and the European Union, and this uncertainty may last for years. Our business in the United Kingdom, the European Union, and worldwide could be affected during this period of uncertainty, and perhaps longer, by the impact of the United Kingdom's referendum. There are many ways in which our business could be affected, only some of which we can identify as of the date of this report.

The decision of the United Kingdom to withdraw from the European Union has caused and, along with events that could occur in the future as a consequence of the United Kingdom's withdrawal may continue to cause significant volatility in global financial markets, including in global currency and debt markets. This volatility could cause a slowdown in economic activity in the United Kingdom, Europe or globally, which could adversely affect our operating results and growth prospects. In addition, our business could be negatively affected by new trade agreements or data transfer agreements between the United Kingdom and other countries, including the United States, and by the possible imposition of trade or other regulatory and immigration barriers in the United Kingdom. In addition, the Europe-wide market authorization framework for our products (and for the drugs sold by our collaboration partners in the pharmaceutical industry) and access to European Union research funding by research scientists based in the United Kingdom may also change. Furthermore, we currently operate in Europe

through a subsidiary based in the United Kingdom, which provides us with certain operational, tax and other benefits, as well as through other subsidiaries in Europe. The United Kingdom's withdrawal from the European Union could adversely affect our ability to realize those benefits and we may incur costs and suffer disruptions in our European operations as a result. These possible negative impacts, and others resulting from the United Kingdom's actual or threatened withdrawal from the European Union, may adversely affect our operating results and growth prospects.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could affect the tax treatment of our domestic and foreign earnings. Any new taxes could adversely affect our domestic and international business operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, the legislation commonly known as the Tax Cut & Jobs Act, which was signed into law on December 22, 2017, significantly revised the Internal Revenue Code of 1986, as amended, or the Code. The newly enacted federal income tax law, among other things, contains significant changes to corporate taxation, including a reduction of the federal statutory rates from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses), limitation of the deduction for net operating losses to 80% of current year taxable income, elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the new federal tax law is uncertain and our business and financial condition could be adversely affected. It is also unknown if and to what extent various states will conform to the newly enacted federal tax law. The impact of this tax reform on holders of our common stock is likewise uncertain and could be adverse.

Our ability to use net operating losses to offset future taxable income may be subject to certain limitations.

As of December 31, 2018, we had federal net operating loss carryforwards, or NOLs, to offset future taxable income of approximately $288.7 million. The federal NOL carryforwards generated during and after fiscal 2018 totaling $55.0 million are carried forward indefinitely, while all others, if not utilized, will expire in various years beginning in 2025. A lack of future taxable income would adversely affect our ability to utilize these NOLs. In addition, under Section 382 of the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs to offset future taxable income. We may have already experienced one or more ownership changes. Depending on the timing of any future utilization of our carryforwards, we may be limited as to the amount that can be utilized each year as a result of such previous ownership changes. However, we do not believe such limitations will cause our NOL and credit carryforwards to expire unutilized. In addition, future changes in our stock ownership as well as other changes that may be outside of our control, could result in additional ownership changes under Section 382 of the Code. Our NOLs may also be impaired under similar provisions of state law or limited pursuant to provisions of the recent Tax Cut and Jobs Act amendments to the Code. We have recorded a full valuation allowance related to our NOLs and other deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

Provisions of our debt instruments may restrict our ability to pursue our business strategies.

Our new term loan agreement with CR Group L.P., and revolving credit facility with Silicon Valley Bank require us, and any debt instruments we may enter into in the future may require us, to comply with various covenants that limit our ability to, among other things:

- dispose of assets;
- complete mergers or acquisitions;
- incur indebtedness;
- encumber assets;
- pay dividends or make other distributions to holders of our capital stock;
- make specified investments;
- engage in any new line of business; and
- engage in certain transactions with our affiliates.

These restrictions could inhibit our ability to pursue our business strategies. In addition, we are subject to financial covenants based on total revenue and minimum cash balances. If we default under our term loan agreement or revolving credit facility, and such event of default is not cured or waived, the lenders could terminate commitments to lend and cause all

amounts outstanding with respect to the debt to be due and payable immediately, which in turn could result in cross defaults under other debt instruments. Our assets and cash flow may not be sufficient to fully repay borrowings under all of our outstanding debt instruments if some or all of these instruments are accelerated upon a default. We may incur additional indebtedness in the future. The debt instruments governing such indebtedness could contain provisions that are as, or more, restrictive than our existing debt instruments. If we are unable to repay, refinance or restructure our indebtedness when payment is due, the lenders could proceed against the collateral granted to them to secure such indebtedness or force us into bankruptcy or liquidation.

Acquisitions or joint ventures could disrupt our business, cause dilution to our stockholders and otherwise harm our business.

We may acquire other businesses, products or technologies as well as pursue strategic alliances, joint ventures, technology licenses or investments in complementary businesses. We have not made any acquisitions to date, and our ability to do so successfully is unproven. Any of these transactions could be material to our financial condition and operating results and expose us to many risks, including:

- disruption in our relationships with customers, distributors or suppliers as a result of such a transaction;
- unanticipated liabilities related to acquired companies;
- difficulties integrating acquired personnel, technologies and operations into our existing business;
- diversion of management time and focus from operating our business;
- increases in our expenses and reductions in our cash available for operations and other uses; and
- possible write-offs or impairment charges relating to acquired businesses.

Foreign acquisitions involve unique risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries.

Also, the anticipated benefit of any strategic transaction may not materialize. Future acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. We cannot predict the number, timing or size of future joint ventures or acquisitions, or the effect that any such transactions might have on our operating results.

If we are unable to recruit, train and retain key personnel, we may not achieve our goals.

Our future success depends on our ability to recruit, train, retain and motivate key personnel, including our senior management, research and development, manufacturing and sales and marketing personnel. Competition for qualified personnel is intense, particularly in the Seattle, Washington area. Our growth depends, in particular, on attracting, retaining and motivating highly-trained sales personnel with the necessary scientific background and ability to understand our systems at a technical level to effectively identify and sell to potential new customers. We do not maintain fixed term employment contracts or key man life insurance with any of our employees. Because of the complex and technical nature of our products and the dynamic market in which we compete, any failure to attract, train, retain and motivate qualified personnel could materially harm our operating results and growth prospects.

Undetected errors or defects in our products could harm our reputation, decrease market acceptance of our products or expose us to product liability claims.

Our products may contain undetected errors or defects when first introduced or as new versions are released. Disruptions or other performance problems with our products may damage our customers' businesses, harm our reputation and result in reduced revenues. If that occurs, we may also incur significant costs, the attention of our key personnel could be diverted, or other significant customer relations problems may arise. We may also be subject to warranty and liability claims for damages related to errors or defects in our products. A material liability claim or other occurrence that harms our reputation or decreases market acceptance of our products could adversely impact our business and operating results.

The sale and use of products or services based on our technologies, or activities related to our research and clinical studies, could lead to the filing of product liability claims if someone were to allege that one of our products contained a design or manufacturing defect which resulted in the failure to adequately perform the analysis for which it was designed. A product liability claim could result in substantial damages and be costly and time consuming to defend, either of which could materially harm our business or financial condition. We cannot assure investors that our product liability insurance would adequately protect our assets from the financial impact of defending a product liability claim. Any product liability claim brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing insurance coverage in the future.

We face risks related to handling of hazardous materials and other regulations governing environmental safety.

Our operations are subject to complex and stringent environmental, health, safety and other governmental laws and regulations that both public officials and private individuals may seek to enforce. Our activities that are subject to these regulations include, among other things, our use of hazardous materials and the generation, transportation and storage of waste. We could discover that we, an acquired business or our suppliers are not in material compliance with these regulations. Existing laws and regulations may also be revised or reinterpreted, or new laws and regulations may become applicable to us, whether retroactively or prospectively, that may have a negative effect on our business and results of operations. It is also impossible to eliminate completely the risk of accidental environmental contamination or injury to individuals. In such an event, we could be liable for any damages that result, which could adversely affect our business.

If we experience a significant disruption in our information technology systems or breaches of data security, our business could be adversely affected.

We rely on information technology systems to keep financial records, manage our manufacturing operations, fulfill customer orders, capture laboratory data, maintain corporate records, communicate with staff and external parties and operate other critical functions. Our information technology systems are potentially vulnerable to disruption due to breakdown, malicious intrusion and computer viruses or other disruptive events including but not limited to natural disaster. If we were to experience a prolonged system disruption in our information technology systems or those of certain of our vendors, it could negatively impact our ability to serve our customers, which could adversely impact our business. Although we maintain offsite back-ups of our data, if operations at our facilities were disrupted, it may cause a material disruption in our business if we are not capable of restoring function on an acceptable timeframe. In addition, our information technology systems are potentially vulnerable to data security breaches — whether by employees or others — which may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, customers and others, any of which could have a material adverse effect on our business, reputation, financial condition and results of operations. In addition, any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, including state data protection regulations and the E.U. General Data Protection Regulation, or GDPR, and other regulations, the breach of which could result in significant penalties. In addition, these breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above.

We intend to seek strategic collaborations and partnerships and other transactions, which may result in the use of a significant amount of our management resources or significant costs, and we may not be able to fully realize the potential benefit of such transactions.

We intend to seek strategic collaborations and partnerships to support the continued growth of the company. Accordingly, we may be engaged in evaluating potential transactions including, without limitation, strategic partnerships, divestitures of existing businesses or assets, a merger or consolidation with a third party that results in a change in control, a sale or transfer of all or a significant portion of our assets or a purchase by a third party of our securities that may result in a minority or control investment by such third party. From time to time, we may engage in discussions that may result in one or more transactions. Although there would be uncertainty that any of these discussions would result in definitive agreements or the completion of any transaction, we may devote a significant amount of our management resources to such a transaction, which could negatively impact our operations. In addition, we may incur significant costs in connection with seeking strategic transactions regardless of whether the transaction is completed. In the event that we consummate a strategic collaboration or partnership or other transaction in the future, we cannot assure you that we would fully realize the potential benefit of such a transaction which could adversely affect our future financial results or that such transaction would positively impact the value of stockholders' investment in us.

Our strategy to seek to enter into strategic collaborations and licensing arrangements with third parties to develop diagnostic tests and other products may not be successful.

We have relied, and expect to continue to rely, on strategic collaborations and licensing agreements with third parties for discoveries based on which we develop diagnostic tests and research products. For example, we licensed the rights to intellectual property that forms the basis of Prosigna from Bioclassifier, LLC, which was founded by several of our research customers engaged in translational research. Similarly, in connection with our collaboration with Celgene Corporation, we licensed the rights to intellectual property relating to a gene signature for lymphoma subtyping, which was discovered by a consortium of researchers including several of our research customers, from the National Institutes of Health. In connection with our collaboration with Merck to develop a companion diagnostic test and the subsequent termination of the collaboration agreement, Merck granted to us a non-exclusive license to certain intellectual property that relates to Merck's tumor inflammation signature. We intend to enter into more such arrangements with our research customers and other researchers,

including biopharmaceutical companies and research institutions, for development of future diagnostic products. However, there is no assurance that we will be successful in doing so. Establishing collaborations and licensing arrangements is difficult and time-consuming. Discussions may not lead to collaborations or licenses on favorable terms, if at all. To the extent we agree to work exclusively with a party in a given area, our opportunities to collaborate with others could be limited. Certain parties may seek to partner with companies in addition to us in connection with a project. This, in turn, may limit the commercial potential of any products that are the subject of such collaborations. Potential collaborators or licensors may elect not to work with us based upon their assessment of our financial, regulatory, commercial or intellectual property position. In particular, our customers are not obligated to collaborate with us or license technology to us, and they may choose to develop diagnostic products themselves or collaborate with our competitors.

New diagnostic product development involves a lengthy and complex process, and we may be unable to commercialize on a timely basis, or at all, any of the tests or products we develop individually or with our collaborators.

Few research and development projects result in successful commercial products, and success in early clinical studies often is not replicated in later studies. At any point, we may abandon development of a product candidate or we may be required to expend considerable resources repeating clinical studies, which would adversely impact potential revenue and our expenses. In addition, any delay in product development would provide others with additional time to commercialize competing products before we do, which in turn may adversely affect our growth prospects and operating results.

In addition, the success of the development programs for any product candidates or assays developed in collaboration with others will be dependent on the continued pursuit and success of the related drug trials by our collaborators. For example, in October 2017, Merck notified us of their decision not to continue to pursue regulatory approval of the companion diagnostic we were developing for their product, KEYTRUDA, and in August 2018, we and Merck agreed to mutually terminate our development collaboration agreement. There is no guarantee that our collaborators will continue to pursue clinical trials for product candidates or assays that are the subject of our collaborations or that such clinical trials will be successful and, as a result, we may expend considerable time and resources developing *in vitro* diagnostic assays that will not gain regulatory approval. For example, pursuant to our collaboration with Celgene Corporation, we are developing a companion diagnostic, LymphMark, that is expected to be a potential companion diagnostic to aid in identifying patients with diffuse large B-cell lymphoma for treatment. Depending on the outcome of the clinical trial being run by Celgene, we anticipate we may file for regulatory approval of LymphMark with the U.S. Food and Drug Administration. Furthermore, significant consolidation in the life sciences industry has occurred during the last several years and in connection with such consolidation, the combined company often reassesses its development priorities which may impact our existing collaborations or future opportunities. For example, in May 2017, Astellas Pharma announced a joint decision with Pfizer Inc., or Pfizer, to discontinue the planned ENDEAR trial which was the subject of our collaboration. We were informed that the decision resulted from an oncology portfolio review by Astellas Pharma and Pfizer. In January 2019, Bristol Myers Squibb announced that it was acquiring Celgene; this transaction is expected to close in the third quarter of 2019. Even if we establish new relationships, we or our collaborators may terminate those relationships or they may never result in the successful development or commercialization of future tests or other products. From time to time we have agreed to modify the terms of our agreements with collaborators, including financial terms, and in the future it is possible that we will agree to modify the terms of existing and future agreements with collaborators.

In August 2017, we entered into a collaboration agreement with Lam Research Corporation, or Lam, with respect to the development and commercialization of our Hyb & Seq sequencing platform and related assays. Pursuant to the terms of the collaboration agreement, Lam will contribute up to $50.0 million, payable quarterly, for allowable development costs. In exchange, Lam is eligible to receive certain single-digit percentage royalty payments on net sales by us of certain products and technologies developed under the collaboration agreement, if any. In addition, we issued Lam a warrant to purchase up to 1.0 million shares of our common stock. Any product development activities pursuant to this collaboration are uncertain and development costs may exceed $50.0 million, in which case we would need to obtain additional funding to complete development of our Hyb & Seq sequencing platform and related assays. Ultimately the development may not be successful, which could negatively impact our prospects for future revenue growth.

Although we expect such collaborations to provide funding to cover our costs of development, the failure, discontinuation or modification of these clinical trials could negatively impact our ability to attract new collaboration partners, and would reduce our prospects for introducing new diagnostic products, revenue growth, and future operating results.

The life sciences research and diagnostic markets are highly competitive. If we fail to compete effectively, our business and operating results will suffer.

We face significant competition in the life sciences research and diagnostic markets. We currently compete with both established and early stage life sciences research companies that design, manufacture and market instruments and consumables for gene expression analysis, single-cell analysis, polymerase chain reaction, or PCR, digital PCR, other nucleic acid detection and additional applications. These companies use well-established laboratory techniques such as microarrays or quantitative

PCR as well as newer technologies such as next generation sequencing such as RNA-sequencing. We believe our principal competitors in the life sciences research and diagnostic markets are Agilent Technologies, Becton-Dickinson, Bio-Rad, Bio-Techne, Fluidigm, HTG Molecular Diagnostics, Illumina, Luminex, Merck Millipore, O-Link, Perkin Elmer, Qiagen, Roche Applied Science, Thermo Fisher Scientific, and 10x Genomics. In addition, there are a number of new market entrants in the process of developing novel technologies for the life sciences market, including those that may compete with GeoMx DSP.

We also compete with commercial diagnostic laboratory companies. We believe our principal competitor in the breast cancer diagnostics market is Genomic Health, which provides gene expression analysis at its central laboratory in Redwood City, California and currently commands a substantial majority of the market. We also face competition from companies such as Agendia, bioTheranostics, and Myriad Genetics.

Many of our current competitors are large publicly-traded companies, or are divisions of large publicly-traded companies, and may enjoy a number of competitive advantages over us, including:

- greater name and brand recognition, financial and human resources;
- broader product lines;
- larger sales forces and more established distributor networks;
- substantial intellectual property portfolios;
- larger and more established customer bases and relationships; and
- better established, larger scale, and lower cost manufacturing capabilities.

We believe that the principal competitive factors in all of our target markets include:

- cost of capital equipment;
- cost of consumables and supplies;
- reputation among customers;
- innovation in product offerings;
- flexibility and ease-of-use;
- accuracy and reproducibility of results; and
- compatibility with existing laboratory processes, tools and methods.

We believe that additional competitive factors specific to the diagnostics market include:

- availability of reimbursement for testing services;
- breadth of clinical decisions that can be influenced by information generated by tests;
- volume, quality, and strength of clinical and analytical validation data;
- inclusion in treatment guidelines; and
- economic benefit accrued to customers based on testing services enabled by products.

We cannot assure investors that our products will compete favorably or that we will be successful in the face of increasing competition from new products and technologies introduced by our existing competitors or new companies entering our markets. In addition, we cannot assure investors that our competitors do not have or will not develop products or technologies that currently or in the future will enable them to produce competitive products with greater capabilities or at lower costs than ours. For example, we recently concluded that certain of our customers have shifted certain types of experiments that previously had been performed on our nCounter system to RNA-sequencing technology. Although we are pursuing several strategies to mitigate this trend, there can be no assurance we will be successful in doing so. Any failure to compete effectively could materially and adversely affect our business, financial condition and operating results.

If Prosigna fails to achieve and sustain sufficient market acceptance, we will not generate expected revenue, and our prospects may be harmed.

Commercialization of Prosigna in Europe, the United States and the other jurisdictions in which we intend to pursue regulatory approval or clearance is a key element of our strategy. Currently, most oncologists seeking sophisticated gene expression analysis for diagnosing and profiling breast cancer in their patients ship tissue samples to a limited number of centralized laboratories typically located in the United States. We may experience reluctance, or refusal, on the part of physicians to order, and third-party payors to pay for, Prosigna if the results of our research and clinical studies, and our sales and marketing activities relating to communication of these results, do not convey to physicians and patients that Prosigna provides equivalent or better prognostic information than those centralized laboratories. In addition, our diagnostic tests are performed by pathologists in local laboratories, rather than by a vendor in a remote centralized laboratory, which requires us to educate pathologists regarding the benefits of this business model and oncologists regarding the reliability and consistency of results generated locally. Also, we offer Prosigna in other countries outside of the United States, where genomic testing for

breast cancer is not widely available and the market for such tests is new. The future growth of the market for genomic breast cancer testing will depend on physicians' acceptance of such testing and the availability of reimbursement for such tests.

These hurdles may make it difficult to convince healthcare providers that tests using our technologies are appropriate options for cancer diagnostics, may be equivalent or superior to available tests, and may be at least as cost effective as alternative technologies. If we fail to successfully commercialize Prosigna on a widespread basis, we may never receive a return on the significant investments in sales and marketing, medical, regulatory, manufacturing and quality assurance personnel we have made, and further investments we intend to make, which would adversely affect our growth prospects, operating results and financial condition.

Risks Related to Government Regulation and Diagnostic Product Reimbursement

Our "Research Use Only" products for the research, life sciences market could become subject to more stringent regulatory surveillance as medical devices by the FDA or other regulatory agencies in the future which could increase our costs and delay our commercialization efforts, thereby materially and adversely affecting our business and results of operations.

In the United States, most of our products are currently labeled and sold for Research Use Only, or RUO, and not for the diagnosis or treatment of disease, and are sold to pharmaceutical and biotechnology companies, academic and government institutions and research laboratories. Because such products are not intended for diagnostic use, and the products do not include clinical or diagnostic claims or provide directions to use as diagnostic products, they are not subject to the same level of control by the Food and Drug Administration, or FDA, as medical devices. In particular, while the FDA regulations require that RUO products be appropriately labeled, "For Research Use Only," the regulations do not subject such products to the FDA's pre- and post-market controls for medical devices. Pursuant to FDA guidance on RUO products, a company may not make clinical or diagnostic claims about an RUO product or provide clinical directions or clinical support services to customers for RUO products. If the FDA were to modify its approach to regulating products labeled for research use only, it could reduce our revenue or increase our costs and adversely affect our business, prospects, results of operations or financial condition. In the event that the FDA requires marketing authorization of our RUO products in the future, there can be no assurance that the FDA will ultimately grant any clearance or approval requested by us in a timely manner, or at all.

In addition, we sell dual-use instruments with software that has both FDA-cleared functions, and research functions for which FDA approval or clearance is not required. Dual-use instruments are subject to FDA regulation since they are intended, at least in part, for use by customers performing clinical diagnostic testing. In November 2014, FDA issued a guidance document that described FDA's approach to regulating molecular diagnostic instruments that combine both approved/cleared device functions and device functions for which approval/clearance is not required. There is a risk that requirements for dual use instruments could change causing additional costs and delays for development of these products. For example, there could be enforcement action if the FDA determines that approval or clearance was required for those functions for which FDA approval or clearance has not been obtained, or the instruments are being promoted for off-label use. There is also a risk that the FDA could broaden its current regulatory enforcement of dual-use instruments through additional FDA oversight of such products or impose additional requirements upon such products. In July 2017, FDA adopted a new regulation exempting certain clinical multiplex test systems, like the ones used with our Prosigna assay, from premarket notification requirements. However, these new regulations will not impact the FDA clearance requirements for our nCounter Dx Analysis System which will still require 510(k) clearance for use with specific assays, such as Prosigna.

If Medicare and other third-party payors in the United States and foreign countries do not approve reimbursement for diagnostic tests enabled by our technology, or revise or rescind reimbursement rates, the commercial success of our diagnostic products would be compromised.

Successful commercialization of our diagnostic products depends, in large part, on the availability of adequate reimbursement for testing services that our diagnostic products enable from government insurance plans, managed care organizations and private insurance plans. There is significant uncertainty surrounding third-party reimbursement for the use of tests that incorporate new technology. For example, after the FDA clearance of Prosigna in September 2013, it took over two years to achieve broad Medicare reimbursement of Prosigna testing.

If we are unable to obtain positive policy decisions from third-party payors approving reimbursement for our tests at adequate levels, the commercial success of our diagnostic products would be compromised and our revenue would be significantly limited. Even if we do obtain reimbursement for our tests, Medicare, Medicaid and other payors may withdraw their coverage policies, cancel their contracts at any time, review and adjust the rate of reimbursement, require co-payments from patients or stop paying for our tests, which would reduce revenue for testing services based on our technology, and indirectly, demand for our diagnostic products. In addition, insurers, including managed care organizations as well as government payors such as Medicare and Medicaid, have increased their efforts to control the cost, utilization and delivery of healthcare services, which may include decreased coverage or reduced reimbursement.

From time to time, Congress has considered and implemented changes to the Medicare fee schedules in conjunction with budgetary legislation, and pricing and payment terms, including the possible requirement of a patient co-payment for Medicare beneficiaries for tests covered by Medicare, and are subject to change at any time. The Protecting Access to Medicare Act, or PAMA, of 2014 revised the Medicare Clinical Laboratory Fee Schedule, or CLFS, to base prices on private payor rates that are reported to the Centers for Medicare and Medicaid Services, or CMS. In June 2016, CMS released the final Clinical Diagnostic Tests Laboratory Payment System regulations, in response to PAMA. Under the definitions in the regulations, Prosigna is defined as a Clinical Diagnostic Laboratory Test, or CDLT, and therefore will be repriced every three years based on a weighted median of private payor payments submitted by reporting labs. As a result, if private payor payment amounts decline, there is a risk that Medicare prices will fall as well, though PAMA limits these reductions to no more than 10% less than the prior year during calendar years 2018-2020 and no more than 15% less during years 2021-2023. In 2017, as part of the market-based pricing determinations for 2018 required by PAMA, only one private payor payment from a single commercial laboratory was reported, and it was an anomalous payment amount, well below the current Medicare reimbursement price. CMS used that single payment amount as the weighted median, which triggered an automatic 10% reduction in Prosigna's Medicare reimbursement rate of $3,443 to $3,099, effective January 1, 2018, followed by a subsequent 10% reduction to $2,789, effective January 1, 2019. There will be an additional 10% automatic reduction in the Medicare reimbursement rate for Prosigna for calendar year 2020. Reductions in the prices at which testing services based on our technology are reimbursed could reduce our customers' interest in offering Prosigna and have a negative impact on our revenue.

Under PAMA, CMS is required to reprice CLDTs, including Prosigna, every three years. The next repricing will be announced by CMS in late 2020, based on private payor reimbursement data collected by reporting laboratories during the period January 1, 2019 to June 30, 2019. These new prices will take effect on January 1, 2021. Depending on the pricing data reported by these laboratories to CMS, Prosigna's Medicare reimbursement price may change.

In many countries outside of the United States, various coverage, pricing and reimbursement approvals are required. For example, we have received positive reimbursement decisions for Prosigna have occurred in France, certain regions of Spain, Canada, Israel, Switzerland and Denmark, but despite these positive developments, we continue to expect that it will take several years to establish broad coverage and reimbursement for testing services based on our products with most payors in countries outside of the United States, and our efforts may not be successful.

We continue to pursue positive reimbursement and coverage decisions from government insurance plans, managed care organizations and private insurance plans. From time to time, if positive coverage decisions are obtained, we may publicly announce such decisions. In most cases where coverage is denied by a third-party payor, there will be subsequent opportunities to submit additional information or clinical evidence and have such decision reconsidered. We intend to evaluate the benefit of continued pursuit of a positive reimbursement determination on a case by case basis and in most cases expect to continue to pursue a positive coverage decision with those payors based on additional information or subsequent clinical developments; as a result, we do not intend to publicly announce any denials of coverage or the absence of a coverage determination on a regular basis.

Our nCounter reagents may be used by clinical laboratories to create Laboratory-Developed Tests, (LDT), which could, in the future, be the subject of additional FDA regulation as medical devices, which could materially and adversely affect our business and results of operations.

A clinical laboratory can use our custom-manufactured reagents to create what is called a Laboratory Developed Test, or LDT. LDTs, according to the FDA, are diagnostic tests that are developed, validated and performed by a single laboratory and include genetic tests. Historically, LDTs generally have not been subject to FDA regulations. In October 2014, the FDA issued draft guidance documents proposing the use of a risk-based approach to regulating LDTs. Any restrictions on LDTs by the FDA could decrease demand for our reagents. Additionally, compliance with additional regulatory burdens could be time consuming and costly for our customers. While FDA announced in November 2016 that it did not intend to seek finalization of the draft LDT guidance in the near term, FDA could alter its position or Congress could enact legislation that could result in FDA regulation of some LDTs. To date, draft legislative proposals have been discussed, but no legislation has been introduced. If FDA changed its policy or legislation were enacted, it could adversely affect demand for these specialized reagents or our instruments.

Our nCounter reagents allow users to design and validate their own customized assays using standard sets of barcodes provided by us with the laboratories' choice of oligonucleotide probes. These reagents, which are offered to customers in the United States through a custom manufacturing service, may be used by laboratories in conjunction with analyte-specific reagents and general purpose reagents to create diagnostic tests or test systems validated within the accredited testing laboratory.

Approval and/or clearance by the FDA and foreign regulatory authorities for our diagnostic tests will take significant time and require significant research, development and clinical study expenditures and ultimately may not succeed.

Before we begin to label and market our products for use as clinical diagnostics in the United States, unless an exemption applies we are required to obtain prior 510(k) clearance, or pre-market approval (PMA) from the FDA. In September 2013, we received FDA 510(k) clearance for Prosigna as a prognostic indicator for distant recurrence-free survival at 10 years in post-menopausal women with Stage I/II lymph node-negative or Stage II lymph node-positive (1-3 positive nodes) hormone receptor-positive breast cancer who have undergone surgery in conjunction with locoregional treatment and consistent with the standard of care. In addition, we are currently collaborating with Celgene on a companion diagnostic test for their drug REVLIMID. In August 2014, the FDA issued a companion diagnostics final guidance stating that if the device is essential to the safety or efficacy of the drug, the FDA generally will require approval or clearance for the device at the time when the FDA approves the drug. The FDA stated in the companion diagnostics final guidance that while in some instances a companion diagnostic could come to market through a 510(k), FDA expects that companion diagnostics usually will require a PMA. In July 2016, the FDA issued a draft co-development companion diagnostic and therapeutic guidance document which similarly reflected this information. The draft guidance appears to also relate, at least in part, to what may be considered complementary diagnostics, i.e., diagnostics that are beneficial for therapeutic product development or clinical decision making but that do not meet the definition of an IVD companion diagnostic. If we developed a diagnostic device to be used in conjunction with a pharmaceutical product that was then cleared or approved but not as a companion diagnostic for the therapeutic product, this may result in potentially reduced revenue for the test as the labeling of the drug may not reference the need for the diagnostic test.

Any 510(k) clearance, *de novo* authorization or PMA approval we obtain for any future product would place substantial restrictions on how our device is marketed or sold. The FDA will continue to place considerable restrictions on our products, including, but not limited to, the obligation to comply with the Quality System Regulation, or QSR, registering manufacturing facilities, listing the products with the FDA, and complying with labeling, marketing, complaint handling, medical device reporting requirements, and reporting certain corrections and removals. Obtaining FDA clearance or approval for diagnostics can be expensive and uncertain, and generally takes from several months to several years from submission, and generally requires detailed and comprehensive scientific and clinical data, as well as compliance with FDA regulations. In addition, we have limited experience in obtaining PMA approval from the FDA and are therefore supplementing our operational capabilities to manage the more complex processes needed to obtain and maintain PMAs. Notwithstanding the expense, these efforts may never result in FDA approval, *de novo* authorizations, or 510(k) clearance. Even if we were to obtain regulatory approval, authorization or clearance, it may not be for the uses we believe are important or commercially attractive, in which case we would not market our product for those uses.

Sales of our diagnostic products outside the United States are subject to foreign regulatory requirements governing clinical studies, vigilance reporting, marketing approval, manufacturing, regulatory inspections, product licensing, pricing and reimbursement. These regulatory requirements vary greatly from country to country. As a result, the time required to obtain approvals outside the United States may differ from that required to obtain FDA approval or clearance, and we may not be able to obtain foreign regulatory approvals on a timely basis or at all. Approval or clearance by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval or clearance by regulatory authorities in other countries or by the FDA, and foreign regulatory authorities could require additional testing beyond what the FDA requires. In addition, FDA regulates exports of medical devices. Failure to comply with these regulatory requirements or to obtain required approvals or clearances could impair our ability to commercialize our diagnostic products outside of the United States.

If we are unable to obtain additional regulatory clearances, registrations, or approvals to market Prosigna in additional countries or if regulatory limitations are placed on our diagnostic products, our business and growth will be harmed. In addition, if we do not obtain additional regulatory clearances or approvals necessary to market products other than Prosigna for diagnostic purposes, we will be limited to marketing such products for research use only.

We have received regulatory clearance in the United States under a 510(k) for a version of our first diagnostic product, Prosigna, providing an assessment of a patient's risk of recurrence for breast cancer, we have obtained a CE mark for Prosigna which permits us to market that assay for diagnostic purposes in the European Union, and we have received regulatory clearances in selected other jurisdictions. Other than with respect to Prosigna in such jurisdictions in which we have received regulatory clearance, we are limited to marketing our products for research use only, which means that we cannot make diagnostic or clinical claims. We intend to seek regulatory authorizations to market Prosigna in other jurisdictions and, potentially, for other indications. In addition, pursuant to our collaborations with pharmaceutical companies for the development of companion diagnostic tests for use with their drugs, we are responsible for obtaining any regulatory authorizations needed to use the companion diagnostic tests in clinical trials as well as the regulatory approvals to sell the companion diagnostic tests following completion of such trials. For example, we are currently working on the development of LymphMark, a companion diagnostic test for REVLIMID that we have developed in a collaboration with Celgene. Some of the

compensation we expect to receive pursuant to these collaborations is based on the receipt of such approvals. Any failure to obtain regulatory approvals for our diagnostic tests in a particular jurisdiction may also reduce sales of our nCounter systems for clinical use in that jurisdiction, as the lack of a robust menu of available diagnostic tests would make those systems less attractive to testing laboratories.

We cannot assure investors that we will be successful in obtaining these regulatory clearances, registrations, or approvals. If we do not obtain additional regulatory clearances or approvals to market future products or expand future indications for diagnostic purposes, if additional regulatory limitations are placed on our products or if we fail to successfully commercialize such products, the market potential for our diagnostic products would be constrained, and our business and growth prospects would be adversely affected.

We expect to rely on third parties in conducting any future studies of our diagnostic products that may be required by the FDA or other regulatory authorities, and to fulfill product registration requirements in foreign countries, and those third parties may not perform satisfactorily.

We do not have the ability to independently conduct the clinical studies or other studies that may be required to obtain FDA and other regulatory clearance or approval for our diagnostic products, including additional indications. Accordingly, we expect to rely on third parties, such as medical institutions, clinical investigators, consultants, and our pharmaceutical collaborators to conduct such studies. For example, we contract with clinical laboratories to perform the companion diagnostic tests we have developed that are used in the clinical trials run by pharmaceutical companies pursuant to our companion diagnostic collaborations. Our reliance on these third parties for clinical development activities will reduce our control over these activities. These third-party contractors may not complete activities on schedule or conduct studies in accordance with regulatory requirements or the study design. Our reliance on third parties that we do not control will not relieve us of any applicable requirement to ensure compliance with various procedures required under good clinical practices and regulatory requirements. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, if the third parties need to be replaced or if the quality or accuracy of the data they obtain is compromised due to their failure to adhere to our clinical protocols or regulatory requirements or for other reasons, the studies may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval for our diagnostic products. In addition, under our contracts with our pharmaceutical collaborators, we potentially could be held liable for the failure of our third party subcontractors to perform their contractual obligations.

Our pharmaceutical collaborators may decide to end their clinical program, modify or terminate a clinical trial, or not pursue regulatory filings for a companion diagnostic test. For example, in October 2017, Merck notified us of the decision to not continue to pursue regulatory approval of the companion diagnostic for their product, KEYTRUDA, under our collaboration and, in August 2018, we and Merck agreed to mutually terminate our development collaboration agreement. It is also possible that a clinical trial run by one of our collaborators may not meet its endpoint and consequently may not support a regulatory filing for the companion diagnostic we are developing.

In many countries, we are not able to directly apply for product registrations, and therefore must rely on third-party contractors or product distributors resident in those countries to fulfill the product registration requirements. Our reliance on these third parties reduces our control over the registration activities, and those parties may not appropriately register the products. Our reliance on third parties does not relieve us of the obligation to comply with applicable requirements, and therefore any failure on the part of the third parties could subject us to enforcement action in the country in which the registration was not properly fulfilled.

We are subject to ongoing and extensive regulatory requirements, and our failure to comply with these requirements could substantially harm our business.

Certain of our products are regulated as in vitro diagnostic medical devices, including Prosigna and the nCounter FLEX Analysis System. Accordingly, we and certain of our contract manufacturers are subject to ongoing International Organization for Standardization, or ISO, as well as regulation by the FDA and other national health authorities. These may include routine inspections by Notified Bodies, FDA, and other health authorities, of our manufacturing facilities and our records for compliance with requirements such as ISO 13485 and the QSR, which establish extensive requirements for quality assurance and control as well as manufacturing and change control procedures. We are also subject to other regulatory obligations, such as requirements pertaining to the registration of our manufacturing facilities and the listing of our devices with the FDA; continued adverse event and malfunction reporting; reporting certain corrections and removals; and labeling and promotional requirements. Other agencies may also issue guidelines and regulations that could impact the development of our products, including companion diagnostic tests. For example, the European Medicines Agency, a European Union agency which is responsible for the scientific evaluation of medicines used in the EU, recently launched an initiative to determine guidelines for the use of genomic biomarkers in the development and life-cycle of drugs. On May 25, 2017 the European Union adopted the IVD Directive Regulation, which increases the regulatory requirements applicable to some *in vitro* diagnostics in

the EU and would require that we re-classify and obtain approval, registration, or clearance for our existing CE-marked IVD products within a five-year grace period (by May 25, 2022).

We may also be subject to additional FDA or global regulatory authority post-marketing obligations or requirements by the FDA or global regulatory authority to change our current product classifications which would impose additional regulatory obligations on us. The promotional claims we can make for Prosigna are limited to the intended use as required by regulatory authority. If we are not able to maintain regulatory compliance, we may not be permitted to market our medical device products and/or may be subject to enforcement by EU Competent Authorities and the FDA and other global regulatory authority such as the issuance of warning or untitled letters, fines, injunctions, and civil penalties; recall or seizure of products; operating restrictions; and criminal prosecution. In addition, we may be subject to similar regulatory regimes of foreign jurisdictions as we continue to commercialize our products in new markets outside of the U.S. and Europe. Adverse Notified Body, EU Competent Authority or FDA or global regulatory authority action in any of these areas could significantly increase our expenses and limit our revenue and profitability.

We may be subject, directly or indirectly, to healthcare fraud and abuse laws and other laws applicable to our marketing practices. If we are unable to comply, or have not complied, with such laws, we could face substantial penalties.

Our operations are directly, or indirectly through our customers, subject to various fraud and abuse laws, including, without limitation, the federal and state anti-kickback statutes and state, federal and foreign marketing compliance laws and gift bans. These laws may impact, among other things, our proposed sales and marketing and education programs and require us to implement additional internal systems for tracking certain marketing expenditures and reporting them to government authorities. In addition, we may be subject to privacy regulations by both the federal government and the states in which we conduct our business as well as by foreign governments and entities. The laws that may affect our ability to operate include:

- the federal Anti-kickback Law and state equivalents;
- the federal physician self-referral prohibition, commonly known as the Stark Law, and the state equivalents;
- the federal Health Insurance Portability and Accountability Act of 1996, as amended;
- the Medicare civil money penalty and exclusion requirements;
- the federal False Claims Act and state equivalents;
- state physician gift bans and state, federal and foreign marketing expenditure disclosure laws;
- the Foreign Corrupt Practices Act, which applies to our international activities; and
- the European Union's General Data Protection Regulation.

If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Healthcare policy changes, including legislation reforming the United States healthcare system, may have a material adverse effect on our financial condition and results of operations.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively, the ACA, enacted in March 2010, made changes that significantly impact the pharmaceutical and medical device industries and clinical laboratories. For example, beginning in 2013, each medical device manufacturer must pay a sales tax in an amount equal to 2.3% of the price for which such manufacturer sells its medical devices. In December 2015, Congress passed a two-year suspension of the medical device tax from January 1, 2016 to December 31, 2017. In January 2018, Congress suspended the tax again for a two-year period. The tax applies to our listed medical device products, which include the nCounter Dx Analysis System and Prosigna. The Budget Control Act of 2011, contained automatic spending cuts to the federal budget known as sequestration. As a result of sequestration, Medicare payments are reduced by 2% per year. For Prosigna, pricing changes can occur through the annual adjustment to the CLFS; this resulted in a 10% reduction in the Medicare reimbursement price for Prosigna starting on January 1, 2018 and future 10% reductions in 2019 and 2020. These or any future proposed or mandated reductions in payments may apply to some or all of the clinical laboratory tests that our customers use our technology to deliver to Medicare beneficiaries, and may indirectly reduce demand for our products.

Other significant measures contained in the ACA include coordination and promotion of research on comparative clinical effectiveness of different technologies and procedures, initiatives to revise Medicare payment methodologies, such as bundling of payments across the continuum of care by providers and physicians, and initiatives to promote quality indicators in payment methodologies. The ACA also included significant new fraud and abuse measures, including required disclosures of financial arrangements with physician customers, lower thresholds for violations and increasing potential penalties for such violations.

In addition to the ACA, the effect of which cannot presently be quantified, various healthcare reform proposals have also emerged from federal and state governments. Changes in healthcare policy, such as the creation of broad test utilization limits for diagnostic products in general or requirements that Medicare patients pay for portions of clinical laboratory tests or services received, could substantially impact the sales of our tests, increase costs and divert management's attention from our business. In addition, sales of our tests outside of the United States will subject us to foreign regulatory requirements, which may also change over time.

We cannot predict whether future healthcare initiatives, including potential repeal of the ACA in whole or in part, will be implemented at the federal or state level or in countries outside of the United States in which we may do business, or the effect any future legislation or regulation will have on us. Changes in the United States healthcare industry may result in decreased profits to us, lower reimbursements by payors for our products or reduced medical procedure volumes, all of which may adversely affect our business, financial condition and results of operations.

Risks Related to Intellectual Property

If we are unable to protect our intellectual property effectively, our business would be harmed.

We rely on patent protection as well as trademark, copyright, trade secret and other intellectual property rights protection and contractual restrictions to protect our proprietary technologies, all of which provide limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. As of December 31, 2018, we owned or licensed 27 issued U.S. patents and approximately 36 pending U.S. patent applications, including provisional and non-provisional filings. We also owned or licensed approximately 266 pending and granted counterpart applications worldwide, including 118 country-specific validations of 13 European patents. We continue to file new patent applications to protect the full range of our technologies. If we fail to protect our intellectual property, third parties may be able to compete more effectively against us and we may incur substantial litigation costs in our attempts to recover or restrict use of our intellectual property.

Our success depends in part on obtaining patent protection for our products and processes, preserving trade secrets, patents, copyrights and trademarks, operating without infringing the proprietary rights of third parties, and acquiring licenses for technology or products. We cannot assure investors that any of our currently pending or future patent applications will result in issued patents, and we cannot predict how long it will take for such patents to be issued. As the patent and prior art landscape for translational research and molecular diagnostic life science products grows more crowded and becomes more complex we may find it more difficult to obtain patent protection for our products including those related to digital spatial profiling and sequencing, for example. Our existing patents and any future patents we obtain may not be sufficiently broad to prevent others from practicing our technologies or from developing competing products and may therefore fail to provide us with any competitive advantage. Additionally, we cannot assure investors that our currently pending or future patent applications have or will be filed in all of our potential markets. Further, we cannot assure investors that other parties will not challenge any patents issued to us or that courts or regulatory agencies will hold our patents to be valid or enforceable. We cannot guarantee investors that we will be successful in defending challenges made against our patents and patent applications. Any successful third-party challenge to our patents could result in the third party or the unenforceability or invalidity of such patents and could deprive us of the ability to prevent others from using the technologies claimed in such issued patents.

The patent positions of life sciences companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in such companies' patents has emerged to date in the United States. Furthermore, in the biotechnology field, courts frequently render opinions that may affect the patentability of certain inventions or discoveries, including opinions that may affect the patentability of methods for analyzing or comparing DNA.

In particular, the patent positions of companies engaged in development and commercialization of genomic diagnostic tests, like Prosigna, are particularly uncertain. Various courts, including the U.S. Supreme Court, have rendered decisions that impact the scope of patentability of certain inventions or discoveries relating to genomic diagnostics. Specifically, these decisions stand for the proposition that patent claims that recite laws of nature (for example, the relationships between gene expression levels and the likelihood of risk of recurrence of cancer) are not themselves patentable unless those patent claims have sufficient additional features that provide practical assurance that the processes are genuine inventive applications of those laws rather than patent drafting efforts designed to monopolize the law of nature itself. What constitutes a "sufficient" additional feature is uncertain. Furthermore, in view of these decisions, in December 2014 the U.S. Patent and Trademark Office, or USPTO, published revised guidelines for patent examiners to apply when examining process claims for patent eligibility. This guidance was updated by the USPTO in July 2015 and additional illustrative examples provided in May 2016. The USPTO provided additional guidance on examination procedures pertaining to subject matter eligibility in April 2018 and June 2018. The guidance indicates that claims directed to a law of nature, a natural phenomenon, or an abstract idea that do not meet the eligibility requirements should be rejected as non-statutory, patent ineligible subject matter; however, method of

treatment claims that practically apply natural relationships should be considered patent eligible. We cannot assure you that our patent portfolio will not be negatively impacted by the current uncertain state of the law, new court rulings or changes in guidance or procedures issued by the USPTO. From time to time, the U.S. Supreme Court, other federal courts, the U.S. Congress or the USPTO may change the standards of patentability and validity of patents within the genomic diagnostic space, and any such changes could have a negative impact on our business.

The laws of some non-U.S. countries do not protect intellectual property rights to the same extent as the laws of the United States, and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the infringement of our patents. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

Changes in either the patent laws or in interpretations of patent laws in the United States or other countries may diminish the value of our intellectual property. We cannot predict the breadth of claims that may be allowed or enforced in our patents or in third-party patents. For example:

- We might not have been the first to make the inventions covered by each of our pending patent applications.
- We might not have been the first to file patent applications for these inventions.
- Others may independently develop similar or alternative products and technologies or duplicate any of our products and technologies.
- It is possible that our pending patent applications will not result in issued patents, and even if they issue as patents, they may not provide a basis for commercially viable products, may not provide us with any competitive advantages, or may be challenged and invalidated by third parties.
- We may not develop additional proprietary products and technologies that are patentable.
- The patents of others may have an adverse effect on our business.
- We apply for patents covering our products and technologies and uses thereof, as we deem appropriate. However, we may fail to apply for patents on important products and technologies in a timely fashion or at all.

In addition to pursuing patents on our technology, we take steps to protect our intellectual property and proprietary technology by entering into confidentiality agreements and intellectual property assignment agreements with our employees, consultants, corporate partners and, when needed, our advisors. Such agreements may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements, and we may not be able to prevent such unauthorized disclosure. Monitoring unauthorized disclosure is difficult, and we do not know whether the steps we have taken to prevent such disclosure are, or will be, adequate. If we were to enforce a claim that a third party had illegally obtained and was using our trade secrets, it would be expensive and time consuming, and the outcome would be unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets.

In addition, competitors could purchase our products and attempt to replicate some or all of the competitive advantages we derive from our development efforts, willfully infringe our intellectual property rights, design around our protected technology or develop their own competitive technologies that fall outside of our intellectual property rights. In addition, competitors may develop their own versions of our tests in countries where we did not apply for patents, where our patents have not issued or where our intellectual property rights are not recognized and compete with us in those countries and markets. If our intellectual property is not adequately protected so as to protect our market against competitors' products and methods, our competitive position could be adversely affected, as could our business.

We have not yet registered certain of our trademarks in all of our potential markets. If we apply to register these trademarks, our applications may not be allowed for registration, and our registered trademarks may not be maintained or enforced. In addition, opposition or cancellation proceedings may be filed against our trademark applications and registrations, and our trademarks may not survive such proceedings. If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would.

To the extent our intellectual property, including licensed intellectual property, offers inadequate protection, or is found to be invalid or unenforceable, we would be exposed to a greater risk of direct competition. If our intellectual property does not provide adequate protection against our competitors' products, our competitive position could be adversely affected, as could our business. Both the patent application process and the process of managing patent disputes can be time consuming and expensive.

We depend on certain technologies that are licensed to us. We do not control these technologies and any loss of our rights to them could prevent us from selling our products.

We rely on licenses in order to be able to use various proprietary technologies that are material to our business, including our core digital molecular barcoding technology licensed from the Institute for Systems Biology, technology relating to Prosigna licensed from Bioclassifier, LLC, intellectual property relating to a gene signature for lymphoma subtyping from the National Institutes of Health for use in our collaboration with Celgene Corporation, and intellectual property relating to the tumor inflammation signature from Merck. We do not own the patents that underlie these licenses. Our rights to use these technologies and employ the inventions claimed in the licensed patents are subject to the continuation of and compliance with the terms of those licenses.

We may need to license other technologies to commercialize future products. We may also need to negotiate licenses to patents and patent applications after launching any of our commercial products. Our business may suffer if the patents or patent applications are unavailable for license or if we are unable to enter into necessary licenses on acceptable terms.

In some cases, we do not control the prosecution, maintenance, or filing of the patents to which we hold licenses, or the enforcement of these patents against third parties. Some of our patents and patent applications were either acquired from another company who acquired those patents and patent applications from yet another company, or are licensed from a third party. Thus, these patents and patent applications are not written by us or our attorneys, and we did not have control over the drafting and prosecution. The former patent owners and our licensors might not have given the same attention to the drafting and prosecution of these patents and applications as we would have if we had been the owners of the patents and applications and had control over the drafting and prosecution. We cannot be certain that drafting or prosecution of the licensed patents and patent applications by the licensors have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents and other intellectual property rights.

Enforcement of our licensed patents or defense of any claims asserting the invalidity of these patents is often subject to the control or cooperation of our licensors. Certain of our licenses contain provisions that allow the licensor to terminate the license upon specific conditions. Therefore, our business may suffer if these licenses terminate, if the licensors fail to abide by the terms of the license or fail to prevent infringement by third parties or if the licensed patents or other rights are found to be invalid. Our rights under the licenses are subject to our continued compliance with the terms of the license, including the payment of royalties due under the license. Because of the complexity of our products and the patents we have licensed, determining the scope of the license and related royalty obligation can be difficult and can lead to disputes between us and the licensor. An unfavorable resolution of such a dispute could lead to an increase in the royalties payable pursuant to the license or termination of the license. If a licensor believed we were not paying the royalties due under the license or were otherwise not in compliance with the terms of the license, the licensor might attempt to revoke the license. If such an attempt were successful, we might be barred from producing and selling some or all of our products.

In addition, certain of the patents we have licensed relate to technology that was developed with U.S. government grants. Federal regulations impose certain domestic manufacturing requirements with respect to some of our products embodying these patents.

Involvement in lawsuits to protect or enforce our patents and proprietary rights, to determine the scope, coverage and validity of others' proprietary rights, or to defend against third-party claims of intellectual property infringement, could be time-intensive and costly and may adversely impact our business or stock price.

We have received notices of claims of infringement and misappropriation or misuse of other parties' proprietary rights in the past and may from time to time receive additional notices. Some of these claims have led and may lead to litigation. We cannot assure investors that we will prevail in such actions, or that other actions alleging misappropriation or misuse by us of third-party trade secrets, infringement by us of third-party patents and trademarks or other rights, or the validity of our patents, trademarks or other rights, will not be asserted or prosecuted against us.

Litigation may also be necessary for us to protect or enforce our patent and proprietary rights, defend against third-party claims or to determine the scope, coverage and validity of the proprietary rights of others. Litigation could result in substantial legal fees and could adversely affect the scope of our patent protection and reduce our ability to compete in the marketplace. The outcome of any litigation or other proceeding is inherently uncertain and might not be favorable to us. If we resort to legal proceedings to enforce our intellectual property rights or to determine the validity, scope and coverage of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, even if we were to prevail. Any litigation that may be necessary in the future could result in substantial costs and diversion of resources and could have a material adverse effect on our business, operating results or financial condition.

Numerous significant intellectual property issues have been litigated, and will likely continue to be litigated, between existing and new participants in our existing and targeted markets. Our success depends in part on our non-infringement of the patents or proprietary rights of third parties. We develop complex products that integrate a wide range of technologies which

may impact our ability to do so clear of third party rights and therefore may need to license other technologies or challenge the scope, coverage and validity of the proprietary rights of others to commercialize future products. As we develop new technologies such as those related to genomic diagnostic tests, digital spatial profiling and sequencing, for example, and move into new markets and applications for our products, we expect incumbent participants in such markets may assert their patents and other proprietary rights against us as part of a business strategy to slow our entry into such markets, impede our successful competition and/or extract substantial license and royalty payments from us. In addition, we may be unaware of pending third-party patent applications that relate to our technology and our competitors and others may have patents or may in the future obtain patents and claim that use of our products infringes these patents. Our competitors and others may now, and in the future, have significantly larger and more mature patent portfolios than we currently have. In addition, future litigation may involve patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents may provide little or no deterrence or protection. Therefore, our commercial success may depend in part on our non-infringement of the patents or proprietary rights of third parties. We are aware of a third party, Genomic Health, Inc., that has issued patents and pending patent applications in the United States, Europe and other jurisdictions that claim methods of using certain genes that are included in Prosigna. We believe that Prosigna does not infringe any valid issued claim. We could incur substantial costs and divert the attention of our management and technical personnel in defending against any of these claims. Any adverse ruling or perception of an adverse ruling in defending ourselves against these claims could have an adverse impact on our stock price, which may be disproportionate to the actual impact of the ruling itself. Parties making claims against us may be able to obtain injunctive or other relief, which could block our ability to develop, commercialize and sell products, and could result in the award of substantial damages against us. In the event of a successful claim of infringement against us, we may be required to pay damages and obtain one or more licenses from third parties, or be prohibited from selling certain products. We may not be able to obtain these licenses at a reasonable cost, if at all. We could therefore incur substantial costs related to royalty payments for licenses obtained from third parties, which could negatively affect our gross margins. In addition, we could encounter delays in product introductions while we attempt to develop alternative methods or products to avoid infringing third-party patents or proprietary rights. Defense of any lawsuit or failure to obtain any of these licenses on favorable terms could prevent us from commercializing products, and the prohibition of sale of any of our products could materially affect our ability to grow and gain market acceptance for our products.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, during the course of this kind of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock.

In addition, our agreements with some of our suppliers, distributors, customers, collaborators and other entities with whom we do business require us to defend or indemnify these parties to the extent they become involved in infringement claims against us, including the claims described above. We could also voluntarily agree to defend or indemnify third parties in instances where we are not obligated to do so if we determine it would be important to our business relationships. If we are required or agree to defend or indemnify any of these third parties in connection with any infringement claims, we could incur significant costs and expenses that could adversely affect our business, operating results, or financial condition.

We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of our employees' former employers.

Many of our employees were previously employed at universities or other life sciences companies, including our competitors or potential competitors. Although no claims against us are currently pending, we or our employees may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. A loss of key research personnel work product could hamper or prevent our ability to commercialize certain potential products, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Our products contain third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our products.

Our products contain software tools licensed by third-party authors under "open source" licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the

public. This would allow our competitors to create similar products with less development effort and time and ultimately could result in a loss of product sales.

Although we monitor our use of open source software to avoid subjecting our products to conditions we do not intend, the terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products. Moreover, we cannot assure investors that our processes for controlling our use of open source software in our products will be effective. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue offering our products on terms that are not economically feasible, to re-engineer our products, to discontinue the sale of our products if re-engineering could not be accomplished on a timely basis, or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, operating results, and financial condition.

We use third-party software that may be difficult to replace or cause errors or failures of our products that could lead to lost customers or harm to our reputation.

We use software licensed from third parties in our products. In the future, this software may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of this software could result in delays in the production of our products until equivalent technology is either developed by us, or, if available, is identified, obtained and integrated, which could harm our business. In addition, any errors or defects in third-party software, or other third-party software failures could result in errors, defects or cause our products to fail, which could harm our business and be costly to correct. Many of these providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our customers or third-party providers that could harm our reputation and increase our operating costs.

We will need to maintain our relationships with third-party software providers and to obtain software from such providers that does not contain any errors or defects. Any failure to do so could adversely impact our ability to deliver reliable products to our customers and could harm our results of operations.

Risks Related to Our Common Stock

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

The trading price of our common stock has fluctuated and may continue to fluctuate substantially. The trading price of our common stock depends on a number of factors, including those described in this “Risk Factors” section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause stockholders to lose all or part of their investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include the following:

- actual or anticipated quarterly variation in our results of operations or the results of our competitors;
- announcements by us or our competitors of new products, significant contracts, commercial relationships or capital commitments;
- failure to obtain or delays in obtaining product approvals or clearances from the FDA or foreign regulators;
- adverse regulatory or reimbursement announcements;
- issuance of new or changed securities analysts’ reports or recommendations for our stock;
- developments or disputes concerning our intellectual property or other proprietary rights;
- commencement of, or our involvement in, litigation;
- market conditions in the research and diagnostics markets;
- manufacturing disruptions;
- any future sales of our common stock or other securities;
- any change to the composition of the board of directors or key personnel;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- general economic conditions and slow or negative growth of our markets; and
- the other factors described in this “Risk Factors” section.

The stock market in general, and market prices for the securities of life sciences and diagnostic companies like ours in particular, have from time to time experienced volatility that often has been unrelated to the operating performance of the

underlying companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating performance. In several recent situations where the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders were to bring a lawsuit against us, the defense and disposition of the lawsuit could be costly and divert the time and attention of our management and harm our operating results.

If securities or industry analysts do not publish research reports about our business, or if they issue an adverse opinion about our business, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us issues an adverse opinion about our company, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Future sales of our common stock in the public market could cause our stock price to fall.

Our stock price could decline as a result of sales of a large number of shares of our common stock or the perception that these sales could occur, including by our officers, directors and their respective affiliates. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

We register the offer and sale of all shares of common stock that we may issue under our equity compensation plans. In addition, in the future, we may issue additional shares of common stock or other equity or debt securities convertible into common stock in connection with a financing, acquisition, litigation settlement, employee arrangements or otherwise. For example, in July and August 2018, we sold an aggregate of 4,600,000 shares of common stock in an underwritten public offering for net proceeds of $53.8 million. Any such future issuance, including any issuances pursuant to our "at the market" equity offering program under our sales agreement with Cowen, could result in substantial dilution to our existing stockholders and could cause our stock price to decline.

We have broad discretion over the use of the proceeds to us from our July 2018 and August 2018 underwritten public offering and our October 2018 term loan agreement and will have broad discretion over the use of the proceeds to us from our "at the market" equity offering program and may apply the proceeds to uses that do not improve our operating results or the value of your securities.

We have broad discretion over the use of proceeds to us from our July 2018 and August 2018 underwritten public offering and our October 2018 term loan agreement and we will have broad discretion to use the net proceeds to us from our "at the market" equity offering program put into place in January 2018, and investors will be relying solely on the judgment of our board of directors and management regarding the application of these proceeds. Although we expect to use the net proceeds from our "at the market" equity offering program for general corporate purposes, investors will not have the opportunity, as part of their investment decision, to assess whether the proceeds are being used appropriately. Our use of the proceeds may not improve our operating results or increase the value of the securities offered pursuant to the foregoing fundraising transactions.

Anti-takeover provisions in our charter documents and under Delaware or Washington law could make an acquisition of us difficult, limit attempts by our stockholders to replace or remove our current management and limit our stock price.

Provisions of our certificate of incorporation and bylaws may delay or discourage transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our stock. Among other things, the certificate of incorporation and bylaws:

- permit the board of directors to issue up to 15,000,000 shares of preferred stock, with any rights, preferences and privileges as they may designate;
- provide that the authorized number of directors may be changed only by resolution of the board of directors;
- provide that all vacancies, including newly-created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- divide the board of directors into three classes;
- provide that a director may only be removed from the board of directors by the stockholders for cause;
- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be taken by written consent;

- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide notice in writing in a timely manner, and meet specific requirements as to the form and content of a stockholder's notice;
- prevent cumulative voting rights (therefore allowing the holders of a plurality of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose);
- provide that special meetings of our stockholders may be called only by the chairman of the board, our chief executive officer or by the board of directors; and
- provide that stockholders are permitted to amend the bylaws only upon receiving at least two-thirds of the total votes entitled to be cast by holders of all outstanding shares then entitled to vote generally in the election of directors, voting together as a single class.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder. Likewise, because our principal executive offices are located in Washington, the anti-takeover provisions of the Washington Business Corporation Act may apply to us under certain circumstances now or in the future. These provisions prohibit a "target corporation" from engaging in any of a broad range of business combinations with any stockholder constituting an "acquiring person" for a period of five years following the date on which the stockholder became an "acquiring person."

Complying with the laws and regulations affecting public companies increases our costs and the demands on management and could harm our operating results.

As a public company, we incur and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. We ceased to be an "emerging growth company" on December 31, 2018 and are no longer eligible for reduced disclosure requirements and exemptions applicable to "emerging growth companies." As such, we will be required to hold a say-on-pay vote and a say-on-frequency vote at our 2019 annual meeting of stockholders. We expect that our loss of "emerging growth company" status will require additional attention from management and will result in increased costs to us, which could include higher legal fees, accounting fees and fees associated with investor relations activities, among others. In addition, the Sarbanes-Oxley Act and rules subsequently implemented by the SEC and The Nasdaq Global Market impose numerous requirements on public companies, including requiring changes in corporate governance practices. Also, the Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. Our management and other personnel must devote a substantial amount of time to compliance with these laws and regulations. These burdens may increase as new legislation is passed and implemented, including any new requirements that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 may impose on public companies. These requirements have increased and will likely continue to increase our legal, accounting, and financial compliance costs and have made and will continue to make some activities more time consuming and costly. For example, as a public company it is more difficult and more expensive for us to obtain director and officer liability insurance, and in the future we may be required to accept reduced policy limits and coverage or to incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as executive officers.

The Sarbanes-Oxley Act requires the SEC to implement new requirements on registrants, and these new requirements that were implemented require, among other things, that we assess the effectiveness of our internal control over financial reporting annually and SEC requirements also require us to assess the effectiveness of our disclosure controls and procedures quarterly. In particular, Section 404 of the Sarbanes-Oxley Act, or Section 404, requires us to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. As an "emerging growth company," we availed ourselves of the exemption from the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404. However, we may no longer avail ourselves of this exemption since we ceased to be an "emerging growth company" on December 31, 2018. As a result, our independent registered public accounting firm is required to undertake an assessment of our internal control over financial reporting and the cost of our compliance with Section 404 will correspondingly increase. Our compliance with applicable provisions of Section 404 will require that we incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements.

As disclosed in Part II, Item 9A, during the fourth quarter of fiscal 2018, management identified material weaknesses in internal control related to ineffective aspects of its overall control environment related to information technology general

controls. This material weakness contributed to additional material weaknesses, specifically in the areas of: (i) user access and program change management over certain information technology systems and (ii) controls over monitoring of certain access rights related to processing journal entries, both of which support our financial reporting processes. As a result, management concluded that our internal control over financial reporting was not effective as of December 31, 2018. We have taken initial steps to implement remediation efforts; however, there can be no assurance that our efforts to remediate the material weaknesses will be successful or will be completed by the end of our 2019 fiscal year. Pursuing these remediation efforts will result in additional technology and other expenses.

If we are unable to remediate these material weaknesses, or are otherwise unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods, could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses and negatively impact the price of our common stock. In addition, we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Furthermore, investor perceptions of our company may suffer as a result of the material weaknesses in our internal controls, and this could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to remediate the material weaknesses effectively or efficiently or avoid future material weaknesses, it could harm our operations, financial reporting, or financial results and could result in an adverse opinion on our internal control over financial reporting from our independent registered public accounting firm.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We currently have three long-term operating lease agreements for 104,538 square feet of space used for general office, laboratory, manufacturing, operations, and research and development purposes in Seattle, Washington. The long-term operating leases expire in 2026 and include options to renew at the then fair market rental for each of the facilities. The lease agreements contain rent abatement periods, scheduled rent increases and provide for tenant improvement allowances. In addition, we have four office leases outside of Seattle, Washington, totaling approximately 3,363 square footage, with terms of three years or less.

Our landlords hold security deposits of approximately $328,000. We believe that our existing facilities are adequate to meet our business requirements for the near-term and that additional space will be available on commercially reasonable terms, if required.

Item 3. Legal Proceedings

We are not engaged in any material legal proceedings. From time to time, we may become involved in litigation relating to claims arising from the ordinary course of business. We believe that there are no claims or actions pending against us currently, the ultimate disposition of which would have a material adverse effect on our consolidated results of operation, financial condition or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on The Nasdaq Global Market under the symbol "NSTG." Trading of our common stock commenced on June 26, 2013 in connection with our initial public offering.

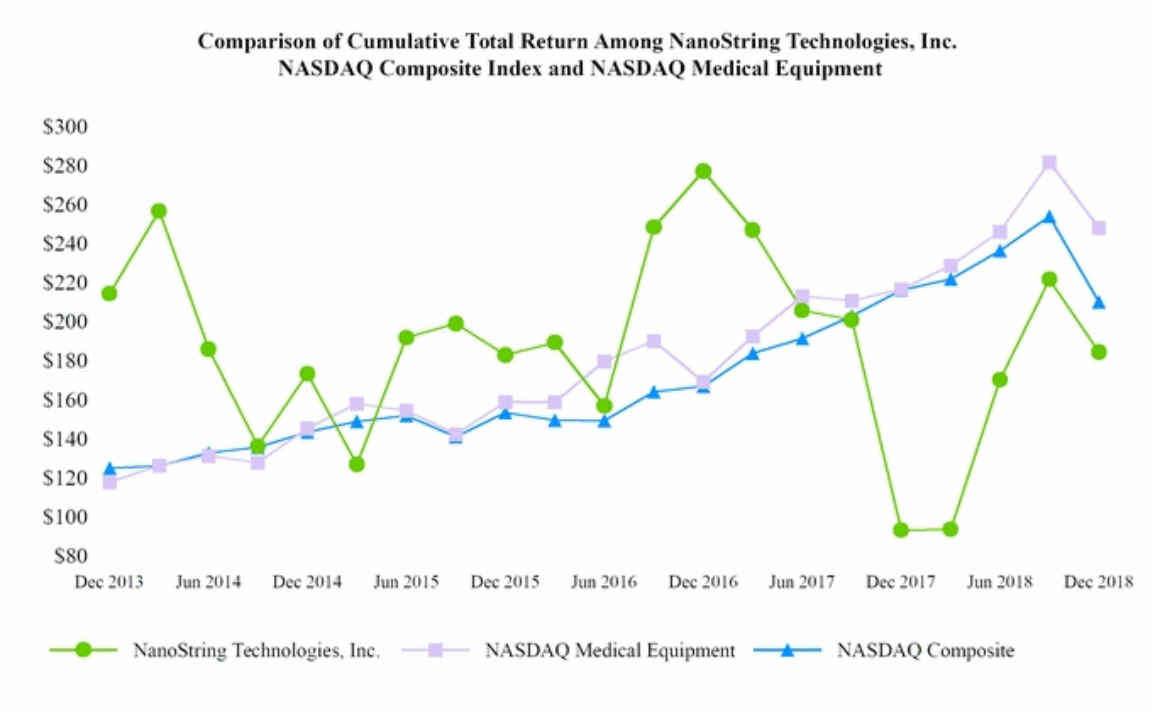
Holders

As of February 28, 2019, there were approximately 24 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Performance Graph

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference into any filing of NanoString Technologies, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The following graph compares the performance of our common stock for the periods indicated with the performance of the Nasdaq Composite Index and the Nasdaq Medical Equipment Index. This graph assumes an investment of $100 on December 31, 2013 in each of our common stock, the Nasdaq Composite Index and the Nasdaq Medical Equipment Index, and assumes reinvestment of dividends, if any. The stock price performance shown on the graph below is not necessarily indicative of future stock price performance.



Recent Sales of Unregistered Securities

On November 1, 2018 we issued an aggregate of 5,292 shares of our common stock to a warrant holder upon the exercise of outstanding warrants to purchase an aggregate of 11,837 shares of our common stock pursuant to a net exercise mechanism under the warrants. Each warrant had an exercise price of $8.448 per share. The issuances of these shares were exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(9) thereof as an exchange with an existing security holder where no commission or other remuneration is paid or given for soliciting such exchange.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes information about our equity compensation plans as of December 31, 2018. All outstanding awards relate to our common stock.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) [1]
Equity compensation plans approved by security holders:			
2004 Stock Option Plan	695,640	$ 2.95	—
2013 Equity Incentive Plan	5,357,841	11.20	737,732
2013 Employee Stock Purchase Plan	—	N.A.	266,884
Equity compensation plans not approved by security holders[2]:	130,000	5.96	120,000
Total	6,183,481	N.A.	1,124,616

[1] Our 2013 Equity Incentive Plan includes provisions providing for an annual increase in the number of securities available for future issuance on the first day of each fiscal year, equal to the least of: (a) 1,406,250 shares; (b) 5% of the outstanding shares of common stock as of the last day of the immediately preceding fiscal year; and (c) such other amount as the board of directors may determine. Our 2013 Employee Stock Purchase Plan includes provisions providing for an annual increase in the number of securities available for future issuance on the first day of each fiscal year, equal to the least of: (a) 1% of the outstanding shares of common stock on the first day of such fiscal year; (b) 281,250 shares; and (c) such other amount as the board of directors, or a committee appointed by the board of directors, may determine.

[2] On January 15, 2018, our board of directors adopted the NanoString Technologies, Inc. 2018 Inducement Equity Incentive Plan, or the Inducement Plan, and, subject to the adjustment provisions of the Inducement Plan, reserved 250,000 shares of our common stock for issuance pursuant to equity awards granted under the Inducement Plan. The Inducement Plan was adopted without stockholder approval pursuant to Rule 5635(c)(4) and Rule 5635(c)(3) of the Nasdaq Listing Rules. The Inducement Plan provides for the grant of equity-based awards, including nonstatutory stock options, restricted stock units, restricted stock, stock appreciation rights, performance shares and performance units, and its terms are substantially similar to our 2013 Equity Incentive Plan, including with respect to treatment of equity awards in the event of a “merger” or “change in control” as defined under the Inducement Plan, but with such other terms and conditions intended to comply with the Nasdaq inducement award exception or to comply with the Nasdaq acquisition and merger exception. However, our 2013 Equity Incentive Plan permits certain exchange programs (including repricings) without stockholder approval, while the Inducement Plan requires stockholder approval for such exchange programs.

Item 6. Selected Financial Data

The following selected financial data is derived from our audited financial statements and should be read in conjunction with, and is qualified in its entirety by, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" contained elsewhere in this Annual Report on Form 10-K. The selected Consolidated Statements of Operations data for the years ended December 31, 2018, 2017, and 2016 and Consolidated Balance Sheet data as of December 31, 2018 and 2017 have been derived from our audited consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K. The selected Consolidated Statements of Operations data for the years ended December 31, 2015 and 2014 and Consolidated Balance Sheet data as of December 31, 2016, 2015, and 2014 have been derived from our audited consolidated financial statements that are not included in this Annual Report on Form 10-K. Historical results are not necessarily indicative of future results.

	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(In thousands, except per share amounts)				
Consolidated Statements of Operations:					
Revenue[1]	$ 106,732	$ 114,905	$ 86,489	$ 62,667	$ 47,593
Costs and expenses:					
Cost of product and service revenue	36,331	31,880	30,245	26,126	21,149
Research and development	61,599	46,888	34,720	24,597	21,404
Selling, general and administrative	78,195	74,334	62,700	53,186	51,063
Total costs and expenses	176,125	153,102	127,665	103,909	93,616
Loss from operations	(69,393)	(38,197)	(41,176)	(41,242)	(46,023)
Other income (expense):					
Interest income	1,331	809	390	233	272
Interest expense	(7,431)	(6,153)	(5,672)	(4,017)	(4,140)
Other income (expense)	(1,658)	183	(515)	(389)	(147)
Total other income (expense)	(7,758)	(5,161)	(5,797)	(4,173)	(4,015)
Net loss before provision for income taxes	(77,151)	(43,358)	(46,973)	(45,415)	(50,038)
Provision for income taxes	(249)	(204)	(116)	(166)	—
Net loss	$ (77,400)	$ (43,562)	$ (47,089)	$ (45,581)	$ (50,038)
Net loss per share—basic and diluted	$ (2.78)	$ (1.84)	$ (2.34)	$ (2.40)	$ (2.80)
Weighted-average shares used in computing basic and diluted net loss per share	27,883	23,731	20,116	19,027	17,839

	As of December 31,				
	2018	2017	2016	2015	2014
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term investments	$ 93,997	$ 77,555	$ 74,036	$ 49,044	$ 72,225
Working capital	88,592	86,002	77,402	61,882	76,411
Total assets	147,558	136,762	126,373	92,869	102,068
Long-term debt and lease financing obligations, net of discounts	58,396	48,931	47,424	41,226	30,246
Total stockholders' equity	$ 36,869	$ 40,109	$ 12,305	$ 20,215	$ 44,813

[1]Amounts have not been retrospectively modified to reflect the adoption of Accounting Standard Update No. 2014-09, Revenue from Contracts with Customers, for the years ended December 31, 2014, 2015, 2016 and 2017.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis together with the financial statements and the related notes to those statements included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth in the section of this report captioned "Risk Factors" and elsewhere in this report, our actual results may differ materially from those anticipated in these forward-looking statements. Throughout this discussion, unless the context specifies or implies otherwise, the terms "NanoString", "we", "us" and "our" refer to NanoString Technologies, Inc. and its subsidiaries.

Overview

We develop, manufacture and sell products that unlock scientifically valuable and clinically actionable information from minute amounts of biological material. Our core technology is a unique, proprietary optical barcoding chemistry that enables the labeling and counting of single molecules. This proprietary chemistry may reduce the number of steps required to conduct certain types of scientific experiments and allow for multiple experiments to be conducted at once. As a result, we are able to develop tools that are easier for researchers to use and that may generate faster and more consistent scientific results.

We use our technology to develop tools for scientific research, primarily in the fields of genomics and proteomics, and also to develop clinical diagnostic tests. We currently have one commercially available product platform, our nCounter Analysis System instruments and related consumables. We market and sell our instruments and related consumables to researchers in academic, government, and biopharmaceutical laboratories for research use and to clinical laboratories and medical centers for diagnostic use, both through our direct sales force and through selected distributors in certain international markets. As of December 31, 2018, we had an installed base of approximately 730 nCounter systems, which our customers have used to publish more than 2,300 peer-reviewed papers.

We derive a substantial majority of our revenue from the sale of our products, which consist of our nCounter instruments and related proprietary consumables. Our instruments are designed to work only with our consumable products. Accordingly, as the installed base of our instruments grows, we expect recurring revenue from consumable sales to become an increasingly important driver of our operating results. We also derive revenue from processing fees related to proof-of-principle studies we conduct for potential customers and extended service contracts for our nCounter Analysis Systems. Additionally, we generate revenue through product development collaborations.

We use third-party contract manufacturers to produce the instruments comprising our nCounter Analysis System. We manufacture consumables at our Seattle, Washington facility. This operating model is designed to be capital efficient and to scale efficiently as our product volumes grow. We focus a substantial portion of our resources on developing new technologies, products and solutions. We invested $61.6 million, $46.9 million and $34.7 million in 2018, 2017, and 2016, respectively, in research and development and intend to continue to make significant investments in research and development.

We have discovered other novel applications that utilize our proprietary barcoding chemistry, and we have two new product platforms under development. Following completion of product development, each of these new systems is expected to be commercialized as a new instrument along with associated consumables.

The first new platform, our GeoMx Digital Spatial Profiling, or GeoMx DSP system, is designed to enable the field of spatial genomics. While nCounter and other existing technologies analyze gene activity as a whole throughout the totality of a biological sample, GeoMx DSP is used to analyze specifically selected regions of a biological sample in order to see how gene activity or protein levels might vary across those regions or in certain cell types. In advance of the launch of the commercial version of GeoMx DSP, we have provided early access to the system's capabilities by offering selected customers the opportunity to send biological samples to our Seattle facility to be tested by us on prototype instruments. To date, we have conducted over 70 projects for approximately 50 customers pursuant to this Technology Access Program, or TAP. In addition, in the third quarter of 2018 we announced the GeoMx Priority Site, or GPS, Program. The GPS Program is designed to provide customers the opportunity to be among the first to receive a GeoMx DSP instrument following its commercial launch, as well as advanced service and support. Inclusion in the GPS Program has also provided researchers the opportunity to begin generating data on samples through our TAP service. As of December 31, 2018, we have received over 30 orders for GeoMx DSP pursuant to our GPS Program. The full commercial launch of GeoMx DSP instruments and consumables is expected to commence during the first half of 2019, with installations of commercial instruments expected to commence in the second half of 2019.

The second new platform, our Hyb & Seq molecular profiling system, is designed to use a modified version of our proprietary chemistry to determine and analyze gene sequences within a biological sample, or to potentially profile the activity of an even greater number of genes as compared to our nCounter Analysis System. Hyb & Seq is designed to determine gene sequences using a work flow with fewer steps as compared to currently available gene sequencing technologies. Hyb & Seq is expected to become commercially available during 2021.

In August 2017, we entered into a collaboration agreement with Lam Research Corporation, or Lam, to support the development of our Hyb & Seq product candidate and related assays. For additional information regarding this development collaboration agreement, see the section of this report captioned "Business—Collaborations—Lam Research Corporation".

In March 2014, we entered into a collaboration agreement with Celgene Corporation, or Celgene, to develop, seek regulatory approval for, and commercialize a companion diagnostic assay for use in screening patients with Diffuse Large B-Cell Lymphoma. For additional information regarding the collaboration agreement, see the section of this report captioned "Business—Collaborations—Celgene Corporation".

In May 2015, we entered into a clinical research collaboration agreement with Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc., or Merck, to develop an assay intended to optimize immune-related gene expression signatures and evaluate the potential to predict benefit from Merck's anti-PD-1 therapy, KEYTRUDA, in multiple tumor types. In October 2017, we were notified by Merck of the decision not to pursue regulatory approval of the companion diagnostic test for KEYTRUDA. As a result, in August 2018, we and Merck agreed to mutually terminate our development collaboration agreement, effective as of September 30, 2018, following the completion of certain close-out activities.

In January 2016, we entered into a collaboration with Medivation, Inc. and Astellas Pharma Inc. to pursue the translation of a novel gene expression signature algorithm discovered by Medivation into a companion diagnostic assay using the nCounter Analysis System. In September 2016, Medivation was acquired by Pfizer, Inc., or Pfizer, and became a wholly owned subsidiary of Pfizer. In May 2017, we received notification from Pfizer and Astellas terminating the collaboration agreement as a result of a decision to discontinue the related clinical trial.

Our product and service revenue increased 16.0% to $83.5 million in 2018, compared to $72.0 million in 2017. The increase was driven primarily by increased revenue from consumables and Prosigna, and increased revenue from service contracts associated with our growing installed base of nCounter Analysis Systems and for our GeoMx DSP technology access service.

Our total revenue in 2018 was $106.7 million compared to $114.9 million in 2017 and $86.5 million in 2016. Our total revenue has varied more significantly as compared to our product and service revenue, and may do so in future periods, as a result of the timing of revenue recognition associated with our collaboration agreements. Revenue recognition relating to these agreements, which is recorded as collaboration revenue, primarily consists of recognizing deferred revenue relating to cash payments received previously from our collaborators. Collaboration revenue recognized may vary significantly depending on the timing and cost of certain research and development activities relating to a collaboration, the expected time frame for completing certain collaboration activities, the outcome of research and development activities being conducted pursuant to a collaboration, the contractual terms of a particular collaboration agreement and other factors.

Historically, we have generated a substantial majority of our revenue from sales to customers in North America; however, we expect sales in other regions may increase over time. We have never been profitable and had net losses of $77.4 million, $43.6 million, and $47.1 million in 2018, 2017, and 2016, respectively. As of December 31, 2018, our accumulated deficit was $391.3 million.

Key Financial Metrics

We are organized as, and operate in, one reportable segment: the development, manufacture and commercialization of instruments, consumables and services for efficiently profiling the activity of hundreds of genes and proteins simultaneously from a single tissue sample. Our chief operating decision maker is the chief executive officer, who manages our operations and evaluates our financial performance on a total company basis. Our principal operations and decision-making functions are located at our corporate headquarters in the United States.

Revenue

We generate revenue from the sale of our products and related services. For a description of our revenue recognition policies, see the section of this report captioned "—Critical Accounting Policies and Significant Estimates—Revenue Recognition."

Product Revenue

Our product revenue consists of sales of our nCounter Analysis Systems and related consumables, including Prosigna *in vitro* diagnostic kits. Our nCounter MAX Analysis System typically consists of one nCounter Digital Analyzer and one nCounter Prep Station, having a U.S. list price of $235,000. The U.S. list price of the similarly configured nCounter Dx Analysis System is $265,000, or $285,000 if fully enabled to run Prosigna. Our newly developed nCounter *SPRINT* Profiler has a reduced footprint and combines the function of the prep station with the digital analyzer in a single instrument. It has a U.S. list price of $149,000. Outside the United States, depending on the country, list prices are generally higher. In certain cases,

customers may pay less than the list price for our various nCounter instruments. For example, some of our systems are sold to customers through independent distributors, and these distributors may purchase systems from us at a discount to list price. Our customer base is primarily composed of academic institutions, government laboratories, biopharmaceutical companies and clinical laboratories that perform analyses or testing using our nCounter Analysis System and purchase related consumables, potentially including Prosigna kits.

For our research customers, related consumables include gene and protein expression analysis panels, which are standardized and pre-manufactured, custom CodeSets, which we manufacture to the specific requirements of an individual researcher, and Master Kits, cartridges and reagents, which are ancillary reagents, cartridges, tips and reagent plates required to setup and process samples in our instruments. For our clinical laboratory customers, related consumables include our Prosigna *in vitro* diagnostic kits. Our average consumables revenue per installed system was approximately $80,000 for the year ended December 31, 2018.

The list price of a Prosigna test in the United States and Europe is $2,080 and €1,550 per patient, respectively. Although the price of Prosigna and our additional future diagnostic products will depend on many factors, including whether and how much third-party payors will reimburse laboratories for conducting such tests, we expect that the gross margin for our diagnostic kits may be higher than for our research consumables. We sell Prosigna kits to our lab customers, who will be responsible for providing the testing service and contracting and billing payors. Prosigna kits are sold to clinical laboratories on a fixed dollars-per-kit basis, which does not expose us to direct third-party payor reimbursement risk. However, we provide customary volume discounts, and in some cases, introductory pricing during the period in which third-party payor reimbursement is being established. As a result, the average selling price per Prosigna test is lower than list price.

Service Revenue

Service revenue consists of fees associated with service contracts and conducting proof-of-principle studies. We include a one-year warranty with the sale of our instruments and offer service contracts, which are purchased by a majority of our customers. We selectively provide proof-of-principle studies to prospective customers in order to help them better understand the benefits of the nCounter Analysis System, and in some cases allow customers early access to technologies under development, such as our GeoMx DSP system, for which we generate data and perform analysis services on their behalf.

Collaboration Revenue

Collaboration revenue has been derived primarily from our collaborations with Lam, Celgene and Merck and historically, our terminated collaboration with Medivation and Astellas. As of December 31, 2018, we have received a total of $106.8 million from these collaboration agreements, of which $22.8 million, $42.3 million, and $16.7 million has been recorded as collaboration revenue in 2018, 2017, and 2016, respectively, with the remainder recorded as deferred revenue and customer deposits, which will be recognized as collaboration revenue over our remaining development performance period for each of the agreements. Collaboration revenue also includes revenue recognized under several smaller collaborations.

Revenue by Geography

We sell our products through our own sales forces in the United States, Canada, Singapore, Israel and certain European countries. We sell through distributors in other parts of the world. As we have expanded our European direct sales force and entered into agreements with distributors of our products in Europe, the Middle East, Asia Pacific and South America, the amount of revenue generated outside of North America has generally increased, although there have been significant quarter-to-quarter fluctuations. In the future, we intend to continue to expand our sales force and establish additional distributor relationships outside the United States to better access international markets.

The following table reflects total revenue by geography based on the geographic location of our customers, distributors and collaborators. For sales to distributors, their geographic location may be different from the geographic locations of the ultimate end customer. Americas consists of the United States, Canada, Mexico and South America; and Asia Pacific includes Japan, China, South Korea, Singapore, Malaysia, India and Australia.

	Year Ended December 31,					
	2018		2017		2016	
	(Dollars in thousands)					
Americas	$ 74,137	70%	$ 86,099	75%	$ 60,330	70%
Europe & Middle East	25,715	24%	21,791	19%	18,497	21%
Asia Pacific	6,880	6%	7,015	6%	7,662	9%
Total revenue	$ 106,732	100%	$ 114,905	100%	$ 86,489	100%

Most of our revenue is denominated in U.S. dollars. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United States. Changes in foreign currency exchange rates have not materially affected us to date; however, they may become material to us in the future as our operations outside of the United States expand.

Cost of Product and Service Revenue

Cost of product and service revenue consists primarily of costs incurred in the production process, including costs of purchasing instruments from third-party contract manufacturers, consumable component materials and assembly labor and overhead, installation, warranty, service and packaging and delivery costs. In addition, cost of product and service revenue includes royalty costs for licensed technologies included in our products, provisions for slow-moving and obsolete inventory and stock-based compensation expense. We provide a one-year warranty on each nCounter Analysis System sold and establish a reserve for warranty repairs based on historical warranty repair costs incurred.

The average unit cost of our instruments has declined in the current year as compared to prior years primarily as a result of increased placements of our lower-cost nCounter *SPRINT* Profiler. We expect the average unit costs of our nCounter instruments to continue to decline as we expand our market opportunity among smaller research laboratories and sell a higher proportion of *SPRINT* systems. We expect the unit costs of consumable products to decline as a result of our ongoing efforts to improve our manufacturing processes and expected increases in production volume and yields. Although the unit costs of our custom CodeSets vary, they are generally higher as a percentage of the related revenue than our standard panel products and *in vitro* Prosigna diagnostic kits.

Operating Expenses

Research and Development

Research and development expenses consist primarily of salaries and benefits, occupancy costs, laboratory supplies, engineering services, consulting fees, costs associated with licensing molecular diagnostics rights and clinical study expenses to support the regulatory approval or clearance of diagnostic products. We have made substantial investments in research and development since our inception. Our research and development efforts have focused primarily on the tasks required to enhance our technologies and to support development and commercialization of new and existing products and applications. We believe that our continued investment in research and development is essential to our long-term competitive position and expect to continue to make investments in research and development activities at levels consistent with our current levels. In particular, following our entry into the Lam collaboration in August 2017, which provides up to $50.0 million of funding for our Hyb & Seq program, we have experienced a substantial increase in related research and development expenses in 2018 and we may continue to invest at similar levels in future periods as we continue our development activities related to the Hyb & Seq platform.

To date, we have found that it has been effective for us to manage our research and development activities on a departmental basis. Accordingly, other than pursuant to terms of certain of our collaborations, we have neither required employees to report their time by project nor allocated our research and development costs to individual projects. Research and development expense by functional area was as follows:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Platform technology	$ 28,634	$ 16,645	$ 10,312
Manufacturing process development	4,689	3,025	2,582
Life sciences research products and applications	10,107	7,933	6,298
Diagnostic product development	7,004	7,161	6,648
Clinical, regulatory and medical affairs	5,439	7,036	5,111
Facility allocation	5,726	5,088	3,769
Total research and development expense	$ 61,599	$ 46,888	$ 34,720

Selling, General and Administrative

Selling, general and administrative expense consists primarily of costs for our sales and marketing, finance, human resources, information technology, business development, legal and general management functions, as well as professional fees for legal, consulting and accounting services. We expect selling, general and administrative expenses to increase in future periods as the number of sales, technical support and marketing and administrative personnel grows to support the expected introduction of new products and product platforms, including our GeoMx DSP and Hyb and Seq product candidates, as well as the general broadening of our customer base and growth of our existing nCounter business. Legal, accounting and compliance costs have increased as a result of our being a public company, and we expect them to continue to increase as our business grows.

Factors Affecting Our Performance

Instrument Installed Base

Our future financial performance will be driven in large part by the rate of sales of our nCounter Analysis Systems, as well as our ability to drive consumable sales through our installed base of these systems. As of December 31, 2018, we had an installed base of approximately 730 nCounter Analysis Systems, which we count based on the number of nCounter *SPRINT,* MAX or FLEX Profilers sold, given that a system may couple one system with multiple nCounter Prep Stations. In the year ended December 31, 2018 our annualized rate of consumable sales per installed system, including sales of nCounter consumables and Prosigna, was approximately $80,000.

In addition to growth related to our nCounter platform of instruments and consumables, we plan to grow our system and consumable sales in the coming years through the introduction of new product platforms such as our GeoMx DSP and Hyb & Seq product candidates.

In addition to seeking to increase sales of our existing nCounter platform and consumables and from our expected new product platform introductions, we will continue to employ other growth strategies, including expanding our sales channel in both direct and distributor territories, developing new consumable content for our nCounter platform and enhancing certain features of our nCounter platform. As part of this strategy, in both 2017 and 2018, we added incremental sales territories and augmented our field sales team, and have continued to grow our base of distributors. As our installed base of instruments grows, we solicit feedback from our customers and focus our research and development efforts on improving our nCounter Analysis System or enabling applications, which in turn helps to drive additional sales of our instruments and consumables.

Our sales process involves numerous interactions with multiple individuals within an organization, and often includes in-depth analysis by potential customers of our products, performance of proof-of-principle studies, preparation of extensive documentation and a lengthy review process. As a result of these factors, the capital investment required in purchasing our instruments and the budget cycles of our customers, the time from initial contact with a customer to our receipt of a purchase order can vary significantly, and may be up to 12 months or longer. Given the length and uncertainty of our sales cycle, we will likely experience fluctuations in our future instrument sales on a period-to-period basis.

Recurring Consumables Revenue

Our instruments are designed to be used only with our consumables. This closed system model generates recurring revenue from each instrument we sell. Management focuses on recurring consumable revenue per system as an indicator of the continuing value generated by each system. We calculate recurring consumables revenue per system (also known as pull-through) quarterly by dividing consumables and *in vitro* diagnostic kits revenue recognized in a particular quarter (other than consumables revenue related to proof-of-principle studies) by the total number of nCounter Analysis Systems installed as of the last day in the immediately preceding quarter. Historically, a large majority of our systems and related consumables have been sold to research customers. Our average annualized consumables revenue per installed system was approximately $80,000 for the year ended December 31, 2018.

As the installed base of the nCounter Analysis Systems expands, consumables revenue is expected to increase and over time should continue to be an increasingly important contributor to our total revenue. Our consumables revenue per system installed may fluctuate in the future, reflecting the mix of our installed instruments, and potential shifts in the mix, or type, of consumables sold to our installed customer base. Additionally, we expect Prosigna *in vitro* diagnostic kit revenue to contribute an increasing amount of recurring revenue as we install more diagnostic systems, Prosigna is included in important breast cancer treatment guidelines and reimbursement by third-party payors becomes more broadly available. In 2017 we launched our "360" panels for use in breast cancer, immuno-oncology and hematology. In 2018, we expanded the number of panels in oncology, specifically focused on breast cancer and immuno-oncology, and also added panels in two new research areas, neuroscience and autoimmunity. In 2019, we intend to continue to expand our nCounter panels, primarily focused on neuroscience and immune-related diseases. The introduction of new applications has the potential to further increase our

consumables revenue stream. Over time, we believe that consumables revenue may be subject to less period-to-period fluctuation than our instrument sales revenue.

Revenue Mix and Gross Margin

Our product revenue is derived from sales of nCounter Analysis System instruments and related consumables, including Prosigna *in vitro* diagnostic kits. Generally, our consumables have higher gross margins than our instruments. There may be fluctuations in sales mix between instruments and consumables from period to period. For example, during 2018 our total product and service revenue increased by 16%, which included 18% growth in revenues related to our consumables, including *in vitro* diagnostic kits, compared to 2017 and 3% growth in our instrument sales compared to 2017. However, during 2017 our total product and service revenues increased by 4%, which included an 11% decline in instrument sales compared to 2016. This decline in instrument sales was offset by revenue growth from our consumables, including Prosigna *in vitro* diagnostic kits, and increased revenue from service contracts resulting from our growing installed base of nCounter Analysis Systems. Although future results may vary period to period, over time, as our installed base of systems grows, consumables may continue to constitute a larger percentage of total product revenue, which would tend to increase our gross margins. Such gross margin increases may be offset by the mix of consumable products sold, or in the event we introduce new instrument product platforms that become increasing components of our product sales, such as GeoMx DSP or Hyb and Seq. In addition, both the average selling price and manufacturing cost of our instruments has decreased with the introduction of the nCounter *SPRINT* Profiler and this trend may continue with future generations of our nCounter Analysis System. For example, although we sold approximately 12% more systems in 2018 compared to 2017, our instrument revenue only increased 3%. This was largely due to substantially increased sales of lower priced *SPRINT* systems in 2018. Future instrument selling prices and gross margins may fluctuate as we grow our volume of distribution partners in geographies outside of the United States, as we introduce new products and reduce our product costs, and from variability in the timing of new product introductions.

We derive service revenue from service contracts, which are purchased by a majority of our customers. Additionally, we selectively provide proof-of-principle studies in connection with prospective sales to customers to demonstrate the performance of our nCounter Analysis System. Collaboration revenue is primarily derived from our diagnostic and other collaborations with Celgene, Merck, Lam, and historically, our collaboration with Medivation and Astellas.

The following table reflects the breakdown of revenue in absolute dollars and as percentage of total revenue.

	Year Ended December 31,					
	2018		2017		2016	
	(Dollars in thousands)					
Product revenue:						
Instruments	$ 21,441	20%	$ 20,839	18%	$ 24,229	28%
Consumables	43,847	41%	38,311	33%	37,545	43%
In vitro diagnostic kits	9,445	9%	6,745	6%	4,168	5%
Total product revenue	74,733	70%	65,895	57%	65,942	76%
Service revenue	8,790	8%	6,115	5%	3,192	4%
Total product and service revenue	83,523	78%	72,010	62%	69,134	80%
Collaboration revenue	23,209	22%	42,895	38%	17,355	20%
Total revenue	$ 106,732	100%	$ 114,905	100%	$ 86,489	100%

Results of Operations

Comparison of Years Ended December 31, 2018 and 2017

Revenue

	Year Ended December 31,		Change	
	2018	2017	Dollars	Percentage
	(Dollars in thousands)			
Product revenue:				
Instruments	$ 21,441	$ 20,839	$ 602	3%
Consumables	43,847	38,311	5,536	14%
In vitro diagnostic kits	9,445	6,745	2,700	40%
Total product revenue	74,733	65,895	8,838	13%
Service revenue	8,790	6,115	2,675	44%
Total product and service revenue	83,523	72,010	11,513	16%
Collaboration revenue	23,209	42,895	(19,686)	(46)%
Total revenue	$ 106,732	$ 114,905	$ (8,173)	(7)%

Instrument revenue for the year ended December 31, 2018 increased as compared to the prior year, due primarily to an increase in the number of instruments sold. The magnitude of the instrument revenue increase was partially offset by a shift in sales mix towards our *SPRINT* instruments, which generally have lower average selling prices than our MAX and FLEX instruments. Consumables revenue increased for the year ended December 31, 2018, primarily as a result of our growing installed base of nCounter Analysis Systems, as well as growth in sales of our standardized panel consumable products. *In vitro* diagnostic kit revenue represents sales of Prosigna assays, which increased for the year ended December 31, 2018 as more testing providers commenced providing services and testing volumes increased, most significantly in territories outside of the United States. The increase in service revenue was primarily related to an increase in the number of installed instruments covered by service contracts, and also increases in revenue generated from technology access fees, particularly fees related to services offered pursuant to our GeoMx DSP Technology Access Program. Our product and service revenue may continue to increase in future periods as a result of our increased investments in sales and marketing activities, the growth in sales of our nCounter consumable products as driven by our increasing installed base of nCounter instruments, the introduction of new nCounter consumable products, the continued sale of additional nCounter instruments and the potential commercial launch of new product platforms such as our GeoMx DSP and Hyb & Seq product candidates. As an offset to our anticipated expenses relating to the development of our Hyb & Seq platform, Lam has committed to provide up to $50.0 million in funding, of which $35.1 million has been funded as of December 31, 2018.

Collaboration revenue decreased for the year ended December 31, 2018 as compared to the prior year, due primarily to the termination of our collaboration with Medivation and Astellas in 2017. The termination resulted in the recognition of deferred collaboration revenue of $11.5 million for the year ended December 31, 2017, which represented all of the remaining deferred revenue relating to the terminated collaboration. In addition, the scope of our collaboration with Merck changed during the fourth quarter of 2017, resulting in a further reduction of collaboration revenue in 2018 as compared to the same period in 2017. These decreases were partially offset by collaboration revenue generated from our agreements with Lam and Celgene. Our collaboration agreement with Lam was entered into during the third quarter of 2017 and represented $18.6 million of collaboration revenue for the year ended December 31, 2018. Collaboration revenue related to our agreement with Lam was $3.7 million for the year ended December 31, 2017.

Cost of Product and Service Revenue; Gross Profit; and Gross Margin

	Year Ended December 31,		Change	
	2018	2017	Dollars	Percentage
	(Dollars in thousands)			
Cost of product and service revenue	$ 36,331	$ 31,880	$ 4,451	14%
Product and service gross profit	$ 47,192	$ 40,130	$ 7,062	18%
Product and service gross margin	57%	56%		

For the year ended December 31, 2018, cost of product and service revenue increased as compared to the same periods in 2017, due to higher volumes of instruments and consumables sold, including our Prosigna *in vitro* diagnostic kits, as well as increased volume of service contracts associated with our growing installed base of nCounter instruments. Our gross margin on product and service revenue for the year ended December 31, 2018 increased compared to the prior year primarily as a result of increased consumable revenue as a percentage of our overall sales mix, including sales of our Prosigna *in vitro* diagnostic kits,

which generally have higher gross margins than our instrument placements, as well as increasing sales of our nCounter panel products as a percentage of our consumables revenue. The favorable mix shift towards consumables comprising a higher percentage of our total product and service revenues was partially offset by an increase in the number of lower margin *SPRINT* instrument sales, and modestly lower average selling prices realized across all instrument sales, as compared to the prior year. In addition, our gross margin during the year ended December 31, 2018 was also impacted by increases in outside consulting and other costs relating to quality assurance and system requirements for diagnostic products related manufacturing.

We expect our cost of product and service revenue to increase in future periods, primarily due to our expected growth in product and service revenue. We expect our gross margin on product and service revenue may fluctuate in future periods, depending upon our mix of instrument sales, from which we typically record lower gross margins, as compared to our sales of consumable products or services, the impact of the launch, and any sales achieved, of our new product platforms such as our GeoMx or Hyb & Seq product platforms, which during any initial launch may impact our mix of instruments sold as compared to consumables, and potential expenses we may incur for regulatory compliance, quality assurance or related to the expansion of our manufacturing capacity. Any costs related to collaboration revenue are included in research and development expense.

Research and Development Expense

	Year Ended December 31,		Change	
	2018	2017	Dollars	Percentage
	(Dollars in thousands)			
Research and development expense	$ 61,599	$ 46,888	$ 14,711	31%

The increase in research and development expense for the year ended December 31, 2018 was primarily attributable to an increase in staffing and personnel-related costs of $6.2 million, as well as increased supply costs of $4.1 million and professional fees of $3.6 million. These increased costs were incurred primarily to support the development of our GeoMx DSP and Hyb & Seq platforms.

We expect that research and development costs may continue to increase in future periods to support remaining product development activities relating to our GeoMx DSP and Hyb & Seq platforms.

Selling, General and Administrative Expense

	Year Ended December 31,		Change	
	2018	2017	Dollars	Percentage
	(Dollars in thousands)			
Selling, general and administrative expense	$ 78,195	$ 74,334	$ 3,861	5%

The increase in selling, general and administrative expense for the year ended December 31, 2018 was primarily attributable to an increase in staffing and personnel-related costs of $2.6 million to support our sales, marketing and administrative functions, as well as an increase in professional fees of $1.1 million related to legal, consulting and other costs associated with activities and implementation of certain processes relating to our compliance with the Sarbanes Oxley Act. These increases were partially offset by lower sales and marketing costs of $1.0 million related to fewer promotional events and other external activities.

We expect selling, general and administrative expense to increase in future periods as the number of sales, technical support and marketing and administrative personnel grows to support the expected growth in our existing lines of business, as well as to support the introduction of new products and product platforms, including our new GeoMx DSP and Hyb & Seq product platforms.

Other Income (Expense)

	Year Ended December 31,		Change	
	2018	2017	Dollars	Percentage
	(Dollars in thousands)			
Interest income	$ 1,331	$ 809	$ 522	65%
Interest expense	(7,431)	(6,153)	(1,278)	21%
Other income (expense), net	(1,658)	183	(1,841)	(1,006)%
Total other income (expense), net	$ (7,758)	$ (5,161)	$ (2,597)	50%

Interest expense increased for the year ended December 31, 2018 due primarily to having a higher average balance of long-term debt outstanding during 2018 which was $52.5 million as compared to $48.6 million for 2017. In addition, as a result of the replacement of our long-term debt facility with CRG, we incurred a loss on extinguishment of the original long-term debt

which totaled $0.8 million. Interest income increased for the year ending December 31, 2018, due to higher interest rates as well as an increased average investment balance during the year. Other income (expense), net is primarily related to estimated costs for certain state and local taxes and to realized and unrealized gains or losses associated with foreign currency transactions primarily denominated in the Euro and British Pounds, both of which generally weakened relative to the U.S. Dollar for the year ending December 31, 2018, compared to the prior year.

Comparison of Years Ended December 31, 2017 and 2016

Revenue

	Year Ended December 31,		Change	
	2017	2016	Dollars	Percentage
	(Dollars in thousands)			
Product revenue:				
Instruments	$ 20,839	$ 24,229	$ (3,390)	(14)%
Consumables	38,311	37,545	766	2%
In vitro diagnostic kits	6,745	4,168	2,577	62%
Total product revenue	65,895	65,942	(47)	—%
Service revenue	6,115	3,192	2,923	92%
Total product and service revenue	72,010	69,134	2,876	4%
Collaboration revenue	42,895	17,355	25,540	147%
Total revenue	$ 114,905	$ 86,489	$ 28,416	33%

Instruments revenue decreased for the year ended December 31, 2017, due primarily to fewer instruments sold during the year, and to a lesser extent, the realization of a lower average price per instrument sold. We sold approximately 125 instruments in 2017, down from approximately 140 instruments in 2016. While our mix of instruments sold remained relatively consistent year over year, the average price per instrument sold in 2017 was impacted by a greater proportion of instruments being sold through distributors during 2017, for which we typically record lower selling prices, as well as lower prices recorded related to sales of our nCounter SPRINT Profilers as compared to 2016. Consumables revenue increased during 2017, primarily as a result of our growing installed base of nCounter Analysis Systems, as well as growth in various European markets. *In vitro* diagnostic kit revenue represents sales of Prosigna assays, which increased as more testing providers came online, and testing volumes increased. The increase in service revenue was primarily related to an increase in the number of instruments covered by service contracts, and also increases in revenue generated from technology access fees, data analysis, and other services related to new potential customers and technologies which are under development. Our product and service revenue may continue to increase in future periods, as a result of our increased investments in sales and marketing activities, the introduction of new nCounter consumable products, and the potential commercial launch of our GeoMx DSP and Hyb & Seq product candidates.

Collaboration revenue increased by $25.5 million in 2017, due largely to changes in estimates related to future costs associated with our collaborations with Merck and Medivation and Astellas. Our collaboration with Medivation and Astellas was terminated during the second quarter of 2017, and during the fourth quarter of 2017, we were notified by Merck of a change in scope associated with planned future regulatory activities. Both of these events resulted in a decrease of the total expected costs associated with the collaborations, and as a result, the completion percentage used in the proportional performance model used for revenue recognition increased substantially. These changes in estimates resulted in an acceleration of revenue recognized during 2017, relative to the original planned project time lines and estimated costs. The addition of our new collaboration agreement with Lam, which was entered into during the third quarter of 2017, also contributed to our increased collaboration revenue in 2017 as compared to the prior year.

Cost of Product and Service Revenue; Gross Profit; and Gross Margin

	Year Ended December 31,		Change	
	2017	2016	Dollars	Percentage
	(Dollars in thousands)			
Cost of product and service revenue	$ 31,880	$ 30,245	$ 1,635	5%
Product and service gross profit	$ 40,130	$ 38,889	$ 1,241	3%
Product and service gross margin	56%	56%		

For the year ended December 31, 2017, cost of product and service revenue increased due to higher volumes of consumables sold, including our Prosigna *in vitro* diagnostic kits, as well as increased revenue from service contracts and data analysis services as compared to 2016. These increases were partially offset by the lower volume of instruments sold during the

year. Our gross margin on product and service revenue in 2017 benefited from a shift in revenue mix from instruments to consumables, driven in large part by continued growth in Prosigna *in vitro* diagnostic kit revenue, the addition of new higher margin service revenue from our GeoMx DSP technology access program, and a lower royalty rate on our license of the foundational nCounter patents due to the achievement of a cumulative revenue milestone that took effect in the third quarter of 2016. These increases were offset by lower average selling prices realized on certain sales of our nCounter Analysis Systems, as a result of selected promotion and sales related activities during the period, the reduction in certain higher gross margin custom consumable orders, and increased reserves for slow-moving inventory. We expect our cost of product and service revenue to increase in future periods, primarily due to our expected continued growth in product and service revenue. We expect our gross margin on product and service revenue to remain stable or potentially increase in future periods, as we increase our sales of consumables through a larger instrument installed base, as we introduce new nCounter consumable products that may have lower gross margins during their initial launch period, and as a greater proportion of nCounter *SPRINT* Profilers are sold in future periods as a percentage of our total instrument sales. Costs related to collaboration revenue are included in research and development expense.

Research and Development Expense

	Year Ended December 31,		Change	
	2017	2016	Dollars	Percentage
	(Dollars in thousands)			
Research and development expense	$ 46,888	$ 34,720	$ 12,168	35%

The increase in research and development expense in 2017 was primarily attributable to an increase in staffing and personnel-related costs of $6.2 million, as well as increased supply costs of $2.2 million and professional fees of $1.8 million. These increased costs were incurred primarily to support the advancement of our collaborations and technology and product development activities, including GeoMx DSP and Hyb & Seq, product candidates. In addition, facility costs increased by $1.4 million in 2017, due to expansion of our leased space for research and development activities. We expect that research and development costs will continue to increase in future periods in support of remaining development activities relating to our GeoMx DSP product candidate, and as a result of our new collaboration agreement with Lam and the resulting expansion of our development of the Hyb & Seq product candidate. As an offset to this expected increase in expense relating to Hyb & Seq, Lam has committed to provide up to $50.0 million in funding. We expect the majority of the Hyb and Seq program development efforts and related costs to be incurred during 2018 and the first half of 2019.

Selling, General and Administrative Expense

	Year Ended December 31,		Change	
	2017	2016	Dollars	Percentage
	(Dollars in thousands)			
Selling, general and administrative expense	$ 74,334	$ 62,700	$ 11,634	19%

The increase in selling, general and administrative expense in 2017 was primarily attributable to an increase in staffing and personnel-related costs of $8.8 million to support our sales, marketing and administrative functions, increased sales and marketing costs of $1.6 million related to promotional events and other external activities, and increased professional fees of $0.6 million. These increases were partially offset by $0.6 million of lower state and local gross receipt-based taxes primarily as a result of lower amounts received under our collaboration agreements. We expect selling, general and administrative expenses may increase in future periods, in the event we make additional investments to support the sales of our existing products, or launch activities relating to new product candidates, such as our GeoMx DSP product candidate, for which material commercial launch activities are expected to commence in 2019.

Other Income (Expense)

	Year Ended December 31,		Change	
	2017	2016	Dollars	Percentage
	(Dollars in thousands)			
Interest income	$ 809	$ 390	$ 419	107%
Interest expense	(6,153)	(5,672)	(481)	8%
Other income (expense), net	183	(515)	698	(136)%
Total other income (expense), net	$ (5,161)	$ (5,797)	$ 636	(11)%

Interest expense increased in 2017, due primarily to increases in our long-term debt borrowings during these periods. The average balance of long-term debt outstanding during 2017 and 2016 was $48.6 million and $44.9 million, respectively. Interest income increased in 2017, due to higher interest rates as well as an increased average investment balance in 2017.

Other income (expense), net is primarily related to realized and unrealized gains or losses associated with foreign currency transactions during 2017, in which we benefited from the weakening of the U.S. dollar versus foreign currencies, primarily the Euro and the British pound.

Liquidity and Capital Resources

As of December 31, 2018, we had cash, cash equivalents and short-term investments of $94.0 million, compared to $77.6 million as of December 31, 2017. We believe our existing cash, cash equivalents and short-term investments will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. However, we may need to raise additional capital to expand the commercialization of our products, fund our operations and further our research and development activities. Our future funding requirements will depend on many factors, including: the nature and timing of any additional companion diagnostic development collaborations we may establish; market acceptance and the level of sales of our existing products and new product candidates; the nature and timing of any additional research, product development or other partnerships or collaborations we may establish; the cost and timing of establishing additional sales, marketing and distribution capabilities; the cost of our research and development activities; the cost and timing of regulatory clearances or approvals; the effect of competing technological and market developments; and the extent to which we acquire or invest in businesses, products and technologies, although we currently have no commitments or agreements relating to any of these types of transactions.

We will require additional funds in the future and we may not be able to obtain such funds on acceptable terms, or at all. If we raise additional funds by issuing equity or equity-linked securities, our stockholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our stockholders. If we raise additional funds through partnership, collaboration or licensing arrangements with third parties, it may be necessary to relinquish some rights to our technologies or our products, or grant licenses on terms that are not favorable to us. If we are unable to raise adequate funds, we may have to liquidate some or all of our assets, delay or reduce the scope of or eliminate some or all of our research and development programs, delay development, launch activities or commercialization of our products or license to third parties the rights to commercialize products or technologies that we would otherwise seek to commercialize, or reduce marketing, customer support or other resources devoted to our products or cease operations.

Sources of Funds

Since inception, we have financed our operations primarily through the sale of equity securities and, to a lesser extent, from borrowings. Our cash used in operations for the year ended December 31, 2018 was $54.1 million, including $23.6 million in cash receipts from our collaboration agreements. The timing and amount of such receipts in the future are uncertain, and therefore we may be required to secure larger amounts of cash to fund our planned operations.

Equity Financings

In July 2018, we completed an underwritten public offering of 4,600,000 shares of common stock, including the exercise in full by the underwriters of their option to purchase 600,000 additional shares of common stock in August 2018, for total gross proceeds of $57.5 million. After underwriter's commissions and other expenses of the offering, our aggregate net proceeds were approximately $53.8 million.

In January 2018, we entered into a sales agreement with a sales agent to sell shares of our common stock through an "at the market" equity offering program for up to $40.0 million in gross cash proceeds. The sales agreement allows us to set the parameters for the sale of shares, including the number of shares to be issued, the time period during which sales are requested to be made, limits on the number of shares that may be sold in any one trading day and a minimum price below which sales may not be made. Under the terms of the Sales Agreement, commission expenses to the sales agent will be 3% of the gross sales price per share sold through the sales agent. The Sales Agreement shall automatically terminate upon the issuance and sale of placement shares equaling sales proceeds of $40.0 million and may be terminated earlier by either us, or the sales agent upon five days' notice. As of the date of this report, there had been no shares of common stock sold under this agreement.

In June 2017, we completed an underwritten public offering of 3,450,000 shares of common stock, including the exercise by the underwriter of an over-allotment option for 450,000 shares of common stock, for total gross proceeds of $57.8 million. After underwriters' fees and commissions and other expenses of the offering, our aggregate net proceeds were approximately $56.5 million.

Debt Instruments

Term Loan Agreements

In April 2014, we entered into a term loan agreement, or the 2014 Term Loan, under which we could borrow up to $45.0 million. In October 2015, we amended the 2014 Term Loan primarily to increase the maximum borrowing capacity to $60.0 million, excluding deferred interest, reduce the applicable interest rate from 12.5% to 12.0%, extend the interest-only period through March 2021, and extend the final maturity to March 2022. Under the 2014 Term Loan, borrowings accrued interest at 12.0% annually, payable quarterly, of which 3.0% could be deferred during the first six years of the amended term at our option and paid together with the principal at maturity. We borrowed a total of $45.0 million under the 2014 Term Loan through June 2016, excluding deferred interest. On December 31, 2016, our option to borrow the remaining $15.0 million under the 2014 Term Loan expired. Total borrowings and deferred interest under the 2014 Term Loan were $49.3 million as of December 31, 2017.

In October 2018, we entered into an amended and restated term loan agreement, or the 2018 Term Loan, under which we may borrow up to $100.0 million, which is due and payable in September 2024. At closing, we received net proceeds of approximately $7.8 million, pursuant to borrowings of $60.0 million under the new facility, net of repayment of our 2014 Term Loan of $50.4 million, including deferred interest and transaction-related fees and expenses. Of the $40.0 million in additional borrowing capacity under the 2018 Term Loan, we have the option to borrow up to $20.0 million until June 2019 subject to no further terms and conditions, and up to an additional $20.0 million until March 2020, subject to the achievement of annual revenue thresholds as at or prior to December 31, 2019.

The 2018 Term Loan accrues interest at a rate of 10.5%, payable quarterly, of which 3.0% may be deferred during the six year term at our option and repaid at maturity together with the principal. We paid an upfront fee of 0.5% of the aggregate principal amount of the initial borrowing under the 2018 Term Loan, and will pay a facility fee equal to 2.0% of the total amount borrowed including any deferred interest at the time the principal is repaid. A long-term liability of $1.4 million is being accreted using the effective interest method for the facility fee over the term of the 2018 Term Loan. Additional borrowings under the 2018 Term Loan will bear the same upfront and facility fees.

In connection with 2018 Term Loan, warrants to purchase an aggregate of 341,578 shares of common stock with an exercise price per share of $21.12 were issued to the lenders, and, in the event additional amounts are drawn under the 2018 Term Loan, additional warrants will be issued on each subsequent draw date for 0.3% of the fully-diluted shares then outstanding. The exercise price for additional warrants will be set at a 25.0% premium to the average closing trading price for the 30-day trading period as of the date immediately before the applicable draw date. The warrants issued in conjunction with the initial borrowing under the 2018 Term Loan were determined to be closely linked to our common stock, and as such, were recorded as an equity security in additional paid in capital at their relative fair value of $1.6 million with a corresponding debt discount recorded against 2018 Term Loan balance outstanding.

Total borrowings and deferred interest under the 2018 Term Loan were $60.4 million as of December 31, 2018. The balance of the 2018 Term Loan as of December 31, 2018 is net of discounts related to the warrants, debt issuance costs and other upfront fees of $2.0 million.

We have the option to prepay the 2018 Term Loan, in whole or part, at any time subject to payment of a redemption fee of up to 4.0%, which declines 1.0% after the first year of the term, with no redemption fee payable if prepayment occurs after the second year of the loan.

Obligations under the 2018 Term Loan are collateralized by substantially all of our assets. The 2018 Term Loan contains customary conditions to borrowings, events of default and negative covenants, including covenants that could limit our ability to, among other things, incur additional indebtedness, liens or other encumbrances, make dividends or other distributions; buy, sell or transfer assets; engage in any new line of business; and enter into certain transactions with affiliates. The 2018 Term Loan also includes a $2.0 million minimum liquidity covenant and annual minimum revenue-based financial covenants. If our actual revenues are below the minimum annual revenue requirement for any given year, we may avoid a related default by generating proceeds from an equity or subordinated debt issuance equal to the shortfall between our actual revenues and the minimum revenue requirement.

2018 Revolving Loan Facility

In January 2018, we entered into a $15.0 million secured revolving loan facility, with availability subject to a borrowing base consisting of eligible accounts receivable. In November 2018, we entered into an amended and restated loan and security agreement to increase the borrowing capacity under the facility to $20.0 million, amend the borrowing base to include finished goods inventory, and extend the final maturity under the facility to November 2021. As of December 31, 2018, no amounts had been drawn on the facility.

Interest on borrowings is payable monthly and accrues at a yearly rate equal to the greater of the prime rate as reported in the Wall Street Journal plus 0.50%, or 4.75%. During an event of default, amounts drawn accrue interest at a yearly rate equal to 8.75%. Obligations under the agreement are secured by our cash and cash equivalents, accounts receivable and proceeds thereof, and inventory and proceeds from the sale thereof. The lender's interest in the collateral under the loan facility is senior to the lender's interest in such collateral under the term loan agreement. The loan facility contains various customary representations and warranties, conditions to borrowing, events of default, including cross default provisions with respect to the loan facility, and covenants, including financial covenants requiring the maintenance of minimum annual revenue and liquidity.

We were in compliance with our financial covenants under the 2018 Term Loan agreement and the secured revolving loan facility as of December 31, 2018.

Use of Funds

Our principal uses of cash are funding our operations, capital expenditures, working capital requirements and satisfaction of any outstanding obligations under our revolving or term loan facilities, respectively. Over the past several years, our revenue has increased significantly from year to year and, as a result, our cash flows from customer collections have increased. However, our operating expenses have also increased as we have invested in our sales and marketing activities and growing our existing product sales, in research and development of new product platforms and technologies that we believe have the potential to drive the long-term growth of our business, and in support of our various collaborations.

Our operating cash requirements may increase in the future as we invest in the research and development of new product platforms including GeoMx DSP and Hyb & Seq, increase sales and marketing activities to expand the installed base of our nCounter Analysis Systems and continue to promote consumable usage, including Prosigna, and develop new applications, chemistry and instruments for our nCounter platform. We cannot be certain our revenues will grow sufficiently to offset our operating expense increases, nor can we be certain that we will be successful in continuing to generate cash from new partnerships or collaborations to help fund our operations. As a result, we may need to raise additional funds to support our operations, and such funding may not be available to us on acceptable terms, or at all. If we are unable to raise additional funds when needed, our operations and ability to execute our business strategy could be adversely affected.

Historical Cash Flow Trends

The following table shows a summary of our cash flows for the periods indicated:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Cash used in operating activities	$ (54,065)	$ (51,657)	$ (6,079)
Cash used in investing activities	(22,925)	(2,490)	(30,261)
Cash provided by financing activities	75,081	59,668	35,093

Operating Cash Flows

We derive operating cash flows from cash collected from the sale of our products and services and from collaborations. These cash flows received are currently outweighed by our use of cash for operating expenses to support the growth of our business. As a result, we have historically experienced negative cash flows from operating activities and this will likely continue for the foreseeable future.

Net cash used in operating activities for 2018 consisted of our net loss of $77.4 million partially offset by $8.9 million of changes in our operating assets and liabilities and $14.4 million of net non-cash income and expense items, such as stock-based compensation, depreciation and amortization, deferred interest converted to principal pursuant to our term loan agreement, and provisions for bad debt and inventory obsolescence.

Net cash used in operating activities for 2017 consisted of our net loss of $43.6 million, plus the negative impact of decreases in our deferred revenue related to collaboration agreements of $29.2 million. The decrease in deferred revenue related to collaborations was due primarily to the termination of our Medivation and Astellas collaboration agreement and the change in scope of the Merck collaboration agreement, both of which resulted in the completion percentage used in the proportional performance model used for revenue recognition to increase substantially. As a result, we accelerated the recognition of revenue recognized during 2017, relative to the original planned project time lines and estimated costs. These unfavorable "uses" of funds were partially offset by $3.3 million of changes in our operating assets and liabilities and $17.8 million of net non-cash income and expense items, such as stock-based compensation, depreciation and amortization, deferred interest converted to principal pursuant to our term loan agreement, and provisions for bad debt and inventory obsolescence.

Net cash used in operating activities for 2016 consisted of our net loss of $47.1 million partially offset by $27.5 million of changes in our operating assets and liabilities, including $29.9 million related to our collaboration agreements, and by $13.5 million of net non-cash income and expense items, such as stock-based compensation, depreciation and amortization, deferred interest converted to principal for the term loan, and accretion of discount on short-term investments.

Investing Cash Flows

Our most significant investing activities for the years ended December 31, 2018, 2017, and 2016 were related to the purchase and sale of short-term investments. Because we manage our cash usage with respect to our total cash, cash equivalents and short-term investments, we do not consider these cash flows to be important to an understanding of our liquidity and capital resources.

In the years ended December 31, 2018, 2017, and 2016, we purchased $4.5 million, $4.3 million, and $4.0 million respectively, of property and equipment required to support the growth and expansion of our operations.

Financing Cash Flows

Historically, we have funded our operations through the issuance of equity securities and debt borrowings.

Net cash provided by financing activities for 2018 consisted of net proceeds of $53.8 million from an underwritten public offering, $13.5 million of net proceeds from our 2018 Term Loan, $3.5 million of proceeds from the exercise of stock options, and $1.5 million from proceeds associated with our Employee Stock Purchase Plan.

Net cash provided by financing activities for 2017 consisted of net proceeds of $56.5 million from an underwritten public offering, $1.8 million from proceeds associated with our Employee Stock Purchase Plan, and $1.1 million of proceeds from the exercise of stock options.

Net cash provided by financing activities for 2016 consisted of net proceeds of $26.2 million from the sale of shares through an "at the market" equity offering program, proceeds of $5.0 million from our amended term loan agreement, $1.5 million from proceeds associated with our Employee Stock Purchase Plan, and $2.6 million of proceeds from the exercise of stock options.

Contractual Obligations

The following table reflects a summary of our contractual obligations as of December 31, 2018.

	Payments due by period				
Contractual Obligations[1]	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
			(In thousands)		
Lease obligations[2]	$ 41,714	$ 5,526	$ 11,153	$ 11,577	$ 13,458
Long-term debt obligations[3]	60,400	—	—	—	60,400
Purchase obligations[4]	17,698	17,698	—	—	—
Total	$ 119,812	$ 23,224	$ 11,153	$ 11,577	$ 73,858

[1]Excludes royalty obligations based on net sales of products, including royalties payable to the Institute for Systems Biology, as any such amounts are not currently determinable.

[2]Lease costs are primarily for office, laboratory and manufacturing space.

[3]Includes principal and deferred interest on long-term debt obligations.

[4]Purchase obligations consist of contractual and legally binding commitments under outstanding purchase orders to purchase long lead time inventory and other research and development items.

Critical Accounting Policies and Significant Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities, revenue and expenses at the date of the financial statements. Generally, we base our estimates on historical experience and on various other assumptions in accordance with GAAP that we believe to be reasonable under the circumstances. Actual results may differ from these estimates.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies and estimates include those related to:

- revenue recognition;
- stock-based compensation;
- inventory valuation;
- fair value measurements; and
- income taxes.

Revenue Recognition

We generate the majority of our revenue from sales of products and services. Our products consist of our proprietary nCounter Analysis Systems and related consumables. Services consist of instrument service contracts and service fees for assay processing.

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration expected to be received in exchange for those products and services. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract. Performance obligations are considered satisfied once control of a product or service has transferred to the customer, meaning the customer has the ability to use and obtain the benefit of the product or service. Revenue is recognized for satisfied performance obligations only when there are no uncertainties regarding payment terms or transfer of control.

Revenue from instruments, consumables and *in vitro* diagnostic kits is recognized generally upon shipment to the end customer, which is when title of the product has been transferred to the customer. Instrument revenue related to installation and calibration services is recognized when the customer has possession of the instrument and the services have been performed. Such services can also be provided by our distribution partners and other third parties. For instruments sold solely to run Prosigna assays, an initial training course must be provided by us prior to instrument revenue recognition.

Instrument service contracts are sold with contract terms ranging from 12-36 months and cover periods after the end of the initial 12-month warranty. These contracts include services to maintain performance within our designed specifications and a minimum of one preventative maintenance service procedure during the contract term. Revenue from services to maintain designed specifications is considered a stand-ready obligation and recognized evenly over the contract term and service revenue related to preventative maintenance of instruments is recognized when the procedure is completed. Revenue from service fees for assay processing is recognized upon the rendering of the related performance obligation.

For arrangements with multiple performance obligations, we allocate the contract price in proportion to its stand-alone selling price. We use our best estimate of stand-alone selling price for its products and services based on average selling prices over a 12-month period and reviews its stand-alone prices annually.

Product and service revenues from sales to customers through distributors are recognized consistent with the policies and practices for direct sales to customers, as described above.

We enter into collaboration agreements that may generate upfront fees, and in some cases subsequent milestone payments that may be earned upon completion of certain product development milestones or other designated activities. We are able to estimate the total expected cost of product development and other services under these arrangements and recognize collaboration revenue using a contingency-adjusted proportional performance model. Costs incurred to date compared to total expected costs are used to determine proportional performance, as this is considered to be representative of the delivery of outputs under the arrangements. Revenue recognized at any point in time is limited to cash received, amounts contractually due, or the amounts of any product development or other contractual milestone payments when achievement of a milestone is deemed to be probable. Changes in estimates of total expected collaboration product development or other costs are accounted for prospectively as a change in estimate. From period to period, collaboration revenue can fluctuate substantially based on the achievement or probable achievement of product development or other milestones, or as estimates of total expected collaboration product development or other costs are changed or updated. We may recognize revenue from collaboration agreements that do not include upfront or milestone-based payments. Amounts due to collaboration partners are recognized when the related activities have occurred and are classified in the statement of operations, generally as research and development expense, based on the nature of the related activities.

Stock-based Compensation

We account for stock-based compensation at fair value. Stock-based compensation costs are recognized based on their grant date fair value estimated using the Black-Scholes option pricing model. Stock-based compensation expense recognized in the consolidated statements of operations is based on options ultimately expected to vest and has been reduced by an estimated forfeiture rate based on our historical and expected forfeiture patterns. We use the straight-line method of allocating compensation cost over the requisite service period of the related award.

Determining the fair value of stock-based awards at the grant date under the Black-Scholes option pricing model requires judgment, including estimating the value per share of our common stock, risk-free interest rate, expected term and dividend yield and volatility. The assumptions used in calculating the fair value of stock-based awards represent our best estimates based on management judgment and subjective future expectations. These estimates involve inherent uncertainties. If any of the assumptions used in the Black-Scholes option pricing model significantly change, stock-based compensation for future awards may differ materially from the awards granted previously.

The expected term of options granted is based on historical experience of similar awards and expectations of future employee behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. We have not paid and do not anticipate paying cash dividends on our common stock; therefore, the expected dividend yield is assumed to be zero. Volatility through 2016 was based on the estimated volatility of similar companies whose share prices are publicly available. In 2017, we calculated volatility based on our share price activity throughout the year.

Inventory Valuation

Inventory consists of raw materials, certain component parts to be used in manufacturing our products and finished goods. Inventory is stated at the lower of cost or market. Cost is determined using a standard cost system, whereby the standard costs are updated periodically to reflect current costs and market represents the lower of replacement cost or estimated net realizable value. We record adjustments to inventory for potentially excess, obsolete, slow-moving or impaired items. The business environment in which we operate is subject to rapid changes in technology and customer demand. We regularly review inventory for excess and obsolete products and components, taking into account product life cycle and development plans, product expiration and quality issues, historical experience and our current inventory levels. If actual market conditions are less favorable than anticipated, additional inventory adjustments could be required.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 2 of the Notes to the Consolidated Financial Statements under Item 8 of this report.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or for any other contractually narrow or limited purpose.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks, including changes in commodity prices and interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices. Prices for our products are largely denominated in U.S. dollars and, as a result, we do not face significant risk with respect to foreign currency exchange rates.

Interest Rate Risk

Generally, our exposure to market risk has been primarily limited to interest income sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because the majority of our investments are in short-term debt securities. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive without significantly increasing risk. To minimize risk, we maintain our portfolio of cash, cash equivalents and short-term investments in a variety of interest-bearing instruments, which have included U.S. government and agency securities, high-grade U.S. corporate bonds, asset-backed securities, and money market funds. Declines in interest rates, however, would reduce future investment income. A 10% decline in interest rates, occurring on January 1, 2019 and sustained throughout the period ending December 31, 2019, would not be material.

As of December 31, 2018, the principal and deferred interest outstanding under our term borrowings was $60.4 million. The interest rates on our term borrowings under our credit facility are fixed. If overall interest rates had increased by 10% during the periods presented, our interest expense would not have been affected.

Foreign Currency Exchange Risk

As we continue to expand internationally our results of operations and cash flows will become increasingly subject to fluctuations due to changes in foreign currency exchange rates. Historically, a majority of our revenue has been denominated in U.S. dollars, although we sell our products and services directly in certain markets outside of the United States denominated in local currency, principally the Euro. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United States. The effect of a 10% adverse change in exchange rates on foreign denominated cash, receivables and payables would not have been material for the periods presented. As our operations in countries outside of the United States grow, our results of operations and cash flows will be subject to potentially greater fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. To date, we have not entered into any material foreign currency hedging contracts although we may do so in the future.

Inflation Risk

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

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
NANOSTRING TECHNOLOGIES, INC.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of NanoString Technologies, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of NanoString Technologies, Inc. and its subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of operations, of comprehensive loss, of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2018, including the related notes ("collectively referred to as the consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the COSO because material weaknesses in internal control over financial reporting existed as of that date related to: (i) an ineffective control environment as the Company had an insufficient complement of resources with an appropriate level of information technology ("IT") controls knowledge, expertise and training commensurate with the Company's financial reporting requirements which contributed to additional material weaknesses in that the Company (ii) did not design and maintain effective controls over certain IT general controls for the significant applications used in the preparation of the financial statements, and (iii) did not design and maintain controls to timely detect and independently review instances where individuals with access to post a journal entry may also have edited or created the journal entry.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses referred to above are described in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. We considered these material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2018 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and

procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington
March 11, 2019

We have served as the Company's auditor since 2008.

NanoString Technologies, Inc.
Consolidated Balance Sheets

	December 31,	
	2018	2017
	(In thousands, except par value amounts)	
Assets		
Current assets:		
Cash and cash equivalents	$ 24,356	$ 26,136
Short-term investments	69,641	51,419
Accounts receivable, net	17,279	19,564
Inventory, net	13,173	20,057
Prepaid expenses and other current assets	7,258	4,745
Total current assets	131,707	121,921
Restricted cash	—	143
Property and equipment, net	15,171	14,057
Other assets	680	641
Total assets	$ 147,558	$ 136,762
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 8,636	$ 4,092
Accrued liabilities	3,705	4,507
Accrued compensation and other employee benefits	12,060	8,634
Customer deposits	8,167	8,945
Deferred revenue, current portion	9,890	9,229
Deferred rent, current portion	657	512
Total current liabilities	43,115	35,919
Deferred revenue, net of current portion	1,620	3,304
Deferred rent and other liabilities, net of current portion	7,558	8,499
Long-term debt, net of discounts	58,396	48,931
Total liabilities	110,689	96,653
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock, $0.0001 par value, 15,000 shares authorized; none issued	—	—
Common stock, $0.0001 par value, 150,000 shares authorized; 30,913 and 25,421 shares issued and outstanding at December 31, 2018 and 2017, respectively	3	2
Additional paid-in-capital	428,162	353,308
Other comprehensive loss	(40)	(99)
Accumulated deficit	(391,256)	(313,102)
Total stockholders' equity	36,869	40,109
Total liabilities and stockholders' equity	$ 147,558	$ 136,762

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

NanoString Technologies, Inc.
Consolidated Statements of Operations

	Years Ended December 31,		
	2018	2017	2016
	(In thousands, except per share amounts)		
Revenue:			
Product and service	$ 83,523	$ 72,010	$ 69,134
Collaboration	23,209	42,895	17,355
Total revenue	106,732	114,905	86,489
Costs and expenses:			
Cost of product and service revenue	36,331	31,880	30,245
Research and development	61,599	46,888	34,720
Selling, general and administrative	78,195	74,334	62,700
Total costs and expenses	176,125	153,102	127,665
Loss from operations	(69,393)	(38,197)	(41,176)
Other income (expense):			
Interest income	1,331	809	390
Interest expense	(7,431)	(6,153)	(5,672)
Other income (expense)	(1,658)	183	(515)
Total other income (expense)	(7,758)	(5,161)	(5,797)
Net loss before provision for income taxes	(77,151)	(43,358)	(46,973)
Provision for income taxes	(249)	(204)	(116)
Net loss	$ (77,400)	$ (43,562)	$ (47,089)
Net loss per share—basic and diluted	$ (2.78)	$ (1.84)	$ (2.34)
Weighted average shares used in computing basic and diluted net loss per share	27,883	23,731	20,116

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

NanoString Technologies, Inc.
Consolidated Statements of Comprehensive Loss

	Years Ended December 31,		
	2018	2017	2016
	(In thousands)		
Net loss	$ (77,400)	$ (43,562)	$ (47,089)
Other comprehensive income (loss):			
Change in unrealized gain (loss) on short-term investments	59	(42)	(28)
Comprehensive loss	$ (77,341)	$ (43,604)	$ (47,117)

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

NanoString Technologies, Inc.
Consolidated Statements of Changes in Stockholders' Equity

	Common Stock		Additional Paid-in Capital	Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
				(In thousands)		
Balances at January 1, 2016	19,570	$ 2	$ 242,693	$ (29)	(222,451)	$ 20,215
Issuance of common stock net of issuance costs of $1.0 million	1,333	—	26,073	—	—	26,073
Issuance of common stock for employee stock purchase plan	139	—	1,489	—	—	1,489
Exercise of stock options	349	—	2,607	—	—	2,607
Exercise of common stock warrants, net	133	—	—	—	—	—
Vesting of restricted stock units	5	—	—	—	—	—
Stock-based compensation	—	—	9,038	—	—	9,038
Net loss	—	—	—	—	(47,089)	(47,089)
Other comprehensive (income) loss	—	—	—	(28)	—	(28)
Balances at December 31, 2016	21,529	2	281,900	(57)	(269,540)	12,305
Issuance of common stock net of issuance costs of $1.3 million	3,450	—	56,486	—	—	56,486
Issuance of common stock for employee stock purchase plan	139	—	1,793	—	—	1,793
Issuance of common stock warrants	—	—	674	—	—	674
Exercise of stock options	228	—	1,086	—	—	1,086
Exercise of common stock warrants, net	29	—	—	—	—	—
Vesting of restricted stock units, net	46	—	—	—	—	—
Stock-based compensation	—	—	11,369	—	—	11,369
Net loss	—	—	—	—	(43,562)	(43,562)
Other comprehensive (income) loss	—	—	—	(42)	—	(42)
Balances at December 31, 2017	25,421	2	353,308	(99)	(313,102)	40,109
Cumulative effect of a change in accounting policy[(1)]	—	—	—	—	(754)	(754)
Issuance of common stock net of issuance costs of $3.7 million	4,600	1	53,828	—	—	53,829
Issuance of common stock warrants	—	—	4,593	—	—	4,593
Exercise of stock options	431	—	3,507	—	—	3,507
Issuance of common stock for employee stock purchase plan	257	—	1,451	—	—	1,451
Exercise of common stock warrants, net	118	—	—	—	—	—
Vesting of restricted stock units, net	86	—	—	—	—	—
Stock-based compensation	—	—	11,475	—	—	11,475
Net loss	—	—	—	—	(77,400)	(77,400)
Other comprehensive (income) loss	—	—	—	59	—	59
Balances at December 31, 2018	30,913	$ 3	$ 428,162	$ (40)	$ (391,256)	$ 36,869

(1) Effective January 1, 2018, we adopted Accounting Standard Update No. 2014-09, Revenue from Contracts with Customers. See Note 2. Significant Accounting Policies and Note 3. Revenue from Contracts with Customers for more information.

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

NanoString Technologies, Inc.
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2018	2017	2016
	(In thousands)		
Operating activities			
Net loss	$ (77,400)	$ (43,562)	$ (47,089)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	4,070	3,354	2,977
Stock-based compensation expense	11,475	11,369	9,038
Repayment of accrued interest of long-term debt	(5,446)	—	—
Loss on extinguishment of long-term debt	842	—	—
Amortization (accretion) of discount or premium on short-term investments	278	198	(20)
Amortization of debt issuance costs and discounts	438	171	158
Conversion of accrued interest to long-term debt	1,530	1,472	1,357
(Gain) loss on disposal of property and equipment	97	15	(2)
Provision for bad debt	467	361	—
Provision for inventory obsolescence	691	866	822
Changes in operating assets and liabilities			
Accounts receivable	1,807	2,277	(2,476)
Inventory	5,251	(8,742)	(5,857)
Prepaid expenses and other assets	(2,714)	(1,278)	109
Accounts payable	4,640	(110)	869
Accrued liabilities	(494)	1,312	(40)
Accrued compensation and other employee benefits	3,463	295	281
Customer deposits	(778)	8,335	610
Deferred revenue	(1,779)	(29,161)	29,948
Deferred rent and other liabilities	(503)	1,171	3,236
Net cash used in operating activities	(54,065)	(51,657)	(6,079)
Investing activities			
Purchases of property and equipment	(4,485)	(4,284)	(3,991)
Proceeds from sale of property and equipment	—	—	4
Proceeds from sale of short-term investments	7,910	3,600	4,700
Proceeds from maturity of short-term investments	51,300	79,599	34,800
Purchases of short-term investments	(77,650)	(81,405)	(65,774)
Net cash used in investing activities	(22,925)	(2,490)	(30,261)
Financing activities			
Proceeds from long-term debt	60,000	—	5,000
Deferred costs related to long-term debt	(500)	—	—
Repayment of long-term debt and lease financing obligations	(45,000)	(58)	(226)
Fees paid upon extinguishment of debt	(1,009)	—	—
Proceeds from sale of common stock, net	53,829	56,486	26,223
Proceeds from issuance of common stock warrants	3,010	674	—
Proceeds from issuance of common stock for employee stock purchase plan	1,451	1,793	1,489
Tax withholdings related to net share settlements of restricted stock units	(207)	(313)	—
Proceeds from exercise of stock options	3,507	1,086	2,607
Net cash provided by financing activities	75,081	59,668	35,093
Net increase (decrease) in cash and cash equivalents	(1,909)	5,521	(1,247)
Effect of exchange rate changes on cash and cash equivalents	(14)	32	(26)
Cash and cash equivalents and restricted cash			
Beginning of year	26,279	20,726	21,999
End of year	$ 24,356	$ 26,279	$ 20,726

NanoString Technologies, Inc.
Consolidated Statements of Cash Flows (*continued*)

	Years Ended December 31,		
	2018	2017	2016
	(In thousands)		
Reconciliation of cash and cash equivalents and restricted cash at end of period:			
Cash and cash equivalents	$ 24,356	$ 26,136	$ 20,583
Restricted cash	—	143	143
Cash and cash equivalents and restricted cash at end of period	$ 24,356	$ 26,279	$ 20,726
Supplemental disclosures			
Cash paid for interest	$ 6,213	$ 4,416	$ 4,071
Fair value of warrants issued with long-term debt	1,583	—	—
Cash paid for taxes	231	154	217
Purchases of property and equipment, accrued but not paid	—	—	275
Rental instruments reclassified from inventory	585	1,023	801
Non-cash inventory exchanged for services	106	—	28

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

1. Description of the Business

NanoString Technologies, Inc. (the "Company") was incorporated in the state of Delaware on June 20, 2003. The Company's headquarters is located in Seattle, Washington. The Company's proprietary optical barcoding chemistry enables direct detection, identification and quantification of individual target molecules in a biological sample by attaching a unique color coded fluorescent reporter to each target molecule of interest. The Company markets its proprietary nCounter Analysis System, consisting of instruments and consumables, including its Prosigna Breast Cancer Assay, to academic, government, biopharmaceutical and clinical laboratory customers.

The Company has incurred losses to date and expects to incur additional losses for the foreseeable future. The Company continues to invest the majority of its resources in the development and growth of its business, including significant investments in new product development and sales and marketing efforts. The Company's activities have been financed primarily through the sale of equity securities and incurrence of indebtedness, cash received by the Company pursuant to certain product development collaborations, and, to a lesser extent, through the incurrence of capital leases and other borrowings.

2. Significant Accounting Policies

Accounting Principles and Principles of Consolidation

The consolidated financial statements and accompanying notes were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying consolidated financial statements reflect the accounts of the Company and its wholly-owned subsidiaries. Each of the subsidiaries operates as a sales and support office. The functional currency of each subsidiary is the U.S. dollar. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and that affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates inherent in the preparation of the accompanying consolidated financial statements include the estimation of the valuation of inventory, the fair value of the Company's equity securities, the calculation of stock-based compensation and the estimated future cost of ongoing collaboration agreements, for which revenues are recognized on a proportional performance basis.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with purchased maturities of three months or less to be cash equivalents. The Company's cash equivalents consist principally of funds maintained in depository accounts. The Company invests its cash and cash equivalents with major financial institutions; at times these investments exceed federally insured limits.

Investments

The Company classifies its securities as available-for-sale, which are reported at estimated fair value with unrealized gains and losses included in accumulated other comprehensive loss in stockholders' equity. Realized gains, realized losses and declines in the value of securities judged to be other-than-temporary, are included in other income (expense). The cost of investments for purposes of computing realized and unrealized gains and losses is based on the specific identification method. Amortization of premiums and accretion of discounts are included in other income (expense). Interest and dividends earned on all securities are included in other income (expense). Investments in securities with maturities of less than one year, or where management's intent is to use the investments to fund current operations, or to make them available for current operations, are classified as short-term investments.

If the estimated fair value of a security is below its carrying value, the Company evaluates whether it is more likely than not that it will sell the security before its anticipated recovery in market value and whether evidence indicating that the cost of the investment is recoverable within a reasonable period of time outweighs evidence to the contrary. The Company also evaluates whether or not it intends to sell the investment. If the impairment is considered to be other-than-temporary, the security is written down to its estimated fair value. In addition, the Company considers whether credit losses exist for any securities. A credit loss exists if the present value of cash flows expected to be collected is less than the amortized cost basis of

the security. Other-than-temporary declines in estimated fair value and credit losses are charged against other income (expense).

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from customers based on their outstanding invoices. Management reviews accounts receivable regularly to determine if any receivable will potentially be uncollectible and to estimate the amount of allowance for doubtful accounts necessary to reduce accounts receivable to its estimated net realizable value by analyzing the status of significant past due receivables. The allowance for doubtful accounts was $0.7 million as of December 31, 2018, $0.5 million as of December 31, 2017, and $0.1 million as of December 31, 2016 and 2015. Additions to the allowance were $0.5 million, $0.4 million, and $0 for the years ended December 31, 2018, 2017, and 2016, respectively. There were write-offs of uncollectible accounts of approximately $0.2 million, $1,200, and $5,000 during the years ended December 31, 2018, 2017, and 2016 respectively.

Concentration of Credit Risks

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments and accounts receivable. Cash is invested in accordance with the Company's investment policy, which includes guidelines intended to minimize and diversify credit risk. Most of the Company's investments are not federally insured. The Company has credit risk related to the collectability of its accounts receivable. The Company performs initial and ongoing evaluations of its customers' credit history or financial position and generally extends credit on account without collateral. The Company has not experienced any significant credit losses to date.

The Company had one customer/collaborator, Lam Research Corporation ("Lam"), that represented 17% of total revenue for the year ended December 31, 2018 and two customers/collaborators, (1) Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc. ("Merck"), and (2) Medivation, Inc. and Astellas Pharma Inc., that represented 25% and 10%, respectively, of total revenue for the year ended December 31, 2017. The Company had one customer/collaborator, Merck, that represented 13% of total revenue for the year 2016. The Company had no customers or collaborators that represented more than 10% of total accounts receivable as of December 31, 2018 and 2017.

The Company is also subject to supply chain risks related to the outsourcing of the manufacturing and production of its instruments to sole suppliers. Although there are a limited number of manufacturers for instruments of this type, the Company believes that other suppliers could provide similar products on comparable terms. Similarly, the Company sources certain raw materials used in the manufacture of consumables from certain sole suppliers. A change in suppliers, however, could cause a delay in manufacturing and a possible loss of sales, which would adversely affect operating results.

Fair value of financial instruments

The recorded amounts of certain financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and other assets, accounts payable and accrued liabilities approximate fair value due to their relatively short maturities. Investments that are classified as available-for-sale are recorded at fair value. The fair value for securities held is determined using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. The recorded amount of the Company's long-term debt approximates fair value because the related interest rates approximate rates currently available to the Company.

Inventory

Inventory consists of finished goods, work in process, raw materials and certain component parts to be used in manufacturing or servicing the Company's products. Inventory is stated at the lower of cost or net realizable value. Cost is determined using a standard cost system, whereby the standard costs are updated periodically to reflect current costs and market represents the lower of cost or market (replacement cost or estimated net realizable value). The Company's policy is to establish inventory reserves when conditions exist that suggest that inventory may be in excess of anticipated demand, obsolete, slow moving or impaired. In the event that the Company identifies these conditions exist in its inventory, its carrying value is reduced to its net realizable value. Inventory reserves were $3.2 million as of December 31, 2018, $2.7 million as of December 31, 2017, and $2.2 million as of December 31, 2016. Additions to the reserves were $0.7 million, $0.9 million, and $0.8 million for the years ended December 31, 2018, 2017, and 2016, respectively. Write-offs of inventory reserves for the years ended December 31, 2018, 2017, and 2016 were $0.3 million, $0.4 million, and $0.7 million, respectively.

The Company outsources the manufacturing of its instruments to third-party contract manufacturers who manufacture them to certain specifications and source certain raw materials from sole source providers. Major delays in shipments, inferior quality, insufficient quantity or any combination of these or other factors may harm the Company's business and results of operations. In addition, the inability of one or more of these suppliers to provide the Company with an adequate supply of its

products or raw materials or the loss of one or more of these suppliers may cause a delay in the Company's ability to fulfill orders while it obtains a replacement supplier and may harm the Company's business and results of operations.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Manufacturing equipment is depreciated over five years, lease and loaner instruments are depreciated over one to five years, prototype systems are depreciated over two years, computer equipment is generally depreciated over three years, furniture and fixtures are depreciated over five years and leasehold improvements are amortized over the life of the related assets or the term of the lease, whichever is shorter. Expenditures for additions are capitalized and expenditures for maintenance and repairs are expensed as incurred. Gains and losses from the disposal of property and equipment are reflected in the consolidated statements of operations in the period of disposition.

Leases and Leasehold Improvements

Rent expense for leases that provide for scheduled rent increases during the lease term is recognized on a straight-line basis over the term of the related lease. Leasehold improvements that are funded by landlord incentives or allowances are recorded in property and equipment and as a component of deferred rent and are amortized as a reduction of rent expense over the term of the related lease.

Impairment of Long-Lived Assets

The Company recognizes impairment losses on long-lived assets when indicators of impairment are present and the anticipated undiscounted cash flows to be generated by those assets are less than the asset's carrying values. The Company has not experienced any impairment losses on its long-lived assets during the periods presented.

Segments

Operating segments are defined as components of an entity for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the chief executive officer, who manages the operations and evaluates the financial performance on a total Company basis. The Company's principal operations and decision-making functions are located at its corporate headquarters in the United States and the Company operates as a single operating and reporting segment.

Revenue Recognition

The Company recognizes revenue when control of the promised goods or services is transferred to its customers, in an amount that reflects the consideration expected to be received in exchange for those products and services. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract. Performance obligations are considered satisfied once the Company has transferred control of a product or service to the customer, meaning the customer has the ability to use and obtain the benefit of the product or service. The Company recognizes revenue for satisfied performance obligations only when there are no uncertainties regarding payment terms or transfer of control.

The Company generates the majority of its revenue from the sale of products and services. The Company's products consist of its proprietary nCounter Analysis Systems and related consumables. Services consist of instrument service contracts and service fees for assay processing. Revenues are presented net of the taxes that are collected from customers and remitted to governmental authorities.

Revenue from instruments, consumables and *in vitro* diagnostic kits is recognized generally upon shipment to the end customer, which is when title of the product has been transferred to the customer. Instrument revenue related to installation and calibration services is recognized when the customer has possession of the instrument and the services have been performed. Such services can also be provided by the Company's distribution partners and other third parties. For instruments sold solely to run Prosigna assays, an initial training course must be provided by the Company prior to instrument revenue recognition.

Instrument service contracts are sold with contract terms ranging from 12-36 months and cover periods after the end of the initial 12-month warranty. These contracts include services to maintain performance within the Company's designed specifications and a minimum of one preventative maintenance service procedure during the contract term. Revenue from

services to maintain designed specifications is considered a stand-ready obligation and recognized evenly over the contract term. Revenue from service fees for assay processing is recognized upon the rendering of the related performance obligation.

For arrangements with multiple performance obligations, the Company allocates the contract price in proportion to its stand-alone selling price. The Company uses its best estimate of stand-alone selling price for its products and services based on average selling prices over a 12-month period and reviews its stand-alone prices annually.

Product and service revenues from sales to customers through distributors are recognized consistent with the policies and practices for direct sales to customers, as described above.

The Company enters into collaboration agreements that may generate upfront fees, and in some cases subsequent milestone payments that may be earned upon completion of certain product development milestones or other designated activities. The Company estimates the expected total cost of product development and other services under these arrangements and recognizes collaboration revenue using a contingency-adjusted proportional performance model. Costs incurred to date compared to total expected costs are used to determine proportional performance, as this is considered to be representative of the delivery of outputs under the arrangements. Revenue recognized at any point in time is limited to cash received, amounts contractually due, or the amounts of any product development or other contractual milestone payments when achievement of a milestone is deemed to be probable. Changes in estimates of total expected collaboration product development or other costs are accounted for prospectively as a change in estimate. From period to period, collaboration revenue can fluctuate substantially based on the achievement or probable achievement of product development or other milestones, or as estimates of total expected collaboration product development or other costs are changed or updated. The Company may recognize revenue from collaboration agreements that do not include upfront or milestone-based payments. Amounts due to collaboration partners are recognized when the related activities have occurred and are classified in the statement of operations, generally as research and development expense, based on the nature of the related activities.

For the years ending December 31, 2017 and 2016, the Company recognized revenue related to its products and services based on the applicable accounting standards for revenue recognition which were in effect for those periods. The accounting standards in effect for years prior to 2018 allowed revenue to be recognized when (1) persuasive evidence of an arrangement existed, (2) delivery occurred or services had been rendered, (3) the price to the customer was fixed or determinable and (4) collectability was reasonably assured. A delivered product or service was considered to be a separate unit of accounting when it had value to the customer on a stand-alone basis. Products or services had value on a stand-alone basis if they were sold separately by any vendor or the customer could resell the delivered product.

Instruments, consumables and *in vitro* diagnostic kits were considered to be separate units of accounting as they were sold separately and revenue was recognized upon transfer of ownership, which was generally upon shipment. Instrument revenue related to installation and calibration services was recognized when services were rendered by the Company.

Service revenue is recognized when earned, which is generally upon the rendering of the related services. Service agreements and service fees for assay processing are each considered separate units of accounting as they are sold separately. Service agreements are generally separately priced. Revenue from service agreements is deferred and recognized on a straight-line basis over the service period.

For arrangements with multiple deliverables, the Company allocated the agreement consideration at the inception of the agreement to the deliverables based upon their relative selling prices. Selling prices were established by reference to vendor specific objective evidence based on stand-alone sales transactions for each deliverable. Vendor specific objective evidence was considered to have been established when a substantial majority of individual sales transactions within the previous 12-month period fall within a reasonably narrow range, which the Company defined to be plus or minus 15% of the median sales price of actual stand-alone sales transactions. The Company used its best estimate of selling price for individual deliverables when vendor specific objective evidence or third-party evidence was unavailable. Allocated revenue was only recognized for each deliverable when the revenue recognition criteria was met.

Cost of Revenue

Cost of revenue consists primarily of costs incurred in the production process, including costs of purchasing instruments from third-party contract manufacturers, consumable component materials and assembly labor and overhead, installation, warranty, service and packaging and delivery costs. In addition, cost of revenue includes royalty costs for licensed technologies included in the Company's products, provisions for slow-moving and obsolete inventory and stock-based compensation expense. Cost of revenue for instruments and consumables is recognized in the period the related revenue is recognized. Shipping and handling costs incurred for product shipments are included in cost of revenue in the consolidated statements of operations.

Reserve for Product Warranties

The Company generally provides a one-year warranty on its nCounter Analysis Systems and establishes a reserve for future warranty costs based on historical product failure rates and actual warranty costs incurred. Warranty expense is recorded as a component of cost of revenue in the consolidated statements of operations.

Research and Development

Research and development expenses, consisting primarily of salaries and benefits, occupancy costs, laboratory supplies, clinical study costs, contracted services, consulting fees and related costs, are expensed as incurred.

Selling, General and Administrative

Selling expenses consist primarily of personnel related costs for sales and marketing, contracted services and service fees and are expensed as the related costs are incurred. Advertising costs are expensed as incurred and are included in sales and marketing expenses. Advertising costs totaled approximately $4.8 million, $5.9 million, and $5.3 million during the years ended December 31, 2018, 2017, and 2016, respectively.

General and administrative expenses consist primarily of personnel related costs for the Company's finance, human resources, business development, legal, information technology and general management, as well as professional fees for legal, accounting, and other consulting services. General and administrative expenses are expensed as they are incurred.

Income Taxes

The Company accounts for income taxes under the liability method. Under the liability method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and income tax bases of assets and liabilities and are measured using the tax rates that will be in effect when the differences are expected to reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

The Company determines whether a tax position is more likely than not to be sustained upon examination based on the technical merits of the position. For tax positions meeting the more-likely-than-not threshold, the tax amount recognized in the financial statements is reduced by the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

Stock-Based Compensation

The Company accounts for stock-based compensation under the fair value method. Stock-based compensation costs are based on option awards granted and vested based on their grant-date fair value, estimated using the Black-Scholes option pricing model. The Company uses the straight-line attribution method for recognizing compensation expense.

Guarantees and Indemnifications

In the normal course of business, the Company guarantees and/or indemnifies other parties, including vendors, lessors and parties to transactions with the Company, with respect to certain matters. The Company has agreed to hold the other parties harmless against losses arising from breach of representations or covenants, or out of intellectual property infringement or other claims made against certain parties. It is not possible to determine the maximum potential amount the Company could be required to pay under these indemnification agreements, since the Company has not had any prior indemnification claims, and each claim would be based upon the unique facts and circumstances of the claim and the particular provisions of each agreement. In the opinion of management, any such claims would not be expected to have a material adverse effect on the Company's consolidated results of operations, financial condition or cash flows. The Company did not have any related liabilities recorded at December 31, 2018 and 2017.

Comprehensive Loss

Comprehensive loss includes certain changes in equity that are excluded from net loss. Specifically, unrealized gains and losses on short-term investments are included in comprehensive (income) loss.

Recently Adopted Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") entitled "ASU 2014-09, Revenue from Contracts with Customers." The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to a customer. In March 2016, the FASB issued "ASU 2016-08, Principal vs Agent Considerations (Reporting Revenue Gross versus Net)" which clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued "ASU 2016-10, Identifying Performance Obligations and Licensing" which clarifies the implementation guidance on identifying performance obligations and the licensing implementation guidance. In May 2016, the FASB issued "ASU 2016-12, Narrow-Scope Improvements and

Practical Expedients" which provides practical expedients for contract modifications and clarification on assessing the collectability criterion, presentation of sales taxes, measurement date for non-cash consideration and completed contracts at transition. The standards require an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods or services to a customer. This guidance replaces most existing revenue recognition guidance and requires more extensive disclosures related to revenue recognition, particularly in quarterly financial statements. A cumulative effect of applying the new revenue standard has been recognized as an adjustment to the opening balance of retained earnings as of January 1, 2018, using the modified retrospective transition method. The comparative information has not been restated and continues to be reported under the accounting standards in effect for the period presented.

See Note 3. Revenue from Contracts with Customers, for additional accounting policy and transition disclosures.

In January 2016, FASB issued "ASU 2016-01, Financial Instruments: Overall." The standard addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The Company adopted the standard in the first quarter of 2018 and adoption did not have a material impact on its consolidated results of operations, financial condition, cash flows, and financial statement disclosures.

In August 2016, FASB issued "ASU No. 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments." The standard provides guidance on the presentation of certain cash receipts and cash payments in the statement of cash flows in order to reduce diversity in existing practice. The Company adopted the standard in the first quarter of 2018 and there was no material impact on its consolidated results of operations, financial condition, cash flows, and financial statement disclosures.

In November 2016, FASB issued "ASU 2016-18, Statement of Cash Flows: Restricted Cash." The standard requires companies to include amounts generally described as restricted cash and restricted cash equivalents, along with cash and cash equivalents, when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows. The Company adopted the standard in the first quarter of 2018 using the retrospective transition method and reflected the impact of this standard in its consolidated cash flows.

In May 2017, FASB issued "ASU 2017-09, Compensation - Stock Compensation: Scope of Modification Accounting." The standard clarifies which changes to the terms or conditions of a share-based payment award are required to be accounted for as modifications. The Company adopted the standard in the first quarter of 2018 prospectively and adoption did not have an impact on its consolidated results of operations, financial condition, cash flows, and financial statement disclosures.

Recent Accounting Pronouncements

In February 2016, FASB issued "ASU 2016-02, Leases – Recognition and Measurement of Financial Assets and Financial Liabilities." The standard requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition. In August 2018, FASB issued "ASU 2018-11, Leases (Topic 842): Targeted Improvements," which allows the cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. In December 2018, FASB issued "ASU-2018-20, Leases (Topic 842): Narrow Scope Improvements for Lessors," which provides an election for lessors to exclude sales and related taxes collected from lessees from consideration in the contract, requires lessors to exclude from revenue and expense lessor costs paid directly to third parties by lessees, and clarifies lessors accounting for variable payments related to both lease and nonlease components.

The Company will adopt the standard as of January 1, 2019, using the modified retrospective transition approach to be applied to leases existing as of, or entered into after, January 1, 2019. The Company is in the process of evaluating the impact of this standard and expects it to primarily relate to its operating leases for office and laboratory space noted in "Part 1. Item 2. Properties" of this Annual Report on Form 10-K, for which the Company will record a lease liability and corresponding right-of-use asset upon adoption. Future undiscounted obligations related to the Company's facility leases in effect as of December 31, 2018, are included in the table of future minimum lease payments disclosed in Note 14. The Company does not expect the impact of adoption to have a significant impact on its consolidated results of operations or cash flows, but does anticipate significant new disclosure requirements.

In June 2016, FASB issued "ASU 2016-13, Financial Instruments — Credit Losses (Topic 326)" and subsequently in November 2018, "ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses." The standard requires disclosure regarding expected credit losses on financial instruments at each reporting date, and changes how other than temporary impairments on investments securities are recorded. The standard will become effective for the Company beginning January 1, 2020 with early adoption permitted. The Company is currently assessing the impact adoption of this standard will have on its consolidated results of operations, financial condition, cash flows, and financial statement disclosures.

In February 2018, FASB issued “ASU 2018-02, Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.” The new guidance permits companies to reclassify the stranded tax effects of the Tax Cuts and Jobs Act (the “Act”) on items within accumulated other comprehensive income to retained earnings. The Company will adopt the standard as of January 1, 2019 and is currently assessing the impact adoption of this standard will have on its consolidated results of operations, financial condition, cash flows, and financial statement disclosures.

In August 2018, FASB issued “ASU 2018-15, Intangibles — Goodwill and other — Internal-use software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.” The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard will become effective for the Company beginning on January 1, 2020, with early adoption permitted. The Company is currently assessing the impact adoption of this standard will have on its consolidated results of operations, financial condition, cash flows, and financial statement disclosures.

In November 2018, the FASB issued “ASU 2018-18, Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606.” The new guidance clarifies when certain transactions between collaborative arrangement participants which should be accounted for as revenue under Topic 606. The standard will become effective for the Company beginning on January 1, 2020, with early adoption permitted. The Company is currently assessing the impact adoption of this standard will have on its consolidated results of operations, financial condition, cash flows, and financial statement disclosures.

3. Revenue from Contracts with Customers

On January 1, 2018, the Company adopted the new standard for revenue recognition provided in “ASU 2014-09, Revenue from Contracts with Customers” and has applied the modified retrospective transition method to all contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under the new standard, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The Company recorded a transition adjustment which reduced opening retained earnings by $0.8 million as of January 1, 2018 due to the cumulative impact of adopting the new revenue standard. The Company's revenues for the twelve months ended December 31, 2018 included the recognition of $0.8 million, as a result of adopting the new revenue standard and satisfying certain performance obligations during the period.

The Company has determined that its collaborative agreements fall within the scope of ASC 808, Collaborative Arrangements, and applies the principles of ASC 606, Revenue from Contracts with Customers, in the measurement and recognition of revenue. In addition, the Company has concluded that when service contracts are sold as part of a bundled arrangement with other products and services, these contracts will no longer be accounted for under separate accounting guidance, but rather included as a separate performance obligation within a contract subject to the new standard, which includes their inclusion in the determination and allocation of the aggregate transaction price, and recognition of revenue upon the delivery of the performance obligation.

Performance obligations

Performance obligations related to instrument sales are reviewed on a contract-by-contract basis, as individual contract terms may vary, and may include installation and calibration services. For instruments sold solely to run Prosigna assays, training to the customer is a required performance obligation prior to any revenue recognition related to the instrument sale. Performance obligations for the Company's consumable products are generally completed upon shipment to the customer.

Disaggregated Revenues

The following table provides information about disaggregated revenue by major product line and primary geographic market (in thousands):

	Year Ended December 31, 2018			
	Americas	Europe and Middle East	Asia Pacific	Total
Product revenue:				
Instruments	$ 12,033	$ 6,677	$ 2,731	$ 21,441
Consumables	29,653	10,847	3,347	43,847
In vitro diagnostic kits	3,014	6,094	337	9,445
Total product revenue	44,700	23,618	6,415	74,733
Service revenue	6,228	2,097	465	8,790
Total product and service revenue	50,928	25,715	6,880	83,523
Collaboration revenue	23,209	—	—	23,209
Total revenues	$ 74,137	$ 25,715	$ 6,880	$ 106,732

	Year Ended December 31, 2017[1]			
	Americas	Europe and Middle East	Asia Pacific	Total
Product revenue:				
Instruments	$ 10,556	$ 6,561	$ 3,722	$ 20,839
Consumables	25,583	9,934	2,794	38,311
In vitro diagnostic kits	2,473	3,982	290	6,745
Total product revenue	38,612	20,477	6,806	65,895
Service revenue	4,592	1,314	209	6,115
Total product and service revenue	43,204	21,791	7,015	72,010
Collaboration revenue	42,895	—	—	42,895
Total revenues	$ 86,099	$ 21,791	$ 7,015	$ 114,905

	Year Ended December 31, 2016[1]			
	Americas	Europe and Middle East	Asia Pacific	Total
Product revenue:				
Instruments	$ 12,086	$ 7,900	$ 4,243	$ 24,229
Consumables	27,015	7,481	3,049	37,545
In vitro diagnostic kits	1,517	2,476	175	4,168
Total product revenue	40,618	17,857	7,467	65,942
Service revenue	2,357	640	195	3,192
Total product and service revenue	42,975	18,497	7,662	69,134
Collaboration revenue	17,355	—	—	17,355
Total revenues	$ 60,330	$ 18,497	$ 7,662	$ 86,489

[1] Amounts have not been retrospectively modified to reflect the adoption of Accounting Standard Update No. 2014-09, Revenue from Contracts with Customers, for the years ended December 31, 2017 and 2016, respectively.

Contract balances and remaining performance obligations

Contract liabilities are included in the current and long-term portions of deferred revenue of $11.5 million and $12.5 million as of December 31, 2018 and December 31, 2017, respectively, and within customer deposits of $8.2 million and $8.9 million as of December 31, 2018 and December 31, 2017, respectively, on the consolidated balance sheets. Total contract

liabilities decreased by $1.8 million for the twelve months ended December 31, 2018 as a result of cash payments received of $29.0 million related to our collaborations and service contracts, partially offset by the recognition of previously deferred revenue of $30.8 million for the completion of certain performance obligations during the period. The Company did not record any contract assets as of December 31, 2018.

Unsatisfied or partially unsatisfied performance obligations related to collaboration agreements as of December 31, 2018 were $13.4 million and are expected to be completed over the period of each collaboration agreement, through June 2020. Performance obligations related to product and service contracts as of December 31, 2018 were $6.3 million and are expected to be completed over the term of the related contract, through August 2023.

Practical expedients

The Company generally recognizes expense related to the acquisition of contracts, such as sales commissions, at the time of revenue recognition, which is generally in the same period products are sold, and in the case of services, revenue is recognized as services are rendered or over the period of time covered by the service contract, which is typically 12-months from the sale. The Company has not established any contract assets or liabilities related to contract acquisition costs as of December 31, 2018. The Company records commission expenses within selling, general and administrative expenses.

Impact of new revenue standard

In accordance with the new revenue guidance, which the Company adopted effective January 1, 2018, the disclosure of the impact of adoption of this new standard to our consolidated statements of operations was as follows:

	Year Ended December 31, 2018		
(in thousands, except per share amounts)	As Reported	Amounts under previous revenue standard	Effect of Change
Revenue:			
Product and service	$ 83,523	$ 82,769	$ 754
Collaboration	23,209	23,209	—
Total revenue	106,732	105,978	754
Net loss	$ (77,400)	$ (78,154)	$ 754
Net loss per share - basic and diluted	$ (2.78)	$ (2.80)	$ 0.02

The adoption of the new revenue standard did not have an aggregate impact on the Company's net cash provided by operating activities, but resulted in offsetting changes in certain liabilities presented within net cash provided by operating activities in the Company's consolidated statement of cash flows, as reflected in the above tables.

4. Short-term Investments

Short-term investments consisted of available-for-sale securities as follows (in thousands):

Type of securities as of December 31, 2018	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Corporate debt securities	$ 47,299	$ 1	$ (21)	$ 47,279
U.S. government-related debt securities	14,972	—	(11)	14,961
Asset-backed securities	$ 7,410	$ —	$ (9)	$ 7,401
Total available-for-sale securities	$ 69,681	$ 1	$ (41)	$ 69,641

Type of securities as of December 31, 2017	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Corporate debt securities	$ 35,567	$ —	$ (53)	$ 35,514
U.S. government-related debt securities	15,951	—	(46)	15,905
Total available-for-sale securities	$ 51,518	$ —	$ (99)	$ 51,419

The fair values of available-for-sale securities by contractual maturity at December 31 were as follows (in thousands):

	2018	2017
Maturing in one year or less	$ 69,641	$ 39,985
Maturing in one to three years	—	11,434
Total available-for-sale securities	$ 69,641	$ 51,419

The Company has the ability to sell its available-for-sale investments maturing greater than one year within 12 months from the balance sheet date and, accordingly, has classified these securities as current in the consolidated balance sheet.

The following table summarizes investments that have been in a continuous unrealized loss position as of December 31, 2018 (in thousands).

	Less Than 12 Months		12 Months or Greater		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Corporate debt securities	$ 14,957	$ (15)	$ 2,516	$ (6)	$ 17,473	$ (21)
U.S. government-related debt securities	14,961	(11)	—	—	14,961	(11)
Asset-backed securities	7,401	(9)	—	—	7,401	(9)
Total	$ 37,319	$ (35)	$ 2,516	$ (6)	$ 39,835	$ (41)

The Company invests in securities that are rated investment grade or better. The unrealized losses on investments as of December 31, 2018 and December 31, 2017 were primarily caused by interest rate increases.

The Company reviews the individual securities in its portfolio to determine whether a decline in a security's fair value below the amortized cost basis is other-than-temporary. The Company determined that as of December 31, 2018, there were no investments in its portfolio that were other-than-temporarily impaired.

5. Fair Value Measurements

The Company establishes the fair value of its assets and liabilities using the price that would be received to sell an asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 — Quoted prices in active markets for identical assets and liabilities.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's available-for-sale securities by level within the fair value hierarchy were as follows (in thousands):

	Fair value measurement using:			
Type of securities as of December 31, 2018	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market fund	$ 16,293	$ —	$ —	$ 16,293
Short-term investments:				
Corporate debt securities	—	47,279	—	47,279
U.S. government-related debt securities	—	14,961	—	14,961
Asset-backed securities	—	7,401	—	7,401
Total	$ 16,293	$ 69,641	$ —	$ 85,934

Type of securities as of December 31, 2017	Fair value measurement using: Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market fund	$ 22,398	$ —	$ —	$ 22,398
Short-term investments:				
Corporate debt securities	—	35,514	—	35,514
U.S. government-related debt securities	—	15,905	—	15,905
Total	$ 22,398	$ 51,419	$ —	$ 73,817

6. Inventory, Net

Inventory consisted of the following at December 31 (in thousands):

	2018	2017
Raw materials	$ 3,408	$ 5,743
Work in process	4,054	4,845
Finished goods	5,711	9,469
Total inventory	$ 13,173	$ 20,057

In 2018 and 2017, the Company transferred into property, plant and equipment net amounts totaling $0.6 million and $1.0 million, respectively, of inventory that was leased or loaned to customers, or assigned for internal use in the Company's facilities.

7. Property and Equipment

Property and equipment consisted of the following at December 31 (in thousands):

	Useful Life (Years)	2018	2017
Manufacturing equipment	5	$ 10,625	$ 8,395
Lease and loaner instruments	1 - 5	4,305	4,106
Prototype instruments	2	975	2,938
Computer equipment	3	2,095	2,067
Furniture and fixtures	5	1,456	1,670
Leasehold improvements	Various	11,960	11,971
Construction in progress		685	158
Total property and equipment, gross		32,101	31,305
Less: Accumulated depreciation and amortization		(16,930)	(17,248)
Total property and equipment, net		$ 15,171	$ 14,057

Prototype instruments consist of nCounter instruments used in internal testing and other development activities. Accumulated depreciation on lease and loaner instruments was $2.4 million and $1.9 million at December 31, 2018 and 2017, respectively.

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2018, 2017, and 2016 totaled approximately $4.0 million, $3.3 million, and $2.9 million, respectively.

8. Long-Term Debt

Term Loan Agreements

In April 2014, the Company entered into a term loan agreement ("2014 Term Loan"), under which it could borrow up to $45.0 million. In October 2015, the Company amended the 2014 Term Loan primarily to increase the maximum borrowing capacity to $60.0 million, excluding deferred interest, reduce the applicable interest rate from 12.5% to 12.0%, extend the interest-only period through March 2021, and extend the final maturity to March 2022. Under the 2014 Term Loan, borrowings accrued interest at 12.0% annually, payable quarterly, of which 3.0% could be deferred during the first six years of the amended term at the Company's option and paid together with the principal at maturity. The Company borrowed a total of $45.0 million

under the 2014 Term Loan through June 2016, excluding deferred interest. On December 31, 2016, the Company's option to borrow the remaining $15.0 million under the 2014 Term Loan expired. Total borrowings and deferred interest under the 2014 Term Loan were $49.3 million as of December 31, 2017.

In October 2018, the Company entered into an amended and restated term loan agreement ("2018 Term Loan"), under which it may borrow up to $100.0 million, which is due and payable in September 2024. At closing, the Company received net proceeds of approximately $7.8 million, pursuant to borrowings of $60.0 million under the new facility, net of repayment of the Company's 2014 Term Loan of $50.4 million, including deferred interest and transaction-related fees and expenses. Of the $40.0 million in additional borrowing capacity under the 2018 Term Loan, the Company has the option to borrow up to $20.0 million until June 2019 subject to no further terms and conditions, and up to an additional $20.0 million until March 2020, subject to the achievement of annual revenue thresholds as at or prior to December 31, 2019.

The term loan agreements involved multiple lenders who were considered members of a loan syndicate. In determining whether the most recent amendment was to be accounted for as a debt extinguishment or a debt modification, the Company considered whether lenders remained the same or changed. As all the lenders who were members of the loan syndicate changed as part of the amended and restated loan agreement, the 2014 Term Loan was extinguished, and the 2018 Term Loan was treated as a new borrowing. The extinguishment resulted in a loss of approximately $0.8 million for the year ended December 31, 2018, which was included in interest expense in the accompanying consolidated statements of operations.

The 2018 Term Loan accrues interest at a rate of 10.5%, payable quarterly, of which 3.0% may be deferred during the six-year term at the Company's option and repaid at maturity together with the principal. The Company paid an upfront fee of 0.5% of the aggregate principal amount of the initial borrowing under the 2018 Term Loan, and will pay a facility fee equal to 2.0% of the total amount borrowed including any deferred interest at the time the principal is repaid. A long-term liability of $1.4 million is being accreted using the effective interest method for the facility fee over the term of the 2018 Term Loan. Additional borrowings under the 2018 Term Loan will bear the same upfront and facility fees as the initial borrowing.

In connection with 2018 Term Loan, warrants to purchase an aggregate of 341,578 shares of common stock with an exercise price per share of $21.12 were issued to the lenders, and, in the event additional amounts are drawn under the 2018 Term Loan, additional warrants will be issued on each subsequent draw date for 0.3% of the fully-diluted shares then outstanding. The exercise price for additional warrants will be set at a 25.0% premium to the average closing trading price for the 30-day trading period as of the date immediately before the applicable draw date. The warrants issued in conjunction with the initial borrowing under the 2018 Term Loan were determined to be closely linked to the Company's stock, and as such, were recorded as an equity security in additional paid in capital at their relative fair value of $1.6 million with a corresponding debt discount recorded against the 2018 Term Loan balance outstanding.

Total borrowings and deferred interest under the 2018 Term Loan were $60.4 million as of December 31, 2018. The balance of the 2018 Term Loan as of December 31, 2018 is net of discounts related to the warrants, debt issuance costs and other upfront fees of $2.0 million.

The Company has the option to prepay the 2018 Term Loan, in whole or part, at any time subject to payment of a redemption fee of up to 4.0%, which declines 1.0% after the first year of the term, with no redemption fee payable if prepayment occurs after the second year of the loan.

Obligations under the 2018 Term Loan are collateralized by substantially all of the Company's assets. The 2018 Term Loan contains customary conditions to borrowings, events of default and negative covenants, including covenants that could limit the Company's ability to, among other things, incur additional indebtedness, liens or other encumbrances, make dividends or other distributions; buy, sell or transfer assets; engage in any new line of business; and enter into certain transactions with affiliates. The 2018 Term Loan also includes a $2.0 million minimum liquidity covenant and minimum annual revenue-based financial covenants. If the Company's actual revenues are below the minimum annual revenue requirement for any given year, it may avoid a related default by generating proceeds from an equity or subordinated debt issuance equal to the shortfall between its actual revenues and the minimum revenue requirement.

The Company incurred $7.4 million, $6.2 million, and $5.7 million of interest expense under the term loan agreements for the years ended December 31, 2018, 2017, and 2016, respectively.

2018 Revolving Loan Facility

In January 2018, the Company entered into a $15.0 million secured revolving loan facility, with availability subject to a borrowing base consisting of eligible accounts receivable. In November 2018, the Company entered into an amended and restated loan and security agreement to increase the borrowing capacity under the facility to $20.0 million, amend the borrowing base to include finished goods inventory, and extend the final maturity under the facility to November 2021. As of December 31, 2018, no amounts had been drawn on the facility.

Interest on borrowings is payable monthly and accrues at a yearly rate equal to the greater of the prime rate as reported in the Wall Street Journal plus 0.50%, or 4.75%. During an event of default, amounts drawn accrue interest at a yearly rate equal to 8.75%. Obligations under the agreement are secured by the Company's cash and cash equivalents, accounts receivable and proceeds thereof, and inventory and proceeds from the sale thereof. The lender's interest in the collateral under the loan facility is senior to the lender's interest in such collateral under the term loan agreement. The loan facility contains various customary representations and warranties, conditions to borrowing, events of default, including cross default provisions with respect to the loan facility, and covenants, including financial covenants requiring the maintenance of minimum annual revenue and liquidity. The Company incurred $0.1 million of interest expense under the revolving loan facility for the year ended December 31, 2018.

The Company was in compliance with its financial covenants under the 2018 Term Loan and the secured revolving loan facility as of December 31, 2018.

Long-term debt consisted of the following at December 31 (in thousands):

	2018	2017
Borrowings under term loan agreements	$ 60,000	$ 45,000
Paid in-kind interest on term loan agreements	400	4,315
Unamortized debt discounts	(2,004)	(384)
Long-term debt, net of discounts	$ 58,396	$ 48,931

Scheduled future payments of principal for outstanding debt were as follows at December 31:

2019	$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	60,400
	$ 60,400

9. Collaboration Agreements

The Company evaluates the statement of operations classification of payments between the participants in each of its collaboration agreements at inception based on the nature of the arrangement, the nature of its business operations and the contractual terms of the arrangement. The Company has determined that amounts to be received from collaborators in connection with the collaboration agreements entered into through December 31, 2018 are related to revenue generating activities.

The Company uses a contingency-adjusted proportional performance model to recognize revenue over the Company's performance period for each collaboration agreement that includes up front, or milestone-based or other contractual payments. Costs incurred to date compared to total expected costs are used to determine proportional performance, as this is considered to be representative of the delivery of outputs under the arrangement. Revenue recognized at any point in time is a factor of and limited to cash received and amounts contractually due. Changes in estimates of total expected costs are accounted for prospectively in the period of change.

The Company recognizes revenue from collaboration agreements that do not include up front, milestone-based, or other contractual payments when earned, which is generally in the same period that related costs are incurred. Amounts due to collaboration partners are recognized when the related activities have occurred and are classified in the statement of operations, generally as research and development expense, based on the nature of the related activities.

Lam Research Corporation

In August 2017, the Company entered into a collaboration agreement with Lam Research Corporation ("Lam") with respect to the development of the Company's Hyb & Seq platform product candidate. Pursuant to the terms of the collaboration agreement, Lam will contribute up to an aggregate of $50.0 million, with amounts thereunder payable quarterly, to be applied to the research and development of the Company's Hyb & Seq platform, based on allowable development costs. Lam is eligible to receive certain single-digit percentage royalty payments from the Company on net sales of certain products and technologies developed under the collaboration agreement, if any such net sales are ever achieved. The maximum amount of royalties payable to Lam will be capped at an amount up to three times the amount of development funding actually provided by Lam. The Company retains exclusive rights to obtain regulatory approval, manufacture and commercialize the Hyb & Seq products.

Lam participates in research and product development through a joint steering committee. The Company will reimburse Lam for the cost of up to 10 full-time Lam employees each year in accordance with the product development plan.

In connection with the execution of the collaboration agreement, the Company issued Lam a warrant to purchase up to 1.0 million shares of the Company's common stock with the number of underlying shares exercisable at any time proportionate to the amount of the $50.0 million commitment that has been provided by Lam. The exercise price of the warrant is $16.75 per share, and the warrant will expire on the seventh anniversary of the issuance date. The warrant was determined to have a fair value of $6.7 million upon issuance, and such amount will be recorded as additional paid in capital proportionately from the quarterly collaboration payments made by Lam.

The Company recognized revenue related to the Lam agreement of $18.6 million and $3.7 million for the years ended December 31, 2018 and 2017, respectively. The Company received development funding of $21.7 million and $13.4 million related to the Lam collaboration for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018, the Company had recorded $1.9 million of deferred revenue related to the Lam collaboration, of which $1.2 million is estimated to be recognizable as revenue within one year. In addition, $7.3 million and $8.3 million are included in customer deposits in the consolidated balance sheets as of December 31, 2018 and 2017, respectively, which represents amounts received in advance. The Company incurred costs of $0.3 million for the year ended December 31, 2018 related to services provided by Lam employees under the terms of the agreement. As of December 31, 2018, Lam had not exercised any warrants.

Celgene Corporation

In March 2014, the Company entered into a collaboration agreement with Celgene Corporation ("Celgene") to develop, seek regulatory approval for, and commercialize a companion diagnostic using the nCounter Analysis System to identify a subset of patients with Diffuse Large B-Cell Lymphoma. In February 2018, the Company and Celgene entered into an amendment to their collaboration agreement in which Celgene agreed to provide the Company additional funding for work intended to enable a subtype and prognostic indication for the test being developed under the agreement for Celgene's drug REVLIMID. In connection with this amendment, the Company agreed to remove the right to receive payments from Celgene in the event commercial sales of the companion diagnostic test do not exceed certain pre-specified minimum annual revenues during the first three years following regulatory approval. In addition, the amendment allows Celgene, at its election, to use trial samples with additional technologies for companion diagnostics.

Pursuant to the Company's agreement as amended in February 2018, the Company is eligible to receive payments from Celgene totaling up to $24.8 million, of which $5.8 million was received as an upfront payment upon delivery of certain information to Celgene and $19.0 million is for development funding and potential success-based development and regulatory milestones. There have been several amendments to the collaboration agreement and in return the Company has received additional payments totaling $2.1 million. The Company will retain all commercial rights to the diagnostic test developed under this collaboration, subject to certain backup rights granted to Celgene to commercialize the diagnostic test in a particular country if the Company elects to cease distribution or elects not to distribute the diagnostic in such country. Assuming success in the clinical trial process, and subject to regulatory approval, the Company will market and sell the diagnostic assay.

The process of successfully developing a product candidate, obtaining regulatory approval and ultimately commercializing a product candidate is highly uncertain and the attainment of any additional milestones is therefore uncertain and difficult to predict. In addition, certain milestones are outside the Company's control and are dependent on the performance of Celgene and the outcome of a clinical trial and related regulatory processes. Accordingly, the Company is not able to reasonably estimate when, if at all, any additional milestone payments may be payable to the Company by Celgene.

The Company recognized revenue related to the Celgene agreement of $2.6 million, $0.2 million, and $3.2 million for the years ended December 31, 2018, 2017, and 2016, respectively. At December 31, 2018, the Company had recorded $4.0 million of deferred revenue related to the Celgene collaboration, all of which is estimated to be recognizable as revenue within one year.

Merck & Co., Inc.

In May 2015, the Company entered into a clinical research collaboration agreement with Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc. ("Merck"), to develop an assay intended to optimize immune-related gene expression signatures and evaluate the potential to predict benefit from Merck's anti-PD-1 therapy, KEYTRUDA. Under the terms of the collaboration agreement, the Company received $3.9 million in payments during 2015. In connection with the execution of the development collaboration agreement, the Company and Merck terminated the May 2015 clinical research collaboration and moved all remaining activities under the related work plan to the new development collaboration agreement. In February 2016, the Company expanded its collaboration with Merck by entering into a new development collaboration agreement to clinically develop, seek regulatory approval for, and commercialize a companion diagnostic test to predict response to KEYTRUDA in multiple tumor types. During 2016, the Company received $12.0 million upfront as a technology access fee and $8.5 million of preclinical milestone payments. In October 2017, Merck notified the Company of its decision not to pursue regulatory approval

of the companion diagnostic test for KEYTRUDA and, in August 2018, the Company and Merck agreed to mutually terminate their development collaboration agreement, effective as of September 30, 2018, following the completion of certain close-out activities. As part of the mutual termination agreement, Merck granted to the Company a non-exclusive license to certain intellectual property that relates to Merck's tumor inflammation signature.

The Company recognized revenue related to the Merck agreement of $1.6 million, $27.0 million, and $8.6 million for the years ended December 31, 2018, 2017, and 2016, respectively. The Company received development funding of $1.1 million, $6.8 million, and $8.7 million for the years ended December 31, 2018, 2017, and 2016, respectively. As of December 31, 2018, there is no remaining deferred revenue related to the Merck collaboration.

Medivation, Inc. and Astellas Pharma, Inc.

In January 2016, the Company entered into a collaboration agreement with Medivation, Inc. ("Medivation") and Astellas Pharma Inc. ("Astellas") to pursue the translation of a novel gene expression signature algorithm discovered by Medivation into a companion diagnostic assay using the nCounter Analysis System. In September 2016, Medivation was acquired by Pfizer, Inc. ("Pfizer") and became a wholly owned subsidiary of Pfizer. In May 2017, the Company received notification from Pfizer and Astellas terminating the collaboration agreement as a result of a decision to discontinue the related clinical trial.

The Company recognized revenue related to the Medivation/Astellas agreement of $11.5 million and $4.8 million for the years ended December 31, 2017 and 2016, respectively, including the favorable impact of a $1.0 million termination penalty during 2017. The Company achieved and was paid for milestones totaling $6.0 million during 2016. The Company received development funding of $0.9 million, and $2.4 million for the years ended December 31, 2017 and 2016, respectively.

10. Common Stock and Preferred Stock

Public Offerings

In May 2015, the Company entered into a sales agreement with a sales agent to sell shares of the Company's common stock through an "at the market" equity offering program for up to $40.0 million in total sales proceeds. Pursuant to the sales agreement, the Company sold 1,331,539 and 960,400 shares during 2016 and 2015, respectively, for net proceeds of $26.1 million and $12.5 million, respectively. The Sales Agreement automatically terminated when the Company sold the maximum number of shares allowed under the agreement.

In June 2017, the Company completed an underwritten public offering of 3,450,000 shares of common stock, including the exercise by the underwriter of an over-allotment option for 450,000 shares of common stock, for total gross proceeds of $57.8 million. After underwriter's fees and commissions and other expenses of the offering, the Company's aggregate net proceeds were approximately $56.5 million.

In January 2018, the Company entered into a Sales Agreement with a sales agent to sell shares of the Company's common stock through an "at the market" equity offering program for up to $40.0 million in gross cash proceeds. The Sales Agreement allows the Company to set the parameters for the sale of shares, including the number of shares to be issued, the time period during which sales are requested to be made, limits on the number of shares that may be sold in any one trading day and a minimum price below which sales may not be made. Under the terms of the Sales Agreement, commission expenses to the sales agent will be 3% of the gross sales price per share sold through the sales agent. The Sales Agreement shall automatically terminate upon the issuance and sale of shares that provide gross proceeds of $40.0 million and may be terminated earlier by either the Company or the sales agent upon five days' notice.

In July 2018, the Company completed an underwritten public offering of 4,600,000 shares of common stock, including the exercise in full by the underwriters of their option to purchase 600,000 additional shares of common stock in August 2018, for total gross proceeds of $57.5 million. After underwriter's commissions and other expenses of the offering, the Company's aggregate net proceeds were approximately $53.8 million.

Common Stock

Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the board of directors, subject to the prior rights of holders of other classes of stock outstanding.

Preferred Stock

Pursuant to the amended and restated certificate of incorporation filed by the Company immediately prior to the completion of its initial public offering, the Company's board of directors is authorized to issue up to 15,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights,

preferences and privileges could include dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing change in the Company's control or other corporate action. As of December 31, 2018, no shares of preferred stock were issued or outstanding, and the board of directors has not authorized or designated any rights, preferences, privileges and restrictions for any class of preferred stock.

Warrants

Prior to the Company's initial public offering, warrants to purchase preferred stock were issued related to certain financing transactions. All preferred stock warrants were converted into warrants to purchase common stock upon the effectiveness of the initial public offering. In addition, the Company has issued common stock warrants to third parties in accordance with the provisions of certain debt and collaboration agreements. As of December 31, 2018, there were 905,798 common stock warrants outstanding with a weighted average exercise price of $18.38 per share and expiration dates ranging from 2022 to 2025.

11. Stock-based Compensation

2004 Stock Option Plan and 2013 Equity Incentive Plan

The Company's 2004 Stock Option Plan, 2013 Equity Incentive Plan, and the 2018 Inducement Equity Incentive Plan (the "Plans") authorize the grant of options, restricted stock units ("RSUs") and other equity awards to employees, directors and consultants. As of December 31, 2018, there were 9,022,827 shares authorized under the Plans. All options granted have a ten-year term and generally vest and become exercisable over four years of continued employment or service as defined in each option agreement. The Board of Directors determines the option exercise price and may designate stock options granted as either incentive or nonstatutory stock options. The Company generally grants stock options to employees with exercise prices equal to the estimated fair value of the Company's common stock on the date of grant.

Stock Option Activity

A summary of the Company's stock option activity under the Plans is as follows:

	Shares	Weighted-average exercise price per share	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at January 1,2018	5,196,253	$ 13.32	6.98	$ 3,861
Granted	1,186,944	8.69		
Canceled and forfeited	(910,243)	14.48		
Exercised	(430,602)	8.14		
Outstanding at December 31, 2018	5,042,352	$ 12.46	6.49	$ 18,255
December 31, 2018:				
Options vested and expected to vest	5,042,352	$ 12.46	6.49	$ 18,255
Options exercisable	3,381,664	$ 12.48	5.49	$ 12,099

The weighted-average grant-date fair value per share of options granted with exercise prices equal to the market price on the date of the grant were $4.78, $9.08, and $6.79 for the years ended December 31, 2018, 2017, and 2016, respectively. The aggregate intrinsic value in the table above is calculated as the difference between the exercise price of the underlying options and the quoted price of the Company's common stock for all options that were in-the-money at December 31, 2018. The aggregate intrinsic value of options exercised was $2.2 million during 2018, $2.4 million during 2017, and $5.0 million during 2016, determined as of the option exercise date. The fair value of options vested was $6.8 million, $8.9 million, and $6.8 million for the years ended December 31, 2018, 2017, and 2016, respectively.

The following table summarizes information about the Company's stock options outstanding at December 31, 2018:

	Outstanding		Exercisable	
Exercise Price	Number of Shares	Weighted-Average Remaining Contractual Life in Years	Number of Shares	Weighted-Average Remaining Contractual Life in Years
$1.92	357,609	3.22	357,609	3.22
$2.24 – $6.72	344,531	2.62	336,231	2.46
$6.80 – $12.56	1,225,090	7.94	462,948	6.15
$12.77	484,976	5.83	463,659	5.82
$12.89 – $12.94	436,867	6.90	298,921	6.73
$13.01 – $14.95	322,713	7.22	223,186	6.61
$14.99 – $17.48	464,533	7.35	293,914	6.78
$17.83 – $18.90	1,150,432	6.49	777,347	5.62
$19.09 – $22.71	255,601	7.26	167,849	7.12
	5,042,352		3,381,664	

Restricted Stock Unit (RSU) Activity

A summary of RSU activity under the Plans is as follows:

Non-vested RSUs	Share Equivalent	Weighted-Average Grant Date Fair Value
Non-vested at January 1, 2018	661,707	$ 11.07
Changes during the year:		
Granted	711,001	7.41
Vested	(109,469)	14.82
Forfeited	(122,110)	8.73
Non-vested at December 31, 2018	1,141,129	$ 8.68

The fair value of the RSUs is determined based on the closing price of the Company's common stock on the date of grant. The fair value of vested RSUs was $1.0 million, $1.1 million, and $64,000 for the years ended December 31, 2018, 2017, and 2016, respectively.

Stock-based compensation

The following table sets forth stock-based compensation expense related to stock-based arrangements under the Plans for the years ended December 31 as follows (in thousands):

	2018	2017	2016
Cost of revenue	$ 616	$ 719	$ 548
Research and development	3,156	2,853	2,046
Selling, general and administrative	6,982	7,047	5,602
Total stock-based compensation expense	$ 10,754	$ 10,619	$ 8,196

As of December 31, 2018, total unrecognized stock-based compensation cost related to non-vested options and RSUs was $15.7 million. This cost will be recognized on a straight-line basis over the weighted-average remaining service period of 2.16 years. The Company utilizes newly issued shares to satisfy option exercises. No tax benefit was recognized related to stock-based compensation cost since the Company has not reported taxable income to date and has established a full valuation allowance to offset all of the potential tax benefits associated with its deferred tax assets.

Valuation assumptions

The fair value of each employee option grant as of December 31 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2018	2017	2016
Risk-free interest rates	2.22% - 3.01%	1.40% - 2.26%	1.18% - 2.12%
Expected term (years)	5.50 - 6.09	5.50 - 6.25	5.50 - 6.50
Expected dividend yield	—	—	—
Expected volatility	56.0% - 57.7%	53.9% - 58.0%	47.0%

The risk-free interest rates are based on the implied yield currently available in U.S. Treasury securities at maturity with an equivalent term. For purposes of determining the expected term of the awards in the absence of sufficient historical data relating to stock-option exercises, the Company applies a simplified approach in which the expected term of an award is presumed to be the mid-point between the vesting date and the expiration date of the award. The Company has not declared or paid any dividends and does not currently expect to do so in the foreseeable future. Expected volatility is based on the historical cumulative volatility of the Company's stock price.

Employee Stock Purchase Plan

The Company's 2013 Employee Stock Purchase Plan ("ESPP") provides eligible employees with an opportunity to purchase common stock from the Company and to pay for their purchases through payroll deductions. The ESPP has overlapping offering periods of approximately 12 months in length. The offering periods generally start with the first trading day on or after March 1 and September 1 of each year and end on the first trading day on or after March 1 and September 1 of the following year, approximately 12 months later. Within each offering period, shares are purchased each six months on an exercise date.

An employee electing to participate in the ESPP (a "participant") will be granted an option at the start of the offering period to purchase shares with contributions in any whole percentage ranging from 0% to 10% (or greater or lesser percentages or dollar amounts that the administrator determines) of the participant's eligible compensation. The participant's contributions will be accumulated and then used to purchase the Company's shares on each exercise date. The purchase price on the exercise date will be 85% of the fair market value of the lesser of the Company's share price on either the first trading day of the offering period or on the exercise date.

During 2018, 2017, and 2016, shares issued under the ESPP were 257,132, 138,972, and 139,195, respectively. The Company recorded share-based compensation expense for shares issued from the ESPP of $0.7 million, $0.8 million, and $0.8 million for the years ended December 31, 2018, 2017, and 2016, respectively. A total of 1,079,647 shares of common stock have been reserved for issuance under the ESPP, of which 266,884 shares were available for issuance as of December 31, 2018.

12. Defined Contribution Retirement Plan

The Company maintains a 401(k) defined contribution retirement plan covering substantially all of its employees. The plan provides for matching and discretionary contributions by the Company. Contributions were $1.3 million, $1.2 million, and $0.9 million for the years ended December 31, 2018, 2017, and 2016, respectively.

13. Income Taxes

Loss before income taxes for the years ended December 31 consisted of the following (in thousands):

	2018	2017	2016
Domestic	$ (78,124)	$ (44,324)	$ (47,562)
Foreign	973	966	589
Loss before income taxes	$ (77,151)	$ (43,358)	$ (46,973)

Significant components of our provision for income taxes for the years ended December 31 are as follows (in thousands):

	2018	2017	2016
Current:			
Domestic	$ —	$ —	$ —
Foreign	249	204	116
Total provision for income taxes	$ 249	$ 204	$ 116

The Tax Cuts and Jobs Act, or the Act, was enacted on December 22, 2017, which reduced the U.S. federal corporate tax rate from 35% to 21%, among other changes. The Company's accounting for the elements of the Act is complete and resulted in a $37.7 million reduction in its net deferred tax assets as of December 31, 2017 to reflect the new statutory rate. The rate adjustment to the deferred tax assets was fully offset by a decrease in the valuation allowance, resulting in no rate impact to the Company.

A reconciliation of the federal statutory income tax rate to the effective income tax rate for the years ended December 31 are as follows (in thousands):

	2018	2017	2016
Income tax provision at statutory rate	$ (16,202)	$ (15,076)	$ (16,010)
Tax on repatriated foreign earnings and other nondeductible items	195	179	135
Change in tax credits	(2,148)	(2,361)	(1,449)
Change in valuation allowance	19,935	(19,792)	17,824
Change in tax rate	—	37,690	—
Foreign tax and other	(1,531)	(436)	(384)
Total provision for income taxes	$ 249	$ 204	$ 116

At December 31, 2018, for income tax return purposes the Company has gross federal and state NOL carryforwards totaling $339.3 million and tax credit carryforwards of $9.1 million. The gross federal NOL carryforwards generated during and after fiscal 2018 totaling $55.0 million are carried forward indefinitely, while all others, if not utilized, will expire beginning in 2025 through 2038. The carryforwards may be subject to limitations under the Internal Revenue Code and applicable state tax law.

The Company does not expect to utilize any of its net operating loss and tax credit carryforwards in the near term. The Company may have already experienced one or more ownership changes. Depending on the timing of any future utilization of its carryforwards, the Company may be limited as to the amount that can be utilized each year as a result of such previous ownership changes. However, the Company does not believe such limitations will cause its carryforwards to expire unutilized.

Future changes in the Company's stock ownership as well as other changes that may be outside the Company's control could potentially result in further limitations on the Company's ability to utilize its net operating loss and tax credit carryforwards.

The effect of temporary differences and carryforwards that give rise to deferred tax assets for the years ended December 31 were as follows (in thousands):

	2018	2017
Net operating loss carryforwards	$ 63,442	$ 49,662
Research and development tax credit carryforwards	8,491	6,505
Foreign tax credit carryforwards	613	448
Stock-based compensation	7,703	5,664
Other	8,347	6,382
Total deferred tax assets	88,596	68,661
Less: Valuation allowance	(88,596)	(68,661)
Net deferred tax assets	$ —	$ —

The Company has recorded a full valuation allowance related to its deferred tax assets due to the uncertainty of the ultimate realization of the future benefits from those assets.

The table below summarizes changes in the deferred tax asset valuation allowance for the years ended December 31 (in thousands):

	2018	2017	2016
Balance at beginning of year	$ 68,661	$ 88,453	$ 70,629
Charged to costs and expenses	19,935	17,898	17,824
Impact of change in tax rate	—	(37,690)	—
Balance at end of year	$ 88,596	$ 68,661	$ 88,453

The total balance of unrecognized gross tax benefits for the years ended December 31, resulting from research and development tax credits claimed on the Company's annual tax return was as follows (in thousands):

	2018	2017	2016
Unrecognized tax benefits at beginning of year	$ 2,168	$ 1,524	$ 1,041
Additions based on current year tax positions	662	644	483
Unrecognized tax benefits at end of year	$ 2,830	$ 2,168	$ 1,524

The Company classifies applicable interest and penalties on amounts due to tax authorities as a component of the provision for income taxes. The amount of accrued interest and penalties recorded in 2018, 2017, or 2016 was not significant. The Company does not anticipate that the amount of its existing unrecognized tax benefits will significantly increase or decrease within the next 12 months. Due to the presence of net operating loss carryforwards in most jurisdictions, the Company's tax years remain open for examination by U.S. taxing authorities back to 2004.

14. Commitments and Contingencies

Operating Leases

The Company is obligated to make future minimum payments under three operating leases for 107,901 square feet of space used for general office, laboratory, manufacturing, operations, and research and development purposes primarily in Seattle, Washington. The leases expire beginning in 2019 to 2026 and include options to renew at the then current fair market rental for each of the facilities. The lease agreements contain rent abatement periods, scheduled rent increases and provide for tenant improvement allowances. Accordingly, the Company has recorded a deferred rent liability of $8.2 million and $8.7 million as of December 31, 2018 and 2017, respectively. This deferred rent liability is amortized over the term of the related lease.

Rent expense totaled approximately $4.9 million, $4.8 million, and $3.8 million for the years ended December 31, 2018, 2017, and 2016, respectively.

Future minimum lease payments under noncancelable operating leases as of December 31, 2018 were as follows (in thousands):

2019	$ 5,526
2020	5,560
2021	5,593
2022	5,708
2023	5,869
Thereafter	13,458
	$ 41,714

Purchase Commitments

The Company has non-cancellable purchase obligations totaling $17.7 million at December 31, 2018 related to binding commitments to purchase inventory and other research and development items.

Contingencies

From time to time, the Company may become involved in litigation relating to claims arising from the ordinary course of business. Additionally, the Company operates in various states and local jurisdictions for which sales, occupation, or franchise taxes may be payable to certain taxing authorities. Management believes that there are no claims or actions pending

against the Company currently, the ultimate disposition of which would have a material adverse effect on the Company's consolidated results of operation, financial condition or cash flows.

15. Net Loss Per Share

Net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding. Outstanding stock options, warrants and preferred stock have not been included in the calculation of diluted net loss per share because to do so would be anti-dilutive. Accordingly, the numerator and the denominator used in computing both basic and diluted net loss per share for each period are the same.

The following outstanding options, restricted stock units and warrants as of December 31 were excluded from the computation of diluted net loss per share for the periods presented because their effect would have been anti-dilutive (in thousands):

	2018	2017	2016
Options to purchase common stock	5,395	5,335	4,711
Restricted stock units	1,147	313	115
Common stock warrants	535	317	491

16. Information about Geographic Areas

The following table is based on the geographic location of distributors or end users who purchased products and services and collaborators. For sales to distributors, their geographic location may be different from the geographic locations of the ultimate end user. Revenue by geography as of December 31 was as follows (in thousands):

	2018	2017	2016
Americas	$ 74,137	$ 86,099	$ 60,330
Europe & Middle East	25,715	21,791	18,497
Asia Pacific	6,880	7,015	7,662
Total revenue	$ 106,732	$ 114,905	$ 86,489

Total revenue in the United States was $71.2 million, $84.0 million, and $58.0 million for the years ended December 31, 2018, 2017, and 2016, respectively. The Company's assets are primarily located in the United States and not allocated to any specific geographic region. Substantially all of the Company's long-lived assets are located in the United States.

17. Condensed Quarterly Financial Data (unaudited)

The following table contains selected unaudited financial data for each quarter of 2018 and 2017. The unaudited information should be read in conjunction with the Company's financial statements and related notes included elsewhere in this report. The Company believes that the following unaudited information reflects all normal recurring adjustments necessary for a fair statement of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	Three months ended			
	March 31,	June 30,	September 30,	December 31,
	(in thousands, except per share data)			
2018				
Total revenue	$ 23,085	$ 24,999	$ 28,616	$ 30,032
Product and service gross profit	$ 10,350	$ 11,832	$ 12,162	$ 12,848
Net loss	$ (19,202)	$ (20,601)	$ (16,486)	$ (21,111)
Net loss per share – basic and diluted	$ (0.75)	$ (0.80)	$ (0.56)	$ (0.68)
2017				
Total revenue	$ 18,063	$ 34,592	$ 27,016	$ 35,234
Product and service gross profit	$ 8,602	$ 10,086	$ 9,610	$ 11,832
Net loss	$ (18,852)	$ (4,555)	$ (11,404)	$ (8,751)
Net loss per share – basic and diluted	$ (0.87)	$ (0.20)	$ (0.45)	$ (0.34)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2018. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the U.S. Securities and Exchange Commission's ("SEC") rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its Chief Executive and Chief Financial Officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2018, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were not effective due to the material weaknesses in internal control over financial reporting, described below.

Following identification of the material weaknesses and prior to filing this Annual Report on Form 10-K, we completed substantive procedures for the year ended December 31, 2018. Based on these procedures, management concluded that our consolidated financial statements included in this Form 10-K have been prepared in accordance with U.S. GAAP. Our Chief Executive Officer and Chief Financial Officer have certified that, based on their knowledge, the financial statements, and other financial information included in this Form 10-K, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Form 10-K. PricewaterhouseCoopers, LLP, an independent registered public accounting firm, has issued an unqualified opinion on our consolidated financial statements, which is included in Item 8 of this Form 10-K.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2018. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) *Internal Control—Integrated Framework (2013*). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We identified a material weakness related to (i) an ineffective control environment as we had an insufficient complement of resources with an appropriate level of information technology ("IT") controls knowledge, expertise and training commensurate with our financial reporting requirements. This material weakness contributed to additional material weaknesses:

(ii) We did not design and maintain effective controls over certain IT general controls for the significant applications used in the preparation of the financial statements. Specifically, we did not maintain user access controls to adequately restrict user and privileged access to the financial application, programs, and data to appropriate personnel.

Additionally, we also did not maintain adequate program change management controls for certain financial systems to ensure that IT program and data changes affecting financial applications and underlying accounting records are identified, tested, authorized and implemented appropriately.

(iii) We did not design and maintain controls to timely detect and independently review instances where individuals with access to post a journal entry may also have edited or created the journal entry.

These material weaknesses did not result in any identified misstatements to our annual or interim financial statements, and there were no changes to previously released financial results. These material weaknesses could result in a misstatement to the account balances or disclosures within the financial statements that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected. Based on these material weaknesses, management concluded that as of December 31, 2018, our internal control over financial reporting was not effective.

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Remediation Efforts

Management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weaknesses are remediated, such that these controls are designed, implemented, and operating effectively. The remediation actions include: (i) implementing an improved IT process and system for approving, monitoring and implementing IT changes to key systems which impact our financial reporting; (ii) implementing improved processes for requesting, authorizing, and reviewing user access to key systems which impact our financial reporting, including identifying access to roles where manual business process controls may be required; (iii) enhancing our training programs and documentation practices which address ITGCs and related policies; and (iv) enhanced quarterly reporting on the remediation measures to the Audit Committee of the Board of Directors. We believe that these actions will remediate the material weaknesses. The material weaknesses will not be considered remediated, however, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information Concerning our Directors

The following table sets forth the name, age and certain background information regarding each member of the board of directors as of March 11, 2019. There are no family relationships among any of the directors or executive officers.

Nominees	Class	Age	Position	Director Since
R. Bradley Gray	I	42	Director, President and Chief Executive Officer	2010
William D. Young[1][3]	III	74	Chairman of the Board	2010
Elisha W. Finney[1]	II	57	Director	2017
Nicholas Galakatos, Ph.D.[2*][3]	III	61	Director	2009
Robert M. Hershberg, M.D., Ph.D.[3]	I	56	Director	2015
Kirk D. Malloy, Ph.D.[2]	I	52	Director	2016
Gregory Norden[1*][2]	II	61	Director	2012
Charles P. Waite[1][3*]	II	63	Director	2004

(1) Member of the audit committee
(2) Member of the compensation committee
(3) Member of the nominating and corporate governance committee
* Denotes chair of such committee

R. Bradley Gray has served as a member of the board of directors and as President and Chief Executive Officer since June 2010. Prior to joining our company, Mr. Gray held various positions at Genzyme, a biotechnology company acquired by Sanofi in 2011. He served as Vice President of Product & Business Development for Genzyme Genetics, the diagnostic services division of Genzyme, from June 2008 to May 2010, leading the development of molecular diagnostics and partnering activities. From September 2006 to June 2008, he served as Vice President of Business & Strategic Development for Genzyme Genetics, leading growth efforts through partnerships and licensing. Mr. Gray joined Genzyme in October 2004 as Director of Corporate Development, supporting business development and leading Genzyme Ventures, the corporate venture capital fund of Genzyme. Prior to joining Genzyme, Mr. Gray was a management consultant in the healthcare practice of McKinsey & Company, a global management consulting firm, from September 2000 to October 2004, where he worked with senior healthcare executives in the United States and Europe on a broad range of issues including pharmaceutical and diagnostic product strategy, post-merger integration, organization design, and operational turnarounds. Mr. Gray received a B.A. in Economics and Management from Oxford University, where he studied as a British Marshall Scholar, and an S.B. in Chemical Engineering from the Massachusetts Institute of Technology. We believe that Mr. Gray possesses specific attributes that qualify him to serve as a director, including the perspective and experience he brings as Chief Executive Officer and his knowledge of molecular diagnostic development and commercialization.

William D. Young has served as the chairman of the board of directors since January 2010 and as a member of the audit committee since November 2011 and nominating and corporate governance committee since September 2013. Mr. Young is a Senior Advisor at Blackstone Life Sciences since November 2018, following Blackstone's acquisition of Clarus Ventures. Prior to Blackstone he was a Venture Partner at Clarus Ventures, a health care and life sciences venture capital firm, which he joined in March 2010. Prior to joining Clarus Ventures, Mr. Young served from 1999 until June 2009 as chairman of the board of directors and Chief Executive Officer of Monogram Biosciences, a biotechnology company acquired by Laboratory Corporation of America in June 2009. From 1980 to 1999 Mr. Young was employed at Genentech, a biotechnology company acquired by Roche in March 2009, most recently as Chief Operating Officer from 1997 to 1999, where he was responsible for all Product Development, Manufacturing and Commercial functions. Mr. Young joined Genentech in 1980 as Director of Manufacturing and Process Sciences and became Vice President in 1983. Prior to joining Genentech, Mr. Young worked at Eli Lilly & Co. for 14 years and held various positions in production and process engineering, antibiotic process development and production management. Mr. Young is a member of the boards of directors of Vertex Pharmaceuticals and Theravance Biopharma where he is the lead independent director. Mr. Young retired from BioMarin Pharmaceutical's board of directors in November 2015 and from Biogen Inc.'s board of directors as chairman in June 2014. Mr. Young received his M.B.A. from Indiana University and his B.S. in chemical engineering from Purdue University, and an honorary doctorate of engineering from Purdue University. Mr. Young was elected to The National Academy of Engineering in 1993 for his contributions to

biotechnology. We believe that Mr. Young's demonstrated leadership in his field, his understanding of the industry and his senior management experience in several companies in our industry qualify him to serve as the chairman of the board of directors.

Elisha W. Finney has served as a member of the board of directors and as a member of the audit committee since May 2017. Ms. Finney retired in May 2017 from her position as the Executive Vice President and CFO of Varian Medical Systems, a publicly-traded developer of cancer care solutions. At Varian, her management responsibilities included corporate accounting, corporate communications and investor relations, internal audit, risk management, tax and treasury, and corporate information systems. Ms. Finney was named vice president, finance and CFO of Varian Medical Systems in April 1999, Senior Vice President and CFO in 2005 and Executive Vice President and CFO in 2012. She joined Varian as risk manager in 1988. Prior to joining Varian, Ms. Finney was with the Fox Group, a property management company in Foster City, California and Beatrice Foods in Chicago, Illinois. She holds a BA degree in risk management and insurance from the University of Georgia as well as an MBA degree from Golden Gate University in San Francisco. Ms. Finney currently serves on the board of directors at ICU Medical, Inc., a publicly traded infusion-therapy company, iRobot Corporation, a publicly-traded maker of consumer robots, CUTERA, Inc., a publicly-traded maker of cosmetic and aesthetic laser equipment, and METTLER-TOLEDO International Inc., a publicly-traded maker and marketer of precision instruments for use in laboratory, industrial and food retailing applications, and she previously served as a board member at Altera Corporation, Thoratec and Laserscope. We believe that Ms. Finney is qualified to serve as a director of NanoString because of her more than 25 years of financial and life science expertise.

Nicholas Galakatos, *Ph.D.* has served as a member of the board of directors, as the chairman of the compensation committee and as a member of the nominating and corporate governance committee since June 2009. Dr. Galakatos is a Senior Managing Director of Blackstone, and Head of the Blackstone Life Sciences business since November 2018, following Blackstone's acquisition of Clarus Ventures. Prior to Blackstone, he was Managing Director of Clarus Ventures, a health care and life sciences venture capital firm, which he co-founded in 2005. Dr. Galakatos has been a venture capital investor since 1992, initially at Venrock Associates from 1992 to 1997 and then at MPM Capital since 2000 where he was General Partner of the Bioventures II and Bioventures III funds. From 1997 to 2000, he was Vice President, New Business, and a member of the Management Team at Millennium Pharmaceuticals, a biopharmaceutical company acquired by Takeda Pharmaceutical in May 2008. He was a founder of Millennium Predictive Medicine and TransForm Pharmaceuticals, where he also was the Chairman and founding Chief Executive Officer. Dr. Galakatos is Chairman of the Board of Directors of Entasis Therapeutics, a clinical stage biopharmaceutical company, and has been the Lead Director at Affymax Inc., and a Director of Portola Pharmaceuticals, Inc., and Aveo Pharmaceuticals, Inc. Dr. Galakatos received a B.A. degree in Chemistry from Reed College, a Ph.D. degree in Organic Chemistry from the Massachusetts Institute of Technology, and performed postdoctoral studies in molecular biology at Harvard Medical School. We believe that Dr. Galakatos is qualified to serve as a director of NanoString because of his operating experience in the biopharmaceutical industry and his extensive experience as a venture capital investor and a director of several public companies. Dr. Galakatos's investment focus on life sciences companies also provides substantial expertise in our industry.

Robert M. Hershberg, M.D., Ph.D. has served as a member of the board of directors and as a member of the nominating and corporate governance committee since March 2015. Since March 2017, Dr. Hershberg has served as Executive Vice President of Business Development and Global Alliances of Celgene Corporation, a publicly-traded biopharmaceutical company, where he is a member of the Executive Committee and is responsible for all business development related activities across the company and management of business alliances. From January 2016 to March 2017, Dr. Hershberg served as the Chief Scientific Officer, where he was responsible for overseeing Celgene's scientific platforms, discovery capabilities and early clinical development, and from July 2014 to January 2016, he served as Senior Vice-President of Immuno-Oncology at Celgene, where he led Celgene's research and early development efforts across its immuno-oncology portfolio. From 2011 to 2017, Dr. Hershberg was President and Chief Executive Officer of VentiRx Pharmaceuticals, a clinical stage biopharmaceutical company, which he co-founded in 2006; from 2006 to 2011 he also served as its Executive Vice President and Chief Medical Officer. Prior to co-founding VentiRx, Dr. Hershberg served as Senior Vice President and Chief Medical Officer at Dendreon Corporation, a biotechnology company, where he led the clinical, regulatory and biometrics groups, focusing on the development of Provenge® in metastatic prostate cancer. From 2001 to 2003, Dr. Hershberg was the Vice President of Medical Genetics at Corixa, a pharmaceutical company (acquired by GlaxoSmithKline in 2005). Earlier in his career, Dr. Hershberg served as an Assistant Professor at Harvard Medical School and an Associate Physician at the Brigham and Women's Hospital in Boston, Massachusetts. Dr. Hershberg holds clinical and research faculty positions at the University of Washington School of Medicine and is a member of the board of directors of Adaptive Biotechnologies Corp., a clinical stage biotechnology company. He completed his undergraduate degree in molecular biology and M.D. at UCLA, and his Ph.D. in biology at the Salk Institute. We believe Dr. Hershberg is qualified to serve as a director of NanoString because of his extensive experience as a senior executive officer at multiple biotechnology companies.

Kirk D. Malloy, Ph.D. has served as a member of the board of directors since September 2016 and as a member of the compensation committee since May 2017. Dr. Malloy served as Chief Executive Officer of Verogen, Inc., from August 2017 to August 2018 after founding the company and securing initial funding. Dr. Malloy is currently founder and principal at BioAdvisors, LLC, where he provides strategic consulting services to life science, diagnostics, and genomics companies. Prior to founding BioAdvisors in April 2016, he was at Illumina, Inc. from 2002 to 2016, most recently as Senior Vice President and General Manager of Life Sciences and Applied Markets from January 2014 to April 2016. From May 2005 to December 2013 he served as Vice President of Global Customer Solutions; he was also Vice President of Global Quality from December 2005 to May 2007. Dr. Malloy joined Illumina in 2002 as Senior Director of Global Customer Solutions. Before Illumina, he held various commercial leadership positions at Biosite Diagnostics and QIAGEN Inc. Dr. Malloy currently serves as Lead Independent Director for Organovo, a publicly-traded company that designs and creates functional, three-dimensional human tissues for use in medical research and therapeutic applications. He also serves as a director for several private genomics tools companies. Dr. Malloy earned his B.S. in Biology from the University of Miami, and his M.S. and Ph.D. from the University of Delaware and held post-doctoral and instructor positions at Boston University and Northeastern University. We believe Dr. Malloy is qualified to serve as a director of NanoString because of his extensive experience with more than 20 years of commercial leadership in life science tools, applied markets, and molecular diagnostics.

Gregory Norden has served as a member of the board of directors and as chairman of the audit committee since July 2012 and as a member of the compensation committee since April 2015. From 1989 to 2010, Mr. Norden held various senior positions with Wyeth/American Home Products, most recently as Wyeth's Senior Vice President and Chief Financial Officer. Prior to this role, Mr. Norden was Executive Vice President and Chief Financial Officer of Wyeth Pharmaceuticals. Prior to his affiliation with Wyeth, Mr. Norden served as Audit Manager at Arthur Andersen & Company. Mr. Norden also serves on the boards of directors of Royalty Pharma, the industry leader in the acquisition of revenue-producing intellectual property, Univision, the leading media company serving Hispanic America, Zoetis, the leading animal health company and Entasis Therapeutics, a clinical stage biopharmaceutical company. Mr. Norden is a former director of Welch Allyn (acquired by Hill-Rom in 2015), Lumara Health (acquired by AMAG Pharmaceuticals in 2014), and Human Genome Sciences (acquired by GlaxoSmithKline in 2012). Mr. Norden received a M.S. in Accounting from Long Island University - C.W. Post and a B.S. in Management/Economics from the State University of New York - Plattsburgh. We believe that Mr. Norden's qualifications to serve on the board of directors include his extensive financial and accounting expertise and experience at Wyeth and at Arthur Andersen & Company and his significant experience in the biopharmaceutical industry.

Charles P. Waite has served as a member of the board of directors since July 2004, as a member of the audit committee and nominating and corporate governance committee since June 2009, and as a member of the compensation committee from June 2009 to April 2017; he currently serves as chairman of the nominating and corporate governance committee. He has been a General Partner of OVP Venture Partners II and a Vice President of Northwest Venture Services Corp. since 1987, a General Partner of OVP Venture Partners III since 1994, a General Partner of OVP Venture Partners IV since 1997, a General Partner of OVP Venture Partners V since 2000, a General Partner of OVP Venture Partners VI since 2001, and a General Partner of OVP Venture Partners VII since 2007, all of which are venture capital firms. Prior to joining OVP, Mr. Waite was a General Partner at Hambrecht & Quist Venture Partners from 1984 to 1988, where he focused on investments in information technology and life sciences. He is a former director of Complete Genomics, a publicly-traded DNA sequencing platform developer (acquired by BGI-Shenzen in March 2013), and currently serves on the board of directors of eight private companies. Mr. Waite received an A.B. in history from Kenyon College and an M.B.A. from Harvard University. We believe that Mr. Waite's significant operational and leadership experience as a venture capital investor who sits on a number of boards qualify him to serve as a director. Mr. Waite's investment focus on life sciences companies also provides substantial expertise in our industry.

Leadership Structure

Mr. Young serves as the Chairman of the Board, and Mr. Gray serves as President and Chief Executive Officer of the Company. The roles of Chief Executive Officer and Chairman of the Board are currently separated in recognition of the differences between the two roles. We believe that it is in the best interests of our stockholders for the Board to make a determination regarding the separation or combination of these roles each time it elects a new Chairman or appoints a Chief Executive Officer, based on the relevant facts and circumstances applicable at such time. In June 2010, when Mr. Gray was first appointed President and Chief Executive Officer, the Board determined it was in the best interests of the Company to continue to maintain an independent Chairman to allow Mr. Gray to focus on his primary responsibility for the operational leadership and strategic direction of the Company.

Audit Committee of the Board

The current members of our audit committee are Messrs. Norden, Waite and Young, and Ms. Finney. Mr. Norden is chairman of the audit committee. The composition of our audit committee meets the requirements for independence under current NASDAQ Stock Market listing standards and SEC rules and regulations. Each member of our audit committee meets

the financial literacy requirements of the NASDAQ Stock Market listing standards. Our board of directors has determined that each of Mr. Norden and Ms. Finney are audit committee financial experts, as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002, and possesses financial sophistication, as defined under the rules of The NASDAQ Stock Market. The audit committee operates under a written charter that was adopted by our board of directors and satisfies the applicable rules of the SEC and the listing standards of the Nasdaq Stock Market. A copy of the charter is available on our website at http://investors.nanostring.com/corporate-governance.

Our audit committee oversees our corporate accounting and financial reporting process and assists the board of directors in monitoring our financial systems. Our audit committee will also:

- approve the hiring, discharging and compensation of our independent auditors;
- oversee the work of our independent auditors;
- approve engagements of the independent auditors to render any audit or permissible non-audit services;
- review the qualifications, independence and performance of the independent auditors;
- review financial statements, critical accounting policies and estimates;
- review the adequacy and effectiveness of our internal controls; and review and discuss with management and the independent auditors the results of our annual audit, our quarterly financial statements and our publicly filed reports.

Information Concerning Our Executive Officers

The following table sets forth the name, age and certain background information about each of our current executive officers as of March 11, 2019 who do not also serve on our Board of Directors. Officers are elected by the board of directors to hold office until their successors are elected and qualified.

Name	Age	Position
K. Thomas Bailey	50	Chief Financial Officer
Mary Tedd Allen, Ph.D.	56	Senior Vice President, Operations
Joseph M. Beechem, Ph.D.	61	Senior Vice President, Research and Development
J. Chad Brown	61	Senior Vice President, Sales and Marketing
David W. Ghesquiere	52	Senior Vice President, Corporate & Business Development

K. Thomas Bailey has served as Chief Financial Officer since January 2018. Prior to joining our company, Mr. Bailey was Chief Financial Officer at AgaMatrix Holdings LLC, a developer, manufacturer and marketer of medical technologies for diabetes care, from March 2014 to January 2018. Prior to joining AgaMatrix, Mr. Bailey served as Chief Executive Officer of Angiotech Pharmaceuticals, a developer, manufacturer and marketer of local drug, drug delivery and medical device technologies, from October 2011 to October 2013, and served as Angiotech's Chief Financial Officer from December 2005 to October 2011. During his time as CFO of Angiotech, Mr. Bailey directed a restructuring of Angiotech's debt obligations pursuant to the Canadian Creditors Arrangement Act in 2011, with recognition of the restructuring pursuant to Chapter 15 under U.S. law. Mr. Bailey also serves as a Director of AgaMatrix Holdings, SCP Interventional Radiology LLC and The Homestretch Foundation, and previously served as a Director of Angiotech Pharmaceuticals, LifeCare Management Services and OncoGenex Inc. Previously, Mr. Bailey served as a Director in the health care investment banking group at Credit Suisse First Boston and Donaldson, Lufkin & Jenrette. Mr. Bailey received an A.B. in economics from Harvard University in 1990 and an M.B.A. from Harvard Business School in 1995.

Mary Tedd Allen, Ph.D. has served as Senior Vice President, Operations since May 2017, and previously served as our Vice President of Operations from February 2016 to May 2017, and as our Vice President of Manufacturing from March 2007 to February 2016. Prior to joining our company, Dr. Allen served as the Director of Research and Programs at the Washington Technology Center, Washington state's non-profit technology-based economic development enterprise, from February 2006 to February 2007. Before joining the Washington Technology Center, Dr. Allen was Vice President of the Advanced Manufacturing and Development group at Applied Biosystems, a publicly-traded biotechnology company acquired by Invitrogen in November 2008 to form Life Technologies, from February 2002 to August 2005. Dr. Allen has more than 20 years of experience managing product development and manufacturing groups for both semiconductor and biotech applications. She received a B.A. in Chemistry from Mount Holyoke College and a Ph.D. in Chemistry from the University of Rochester.

Joseph M. Beechem, Ph.D. has served as Senior Vice President of Research and Development since April 2012. Prior to joining our company, Dr. Beechem held various positions at Life Technologies, a publicly-traded biotechnology tools company, most recently as Vice President, Head of Advanced Sequencing and Head of Global Sequencing Chemistry,

Biochemistry and Biophysics from January 2010 to April 2012. From December 2007 to December 2012, he served as Chief Technology Officer of Life Technologies. During his career at Life Technologies, he led the design and development of multiple genetic analysis technologies, the latest advanced SOLiD sequencing technology and the single molecule nano-DNA sequencing technology. Prior to joining Life Technologies, Dr. Beechem was Chief Scientific Officer at Invitrogen, a publicly-traded biotechnology company that acquired Applied Biosystems in November 2008 to form Life Technologies, from August 2003 to December 2007 and Director of Biosciences at Molecular Probes, a biotechnology company acquired by Invitrogen in 2003, from August 2000 to August 2003. Prior to his industry experience, Dr. Beechem led an NIH-funded research laboratory for 11 years as a tenured associate professor at Vanderbilt University. He has authored or co-authored more than 100 peer-reviewed papers in diverse fields such as biomathematics, physics, chemistry, physiology, spectroscopy, diagnostics and biology. Dr. Beechem is also named on nearly 40 U.S. patents or patent applications and has served on a number of editorial and scientific advisory boards. He received a B.S. in Chemistry and Biology from Northern Kentucky University and a Ph.D. in Biophysics from The Johns Hopkins University.

J. Chad Brown has served as Senior Vice President, Sales and Marketing since July 2017. Prior to joining our company, Mr. Brown served as the President and Head of Commercial Operations for North America for Qiagen N.V. from August 2015 to March 2016. From July 2007 until August 2015, Mr. Brown held a series of commercial leadership positions at Roche Diagnostics Corporation in the Applied Sciences and Centralized Diagnostics divisions, including as VP of Marketing and VP of Sales for Centralized Diagnostics and as the National Director of Sales for Genomic Systems. Previously, he held a series of sales leadership positions in medical device and healthcare companies, including Rotech Healthcare from March 2003 to December 2005, Apria Healthcare Group from January 1998 to March 2003, Chiron Diagnostics from January 1990 to January 1998, and Humana from January 1981 to January 1990. Mr. Brown earned his BS degree in Health Services Administration from the University of Kentucky.

David W. Ghesquiere has served as Senior Vice President, Corporate & Business Development since November 2013. Prior to joining our company, Mr. Ghesquiere was the founder and managing director of Adrenaline Venture & Advisory LLC, an international advisory firm, from August 2012 to November 2013. Prior to founding Adrenaline Venture & Advisory, Mr. Ghesquiere served as Senior Vice President, Corporate & Business Development at Dendreon Corporation, a biotechnology company, from 2011 to 2012. From 2005 to 2010, Mr. Ghesquiere held a variety of executive positions at OSI Pharmaceuticals, acquired by Astellas Pharma in 2010, including Senior Vice-President of Corporate & Business Development and Managing Director of OSI Investment Holdings GmbH and OSI Investment Management GmbH, OSI's wholly owned, Switzerland-based subsidiaries, where he played a key role in establishing OSI's venture capital arm. Earlier in his career, Mr. Ghesquiere served as Director of Global Business Development for Aventis Pharmaceuticals, which merged with Sanofi in 2004, and worked in product marketing at Johnson & Johnson. Mr. Ghesquiere received an M.B.A. from The University of Western Ontario's Ivey School of Business and a B.A. in economics from The University of Western Ontario.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership of, and transactions in, our securities with the SEC and NASDAQ. Such directors, executive officers, and ten percent stockholders are also required to furnish us with copies of all Section 16(a) forms that they file.

Based solely on a review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during 2018, our directors, executive officers, and 10% stockholders complied with all Section 16(a) filing requirements applicable to them.

Corporate Governance Principles and Code of Business Conduct and Code of Ethics

Our board of directors has adopted Corporate Governance Principles. These principles address, among other items, the responsibilities of our directors, the structure and composition of our board of directors and corporate governance policies and standards applicable to us in general. In addition, our board of directors has adopted a Code of Business Conduct 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 board of directors also has adopted a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer and other senior financial officers. The full text of our Corporate Governance Principles, Code of Business Conduct and Code of Ethics is posted on the Corporate Governance portion of our website at http://investors.nanostring.com/corporate-governance. We will post amendments to our Corporate Governance Principles, Code of Business Conduct and Code of Ethics or waivers of the same for directors and executive officers on the same website.

Compensation of Non-Employee Directors

Compensation Policy

The compensation committee retained Arnosti Consulting, Inc., or Arnosti Consulting, an independent compensation advisory firm, to provide recommendations to the nominating and corporate governance committee, or the NCG committee, on non-employee director compensation. Arnosti Consulting provided us with competitive data, analysis and recommendations regarding any appropriate updates to the non-employee director compensation policy previously in place. For purposes of the policy, each director is classified into one of the two following categories: (1) an "employee director," is a director who is employed by us; and (2) a "non-employee director," is a director who is not an employee director. Only non-employee directors receive compensation under the director compensation policy, which is provided in the form of equity and cash, as described below.

For 2018, both the cash component and the equity component remained in effect at 2017 levels. We believe our non-employee director compensation program provides reasonable compensation to our non-employee directors that is appropriately aligned with our peers and is commensurate with the services and contributions of our non-employee directors. All directors will be reimbursed for expenses in their capacities as directors in accordance with our standard expense reimbursement policy. Dr. Galakatos is a senior managing director of Blackstone, which is a stockholder of our company through certain of its affiliated entities, and as a result of the internal policies of Blackstone, Dr. Galakatos is required to hold or remit any compensation received for his service on our board of directors for the benefit of Clarus Ventures or its affiliates.

Equity Compensation

Under the policy, upon joining our board of directors, each non-employee director receives an option to purchase 0.08% of our outstanding shares on the date of grant. This remains unchanged from the equity grant levels applicable to new non-employee directors under the policy as in effect in 2016 and 2017. The exercise price of the initial grant is the fair market value, as determined in accordance with our 2013 Equity Incentive Plan, on the date of the grant. The shares underlying the initial grant vest as to 50% of the total shares subject to such award on the one year anniversary of the date the director commenced services, and the remaining 50% of the total shares vest in 12 equal monthly installments thereafter, in each case, subject to continued service as a director through each vesting date.

Pursuant to the policy, at the beginning of each fiscal year, each non-employee director is granted an option to purchase 0.04% of our outstanding shares on the date of grant. The exercise price of this annual grant is the fair market value, as determined in accordance with our 2013 Equity Incentive Plan, on the date of the grant. All of the shares underlying the annual grant vest on the one year anniversary of the date of grant, subject to continued service as a director through the vesting date.

The vesting of each grant described above accelerates in full in connection with a "change in control" as defined in our 2013 Equity Incentive Plan, if the service of an outside director is terminated on or following a change in control, other than pursuant to a voluntary resignation of the director that is not at the request of the acquirer. Awards granted under the outside director compensation policy are granted pursuant to, and subject to the other terms and conditions of, our 2013 Equity Incentive Plan. Our 2013 Equity Incentive Plan provides that no non-employee director may be granted, in any fiscal year, stock-settled equity awards with a grant date fair value (determined in accordance with GAAP) of more than $500,000, with this limit increased to $1,000,000 in connection with his or her initial service, or cash-settled awards with a grant date fair value of more than $175,000, increased to $350,000 in connection with his or her initial service.

Cash Compensation

For 2018, each non-employee director receives an annual cash retainer of $40,000 for serving on the board of directors, which we believe aligned with market practices and provided our non-employee directors with reasonable compensation commensurate with their service. In addition to the annual retainer, the chairperson of the board of directors received an additional cash retainer of $40,000 for 2018, and the chairpersons of the board's audit committee, compensation committee and nominating and corporate governance committee were entitled to an additional cash retainer of $18,000, $12,000 and $10,000 per year, respectively. Non-chairperson members of the audit committee, compensation committee and nominating and corporate governance committee were entitled to an additional cash retainer of $7,500, $6,000 and $5,000 per year, respectively. As noted, the amount of the retainers remained the same as in 2017. All cash payments are payable in four equal installments at the end of each calendar quarter during which such individual served as a director (such payments to be prorated for service during a portion of such quarter).

2019 Changes to Director Compensation Policy

In December 2018, the NCG committee retained Radford, an independent compensation consultant, to replace Arnosti Consulting based on Radford's status as the leading provider of compensation intelligence and consulting services to companies in the life sciences and technology sectors. That same month, the board suspended the annual non-employee director grants that

were scheduled to be issued on January 1, 2019, in order to allow for the completion of Radford's review of the director compensation policy and the implementation of any resulting equity compensation changes.

Radford conducted an extensive review of our director compensation policies and practices and conducted an extensive market analysis. Radford confirmed that director cash compensation generally is competitive to the market, although compensation to the chairs of our audit and compensation committees slightly lagged that provided by our peers. Based on its benchmarking of director equity, Radford reported that a number of our peer companies had begun using a blend of stock options and restricted stock units, rather than just stock options. Radford also found that the prevalent peer group practice was to use a target dollar value for setting equity awards rather than a percentage of outstanding company stock methodology. Based on these findings, and the Company's philosophy of generally delivering equity value that falls between the 50th and 75th percentiles of peer company equity levels in order to reasonably compensate our non-employee directors for their service, the NCG committee recommended to our board of directors in January 2019 the following changes to director compensation, which were subsequently approved by the board:

- Initial equity grant of stock options for newly elected or appointed directors will be granted automatically on their start date as a non-employee director valued at $200,000 (described further below) and 1/3 of the total will vest on each anniversary of the grant date over three years, subject to continued service through each vesting date, and subject to the change in control provisions of our 2013 Equity Incentive Plan, which are described above; and
- Annual equity grants to directors will be valued at $100,000 (described below), will be split equally (by value) between stock options and restricted stock units, and will be granted on the date of the annual stockholders' meeting each year. These equity grants will vest in full on the date that is the earlier of the one-year anniversary of the grant date, or the date immediately prior to the next annual stockholders meeting, subject to continued service through the vesting date, and subject to the change in control provisions of our 2013 Equity Incentive Plan, which are described above; and
- Modest increases in the audit and compensation committee chair retainers to align with the market 50th percentile.

The number of options will be determined by dividing the dollar value of the grant by the Black Scholes value of a share and the number of restricted stock units will be determined by dividing the dollar value of the grant by the fair market value of a share, meaning the closing price of a share, of the company's common stock on the date of the grant. The exercise price of the initial and annual option grants is the fair market value, as determined in accordance with our 2013 Equity Incentive Plan, on the date of the grant.

In light of the suspension of the scheduled January 1, 2019 annual equity grants to our non-employee directors pending Radford's review of our director compensation policy, the board intends to make an interim option grant valued at $50,000 to each director prior to the date of the annual stockholders' meeting on June 18, 2019. This grant will vest in full on the day prior to the date of the annual stockholders' meeting, June 18, 2019, subject to continued service as a director through the vesting date, and subject to the change in control provisions of our 2013 Equity Incentive Plan, which are described above. The regularly scheduled annual equity grants as described above will occur on the next day, the date of the annual stockholders' meeting, June 18, 2019.

2018 Director Compensation Table

Name	Fees Earned or paid in Cash	Option Awards[1]	Total
William D. Young[2]	$ 92,500	$ 40,355	$ 132,855
Elisha Finney[3]	47,500	40,355	87,855
Nicholas Galakatos, Ph.D.[4]	57,000	40,355	97,355
Robert M. Hershberg, M.D., Ph.D.[5]	45,000	40,355	85,355
Kirk D. Malloy, Ph.D.[6]	46,000	40,355	86,355
Gregory Norden[7]	64,000	40,355	104,355
Charles P. Waite[8]	57,500	40,355	97,855

(1) Represents the aggregate grant date fair value of stock option awards granted in 2018. These amounts have been computed in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 718, without regard to estimated forfeitures. For a discussion of valuation assumptions, see the notes to our financial statements included in Item 8 of this report.

(2) As of December 31, 2018, Mr. Young held options for the purchase of 125,178 shares of common stock, of which 115,010 shares were vested as of such date.

(3) As of December 31, 2018, Ms. Finney held options for the purchase of 27,521 shares of common stock,13,738 of which were vested as of such date.

(4) As of December 31, 2018, Dr. Galakatos held options for the purchase of 48,779 shares of common stock, of which 38,611 shares were vested as of such date.

(5) As of December 31, 2018, Dr. Hershberg held options for the purchase of 41,545 shares of common stock, of which 31,377 shares were vested as of such date.

(6) As of December 31, 2018, Dr. Malloy held options for the purchase of 34,964 shares of common stock, of which 24,796 shares were vested as of such date.

(7) As of December 31, 2018, Mr. Norden held options for the purchase of 59,185 shares of common stock, of which 49,017 shares were vested as of such date.

(8) As of December 31, 2018, Mr. Waite held options for the purchase of 48,779 shares of common stock, of which 38,611 shares were vested as of such date.

Item 11. Executive Compensation

Compensation Discussion and Analysis

We became a public company in June 2013 and have filed our proxies since then under the scaled reporting rules applicable to emerging growth companies. Beginning in 2019 we are no longer an emerging growth company and this year's Part III of Form 10-K and proxy statement relating to the 2019 meeting of stockholders now include additional details as follows:

- This Compensation Discussion and Analysis, or CD&A;
- An additional year of reporting history, and reporting on compensation for two additional Named Executive Officers, or NEOs, in our Summary Compensation Table; and
- Additional compensation disclosure tables for "Grants of Plan-Based Awards," "Option Exercises," and "Potential Change-in-Control and Severance Benefits" which are included in the "Executive Compensation" section of this annual report on Form 10-K and proxy statement relating to the 2019 meeting of stockholders.

In addition, this year's proxy statement will include:

- An advisory vote on executive compensation; and
- An advisory vote on the frequency on which we will hold our "say on pay" vote.

Our Named Executive Officers, or NEOs, for 2018 were as follows:

- R. Bradley Gray, our President and Chief Executive Officer;
- K. Thomas Bailey, our Chief Financial Officer;
- Mary Tedd Allen, our Senior Vice President of Operations;
- Joseph M. Beechem, our Senior Vice President of Research and Development; and
- David W. Ghesquiere, our Senior Vice President of Corporate and Business Development.

Executive Summary

2018 Business Highlights

During 2018, we achieved several important milestones in our business and financial plans, including the following:

- Achieved product and service revenue for fiscal year 2018 of $83.5 million (on a GAAP basis), a 16% increase over 2017 product and service revenue.
- Increased installed base to approximately 730 nCounter Analysis Systems, an increase of approximately 21% since year-end 2017.
- Shipped our first beta GeoMx DSP, our newest product offering, during the fourth quarter.
- Announced that the GeoMx Priority Site program for customers was over-subscribed, yielding pre-orders for more than 30 instruments.
- Executed an underwritten public offering of our stock in July 2018 for $53.8 million in net proceeds.
- Entered into a new term loan agreement for $100 million with Cap Royalty Group.

- Ended 2018 with cash, cash equivalents and short-term investments of $94.0 million.

The operational achievements highlighted above resulted in a total shareholder return of approximately 100% (2x stock price increase) from the beginning to the end of 2018.

2018 Executive Compensation Highlights

During 2018, we continued to follow the executive compensation policies and procedures that we put in place in connection with becoming a public company, including:

- *Emphasis on pay for performance:* Our compensation committee is focused on ensuring that a significant portion of total compensation for our NEOs is performance-based. For 2018, the variable compensation awarded to our NEOs ranged from 37% to 60% of each NEO's total targeted annual compensation. For the fiscal year 2019, the compensation committee has approved the addition of performance-based stock units as a new component of the equity stock program, in addition to the time-based stock options and restricted stock units which have historically been granted.
- *No guaranteed compensation*: Although we have signed employment agreements with each of our NEOs, all of these agreements provide for "at will" employment, and none of these agreements provides any guarantees relating to salary increases or the amounts of incentive pay or equity awards.
- *Reasonable severance and targeted change in control benefits:* The employment agreements we have with our NEOs do not provide for "single trigger" benefits upon a change in control that do not require termination of employment. These employment agreements require that the NEO's employment be terminated by us without "cause" or the NEO resign for "good reason" in order for the NEO to receive severance benefits, whether in connection with a change in control or otherwise. Likewise, equity awards to these NEOs contain "double trigger" provisions in order for the vesting of these awards to accelerate in connection with a change in control.
- *Independent compensation consultant:* Our compensation committee engages its own independent compensation consultant, which provides the compensation committee with valuable data regarding market compensation trends and guidance to the compensation committee about executive compensation programs in general.
- *No tax gross ups.* We do not provide tax gross ups to any of our NEOs.
- *Perquisites:* We do not provide any special perquisites to any of our NEOs.
- *Policy against speculative trading:* Our insider trading policy prohibits our executives from engaging in "hedging" or "pledging" transactions with respect to our common stock.
- *Risk analysis.* We believe the structure of our executive compensation program motivates our executives to make thoughtful, appropriate decisions with measured risks balanced by appropriate rewards for the company.

Compensation Objectives and Philosophy

The objectives of our executive compensation program are as follows:

- Recruit, motivate and retain highly qualified executive officers who possess the skills and leadership necessary to sustain a high-growth business;
- Reward our executives for achieving or exceeding short-term individual and company goals that drive our growth;
- Provide long-term retention and incentives to our executives that align their interests with the long-term interests of our company and our stockholders, thereby incentivizing management to increase stockholder value; and
- Provide compensation packages that are competitive, reasonable and fair relative to peers and the overall market.

Processes and Procedures for Compensation Decisions

The Compensation Committee's Process and the Role of the CEO

Our compensation committee is responsible for the executive compensation programs for our executive officers and reports to our board of directors on its discussions, decisions and other actions. In carrying out these responsibilities, our compensation committee reviews and approves the compensation for our NEOs, including developing the appropriate corporate goals and objectives for these executives and assessing performance against these goals and objectives. The compensation committee also provides oversight of the Company's overall compensation policies, plans and benefit programs, and overall compensation philosophy.

At the beginning of each year, the compensation committee meets and approves strategic, operational and financial objectives for the company, or the Corporate Goals, for the upcoming year. The Corporate Goals are developed by Mr. Gray, the NEOs and the other members of the executive team and Mr. Gray presents them to the committee for approval. Each NEO

also proposes his or her own individual goals for the applicable year, in consultation with Mr. Gray, which are primarily comprised of subsets of the Corporate Goals for which each NEO is primarily responsible. These individual goals are also factored into the final assessment of each NEO's performance for that year. Shortly after the end of the year, the compensation committee evaluates the performance of our NEOs against the previous year's Corporate Goals and individual goals. The level of achievement of the Corporate Goals and individual goals are considered, along with input from Mr. Gray, and our VP of Human Resources, in determining payments to be made under the company's incentive compensation program for the completed year.

As part of the annual executive compensation setting process, Mr. Gray (with the support of our VP of Human Resources) makes recommendations to our compensation committee regarding short- and long-term compensation for all NEOs (other than himself) based on corporate and individual performance, and market trends. Our compensation committee then reviews the recommendations, as well as the input and data from the compensation committee's independent compensation consultant, and makes decisions as to total compensation, as well as each individual compensation component, for each of these NEOs. No NEO participates in portions of any meetings during which decision are made regarding his or her own compensation.

With respect to the compensation for Mr. Gray, the compensation committee consults with our VP of Human Resources, as well as the independent compensation consultant, and reviews the data provided by the consultant, to make decisions regarding Mr. Gray's performance, individual components of his compensation and total compensation. Mr. Gray does not participate in the portions of any meeting during which decisions are made regarding his compensation.

Role of the Compensation Consultant and Use of a Peer Group

The compensation committee is authorized to retain the services of one or more executive compensation consultants, in connection with the establishment of our compensation programs and related policies. From 2012 to October 2018, Arnosti Consulting, Inc. served as the compensation committee's compensation consultant, to provide it with information, recommendations and other advice relating to executive compensation on an ongoing basis. In late 2018, the compensation committee selected Radford as its compensation consultant to replace Arnosti Consulting.

At the beginning of 2018, Arnosti Consulting assisted us in developing a group of peer companies to help us determine the appropriate level of overall compensation for our NEOs and other executive officers, as well as assess each separate element of compensation, with a goal of ensuring that the compensation we offer to our NEOs and other executive officers is competitive and fair. For fiscal year 2018, our peer group for compensation decisions consisted of the following companies in the biotechnology or life sciences tools and services industries, each of which had less than $510 million in commercial product revenue and market capitalizations (30-day average as of January 11, 2019) ranging from $150 million to $2.4 billion:

Accelerate Diagnostics, Inc.	OraSure Technologies, Inc.
Fluidigm Corp.	Oxford Immunotec Global Plc
GenMark Diagnostics, Inc.	Pacific Biosciences of California, Inc.
Genomic Health, Inc.	Quidel Corp.
Luminex Corp.	T2 Biosystems, Inc.
Meridian Bioscience, Inc.	Veracyte, Inc.
Natera, Inc.	

In addition to the peer group data, Arnosti Consulting also provided the compensation committee with data from Radford compensation studies for companies in the life sciences and biotechnology industries for positions that are comparable to those of our NEOs and other members of our executive team. Our compensation committee finds comparative data from our peer group and the Radford data to be useful in setting and adjusting executive compensation, and uses it primarily to ensure that our executive compensation program and its constituent elements are and remain competitive in relation to our peers. The compensation committee has not adopted any formal benchmarking guidelines and retains the discretion to set levels of executive compensation above or below peer levels. The compensation committee looks to factors such as individual performance and contribution to the company, the need to retain particular talent, the retention risk for an executive, an executive's level of experience and responsibilities and comparability of roles within other peer companies.

Elements and Analysis of Named Executive Officer Compensation

The compensation program for our NEOs consists of:

- base salary;
- annual cash incentive compensation;
- long-term equity incentive awards; and
- severance and change in control-related benefits.

Our NEOs are also eligible to participate in the employee benefit programs that we make available to all full time employees, including medical and dental coverage, life and disability insurance, flexible spending accounts, a 401(k) plan and an employee stock purchase plan. The NEOs' participation in these programs is on the same terms and conditions as those offered to our other full time employees.

Base Salaries

We provide base salaries to our NEOs to compensate them for services rendered on a day-to-day basis. Each NEO's base salary is typically set based on competitive market considerations and his or her level, responsibilities, experience, and skill set. Historically, we have not applied specific formulas to determine changes in base salary. Rather, the base salaries of our NEOs (other than our CEO) have been reviewed on an annual basis by our CEO and our compensation committee based on their experience with respect to setting salary levels, supplemented by market data provided by the compensation committee's independent compensation consultant and assessments of the performance of the NEOs. The base salary of our CEO is reviewed by the compensation committee annually based on the same factors and inputs.

In setting NEO base salaries for 2018, our compensation committee reviewed the peer group data provided by Arnosti Consulting as well as performance achievement against the 2017 corporate and individual goals. The compensation committee did not review Mr. Bailey's salary as he had joined the company in January 2018. Based on the peer company data and Radford data, the compensation committee found that the base salaries for our NEOs were within the competitive range of the 50th to 60th percentile. Based on that information and the company performance of 50% of achievement of the 2017 Corporate Goals, the compensation committee chose not to make any changes to NEO base salaries for 2018 from 2017 levels.

Name	2018 Base Salary
R. Bradley Gray	$ 565,000
K. Thomas Bailey	400,000
Mary Tedd Allen	320,000
Joseph M. Beechem	385,000
David W. Ghesquiere	375,000

Annual Cash Incentive Compensation

Our incentive compensation plan provides our NEOs with annual cash incentive awards based on our achievement of our Corporate Goals and individual goal achievement. For each NEO, the target bonus opportunity is determined as a percentage of his or her base salary (as indicated in the table below), which was established for 2018 by the compensation committee in consultation with Arnosti Consulting, based on peer group data, historical performance and internal equity considerations.

We established our annual incentive compensation program in order to motivate our executives to achieve short-term financial and business objectives, reflecting our "pay for performance" culture and resulting in a significant portion of NEO compensation tying directly to their individual and Company achievements. The program also helps us to remain competitive with our peer companies, which generally offer an annual incentive opportunity as a standard element of compensation. 2018 annual cash incentives will be paid in the first quarter of 2019 based on 2018 performance.

At the beginning of 2018, the compensation committee met and approved the Corporate Goals for 2018. These Corporate Goals were developed and proposed to the compensation committee by Mr. Gray, the NEOs and the other members of the executive team. Each Corporate Goal was assigned a percentage weighting toward the overall Corporate Goal component of the NEO's annual incentive, as shown in the table below. Each member of the executive team also developed and proposed his or her own individual goals for 2018, in consultation with Mr. Gray. The Corporate Goals and individual goals were set at levels intended to be challenging but attainable with one or two "stretch" goals that would be harder to achieve. For example, the product and service revenue Corporate Goal was considered a "stretch" goal as it would require double digit product and service revenue growth over 2017 performance. The compensation committee considered the appropriateness and level of challenge attached to the proposed goals, and approved them as presented. Each NEO's annual incentive award for

2018 was based on his or her achievement against the Corporate Goals and his or her individual goal, with these components weighted for each NEO as follows: Mr. Gray, 100% Corporate Goals; Mr. Bailey, 75% Corporate Goals/25% individual goals; Dr. Allen, 75% Corporate Goals/25% individual goals, Dr. Beechem, 75% Corporate Goal/25% individual goals, and Mr. Ghesquiere, 75% Corporate Goals/25% individual goals. The Corporate Goals were weighted very heavily for each NEO (and, in Mr. Gray's case, comprised the entirety of his annual incentive award opportunity), because our NEOs are in the position to influence and drive overall Company performance and stockholder value, and therefore the compensation committee believed it appropriate that most of their annual incentive be awarded on this basis.

At the beginning of 2019, the compensation committee reviewed the performance of our NEOs against the 2018 Corporate Goals and based on the significant advances we made against those goals, along with the overachievement on some goals, determined the overall Corporate Goal achievement at 129.5%, which the compensation committee rounded to achievement of 130%. In particular, the committee recognized the company's success in achieving double digit growth for product and service revenue in each quarter of 2018.

Corporate Goal Attainment (Revenue and gross margin in this chart are on a GAAP basis)

Goal	Explanation	Weighting (%)	Attainment Percentage/Evaluation of Performance	Resulting Incentive Weight (%)
Return Core Business to Compelling Growth	Grow product and service revenue to $85.8 million for 2018 and increase product and service revenue each quarter by at least 10% year over year	35%	110%: Achieved $83.5 million in product and service revenue; exceeded 10% growth in product and service revenue in all quarters, with substantial overachievement in two of the four quarters	39%
Extend Leadership in Oncology Research & Diagnostics	Deliver specified revenue amounts for oncology panels and Prosigna; launch new panels; advance development of LymphMark assay; enter into a companion diagnostic partnership with a biopharma company; and publish immuno-oncology papers from academic collaborations	15%	100%: Oncology product and service revenue goals exceeded; new Breast Cancer 360 and Car-T panels launched; LymphMark studies progressed; four immuno-oncology publications; biopharma partnership signed but not for a companion diagnostic	15%
Drive nCounter into New Therapeutic Areas and Applications	Launch new neuro-inflammation and autoimmune profiling panels and achieve revenue goals for those panels and systems	10%	90%: significant growth in non-oncology instrument and consumables sales; new neuro-inflammation and autoimmune panels launched	9%
Launch Digital Spatial Profiling (DSP) System under Early Access	Place DSP beta systems and achieve a certain amount of revenue in DSP early access sales prior to commercial launch in 2019	15%	200%: beta system placement and presales substantially exceeded expectations	30%
Advance Hyb & Seq Toward 2020 Commercial Launch	Develop prototype systems and complete sequencing chemistry	10%	70%: Technical achievements reached but full commercial launch delayed until 2021	7%
Rebuild Trust with Investors	Meet or exceed investor growth expectations in each quarter; deliver gross margin of 57%; secure financing to end the year with access to adequate cash to fund growth	15%	200%: exceeded investor growth expectations in each quarter; achieved 57% gross margin; follow on equity offering completed and new term loan facility in place; ended the year with $94.0 million in cash and cash equivalents	30%
		100%		**130%**

In addition, the compensation committee reviewed the performance of each NEO against the individual goals of each NEO set at the beginning of 2018 and determined each NEO's achievement as follows:

Individual Goal Attainment (Revenue and gross margin in this chart are on a GAAP basis)

Named Executive Officer	Individual Goals	Attainment Percentage	Weighting as a % of Total Bonus
R. Bradley Gray	None	n/a	—%
K. Thomas Bailey	Financing; investor relations; year-end cash; Finance process improvements; gross margin of 57%	150%	25%
Mary Tedd Allen	Activities to support revenue growth; gross margin of 57%; supplier management; quality system to support regulatory submissions for companion diagnostics; ISO recertification; improvements in shipment and service response times	90%	25%
Joseph M. Beechem	Specified progress in product development for GeoMx Digital Spatial Profiler, Hyb & Seq and panels	90%	25%
David Ghesquiere	Execute collaborations and partnerships relating to companion diagnostics, GeoMx and Hyb and Seq	80%	25%

Based on the level of achievement of the Corporate Goals and individual goals and the weighting of such goals for each NEO, the compensation committee then approved payment of the bonuses as follows:

			Corporate Bonus			Individual Bonus			Total Bonus		
Named Executive Officer	2018 Base Salary	Target as a % of salary	Weight	Attain.	Value	Weight	Attain.	Value	Actual	Target	Percent
R. Bradley Gray	$ 565,000	85%	100%	130%	$ 624,325	—%	n/a	n/a	$ 624,325	$ 480,250	130%
K. Thomas Bailey	400,000	50%	75%	130%	195,000	25%	150%	$ 75,000	270,000	200,000	135%
Mary Tedd Allen	320,000	45%	75%	130%	140,400	25%	90%	32,400	172,800	144,000	120%
Joseph M. Beechem	385,000	50%	75%	130%	187,688	25%	90%	43,312	231,000	192,500	120%
David Ghesquiere	375,000	50%	75%	130%	182,813	25%	80%	37,500	220,313	187,500	118%

Long Term Equity Incentive Awards

We have established a long-term equity incentive program to motivate our NEOs to increase stockholder value, and to achieve long-term corporate objectives. We feel strongly that granting stock-based awards to our executives promotes alignment of their interests with those of stockholders by allowing them to participate in, and rewarding them for, long-term appreciation of our stock. The compensation committee also considers the vesting conditions on these awards to serve an important retention function for our NEOs. In addition, our compensation committee believes that this program is necessary to be and remain competitive with our peer companies and in the industries in which we compete for talent. Equity grants are made in connection with the hiring of an NEO, and also typically are awarded on an annual basis in the first quarter of each fiscal year.

From the founding of the company until 2015, we granted only stock options to employees with the exercise price set as the fair market value on the date of grant and vesting 25% on the first anniversary of the grant date, following by monthly vesting in equal increments over the following three years, generally with "double trigger" acceleration of vesting provisions for our NEOs and certain other executives described below. In 2016, we introduced restricted stock units, or RSUs, into our executive compensation program and since then, our annual NEO and other executive equity grants have included a combination of stock options and RSUs. The compensation committee decided to make this change based on its assessment of the market practice survey data provided by Arnosti Consulting, which showed that companies in our peer group typically moved toward inclusion of RSUs in order to provide a more predictable return in a volatile stock market than stock options. From a company dilution perspective, the committee recognized that RSUs reduce dilution as fewer shares are required to deliver an equivalent value as under a stock option. In 2019, the compensation committee expanded the granting of RSUs to all

employees annually, though stock options still comprise all or a portion of the initial equity grants provided upon hire for employees. The strong retention that RSUs provide, combined with the incentives to drive long-term stockholder value that options provide, together create a balanced approach intended to meet the Company's pay-for-performance objectives and retention needs, while helping to manage dilution.

The vesting schedule for these RSUs are typically 1/3 of the total on the anniversary of the vesting commencement date over three years, subject to continued service, generally with the "double trigger" acceleration of vesting provisions for our NEOs and certain other executives described below. As part of the negotiated terms of his employment with the Company, Mr. Bailey's new hire RSU award is scheduled to vest in full on the second anniversary of his start date, rather than under our typical three-year schedule.

Generally, the stock options and RSUs granted to our NEOs and certain other executives include "double trigger" acceleration protection, under which the award vests in full upon a termination without cause or resignation for good reason that occurs following a change in control. The compensation committee provides this "double trigger" involuntary termination protection because it recognizes that the possibility of a change in control could be distracting for NEOs, and result in uncertainty about their future employment with the Company after a transaction. The acceleration features the Company provides allow our executives to focus on making decisions regarding a change in control that are in the best interests of our stockholders, despite any personal employment uncertainties. With respect to Mr. Bailey's new hire stock options and RSUs, in order to receive this acceleration of vesting, his termination without cause or for good reason must occur within 12 months following a change in control. This 12-month time limit is consistent with the time limits we have historically provided for the typically larger new hire equity awards.

The value of stock options and RSUs awarded to each NEO is determined based on the compensation committee's assessment of a number of factors, including the role and responsibility of each NEO, external market data, the performance of the NEO and the expected contribution of the NEO to future results. The compensation committee also reviews the value of the NEO's equity holdings and previously granted equity awards in determining these awards, and may increase or decrease future awards based on these other holdings.

In 2018, the compensation committee approved equity grants for NEOs at the same level and in the same mix of options and RSUs as had been granted in 2017, taking account of the need to maintain competitive compensation levels with our peer group and retain the talent critical to our success.

In January 2018, our CEO also proposed that the compensation committee consider issuing additional RSUs in light of heightened retention concerns. After reviewing executives' current vested and unvested options and RSUs, and receiving advice from Arnosti Consulting, the compensation committee's independent compensation consultant, the compensation committee recognized that a substantial portion of our NEOs' equity, composed primarily of stock options, were underwater and that their "in the money" option holdings were at minimal levels and did not serve the purpose of incentivizing retention of these NEOs. In addition, the overall value of their equity holdings at that time were also quite modest as compared to the holdings of similarly situated executives in our peer group. Finally, the compensation committee also recognized that the company's stock had dropped significantly as a result of the company's performance in 2017, which could result in the departure of executives at a time when it was particularly critical for us to retain our leadership. For all of these reasons, the compensation committee determined that there were unusual and heightened retention risks, and that it was crucial to retain and motivate key talent during what was an uncertain period. As a result, in March 2018, the compensation committee approved RSUs awards to our NEOs, or the Retention RSUs. These Retention RSUs were equal in value to each NEO's 2018 salary (other than Mr. Gray's Retention RSU grant which was equal in value to approximately two times his 2018 salary) and have the same vesting schedule and acceleration provisions as the annual RSUs described above.

The equity awards granted to our NEOs for 2018 are as set forth in the table below. Mr. Bailey's stock option and RSU awards were granted by the compensation committee following the commencement of his employment in January 2018. As is typical for new hire awards, Mr. Bailey's stock option grant and RSU grant were higher than most other NEOs given that they were granted in connection with his hire:

Named Executive Officer	2018 Stock Option Grant	2018 RSU Grant	2018 Retention RSU Grant
R. Bradley Gray	60,000	30,000	132,941
K. Thomas Bailey	95,000	35,000	n/a
Mary Tedd Allen	20,000	10,000	37,647
Joseph M. Beechem	20,000	10,000	45,294
David Ghesquiere	20,000	10,000	44,118

Compensation Decisions for 2019: Addition of Performance Stock Units

In October 2018, working with Arnosti Consulting, our compensation committee conducted an evaluation of the peer group of publicly traded companies that we had been using to help assess executive compensation. Additional companies were added to the peer group for 2019 as follows, to provide a fuller reflection of the group of companies with which we compete for talent: Care Dx, Cerus, Codexis, Harvard BioSciences, HTG Molecular Dx, Invitae, NeoGenomics and Quanterix. In December 2018, our compensation committee retained Radford to review our executive compensation policies and practices and to conduct an extensive market analysis. Based on its benchmarking of executive equity, Radford recommended that the Company focus on meeting the market 50th percentile for annual equity value with a potential for providing equity at up to 75th percentile, depending on performance and business impact, with final equity grant determinations also taking into account Company and executive past and expected future performance, long- and short-term Company objectives, current equity values held by the executives, executive experience and skill sets, retention needs and other factors the compensation committee deems relevant.

Radford reported that over half of our peer companies include performance-based restricted stock units, or PSUs, as part of the equity mix. We had previously only issued PSUs on an ad hoc basis to one NEO. They suggested that the Company should consider adding PSUs to the time-based stock options and restricted stock units which have historically been granted to the executive team, in order to contribute strongly to the pay-for-performance culture that the Company focuses on and be consistent with market trends. Even after the 2018 grant of one-time Retention RSUs to our executives, the value of equity holdings for a majority of our executive team remained below market as benchmarked again the peer group by Radford. As a result, Radford suggested a grant of PSUs in 2019 to address these considerations. In determining the appropriate structure of the PSUs, performance goals tied to specified product and service revenue goals were established as the compensation committee determined that these metrics closely align with long-term shareholder value creation. The committee elected to allocate approximately 50% of the total 2019 equity value for the NEOs to PSU awards to emphasize the performance component. In evaluating both the incentive as well as the retentive value of the PSUs, the committee elected to include additional time-based vesting requirements at the conclusion of the performance period to further strengthen the retentive component of the PSU awards. If a change in control of the Company occurs prior to the end of the performance period, the revenue goals would no longer apply, and the award would vest as a time-based award, subject to the "double trigger" severance protections generally included in the Company's executive equity awards that provide vesting acceleration upon termination without cause or resignation for good reason that occurs following a change in control. It is expected that these PSUs will be granted by the compensation committee in the first quarter of 2019 (which timing is consistent with its regular practice of making annual executive equity grants in the first quarter of each fiscal year) along with annual grants of stock options and RSUs.

Employment Agreements

We have entered into employment agreements with each of our NEOs with the oversight and approval of our compensation committee, or in the case of our CEO, with the oversight and approval of our compensation committee. Each of these employment agreements was negotiated by our CEO, with the exception of his own employment agreement, and contains terms intended to attract, retain and motivate our NEOs. These employment agreements have no specified term and also acknowledge that each of these NEOs is an "at will" employee, whose employment can be terminated at any time. The agreements set forth the terms and conditions of employment of each NEO, including base salary, target annual incentive compensation payment, standard employee benefit plan participation, and initial stock grant and the terms of vesting of the initial stock grant. These employment agreements were each subject to execution of our standard confidential information and invention assignment agreement.

In addition, each NEO has entered into an indemnification agreement with us, pursuant to which we have agreed to indemnify our NEOs against any costs, expenses and judgements assessed against them as a result of the performance of their duties as our employees, with certain exceptions.

Severance and Change in Control Benefits

We have entered into employment agreements with our NEOs that contain severance and change in control provisions which require us to provide specific payments and benefits in connection with the termination of our NEOs' employment in certain circumstances, generally subject to their execution of a release of claims. In addition, as described above, NEO equity awards generally contain "double trigger" vesting acceleration provisions triggered in connection with the termination of our NEO's employment in certain circumstances following a change in control, as described above. We believe that these severance and change in control arrangements and provisions provide retention value by encouraging our NEOs to continue their employment with us and increase stockholder value by reducing any potential distractions caused by the possibility of an involuntary termination of employment or a potential change in control, allowing our NEOs to focus on their duties and responsibilities. For a summary of the material terms and conditions of these severance and change in control arrangements, see the section titled "Potential Payments upon Termination or Change in Control" below.

Health, Welfare and 401(k) Plan Benefits

Our NEOs are eligible to participate in all of our employee benefit plans, including our medical, dental, vision, life and disability plans, in each case on the same basis as other employees.

We maintain a tax-qualified retirement plan that provides eligible employees, including our NEOs, with an opportunity to save for retirement on a tax advantaged basis. All participants' interests in their deferrals are 100% vested when contributed. We currently match employee 401(k) contributions at a rate of $1.00 for each dollar contribution, up to 2% of an eligible employee's gross salary and at the rate of $0.50 for each dollar contribution up to an additional 4% of each employee's gross salary, capped at a maximum matching contribution amount of $4,000 per employee. Pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. Post tax contributions to a Roth account are also offered under the plan. The 401(k) plan is intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan, and all contributions are deductible by us when made.

Other Executive Compensation Policies

Policy Against Speculative Transactions. Our insider trading policy expressly prohibits all of our employees, including our NEOs and our directors from engaging in speculative transactions relating to our stock including short sales, puts/calls, hedging of stock ownership positions, margin accounts or pledges, and transactions involving derivative securities relating to our common stock.

No Executive Perquisites. We do not provide perquisites or personal benefits to our NEOs.

No Tax Gross Ups. We do not provide for any tax gross up payments to our NEOs.

Stock Ownership Guidelines. In 2018 and 2019, we considered, but did not adopt, stock ownership guidelines for our NEOs and directors. The majority of our peer companies similarly have not adopted stock ownership guidelines for their executives or directors. We do expect to consider adopting such guidelines for our NEOs and directors in the future.

Tax and Accounting Treatment of Compensation. Section 162(m) of the Internal Revenue Code places a limit of $1 million per year on the amount of compensation paid to certain of our executive officers that the Company may deduct for federal income tax purposes. An exception to the $1 million limitation for performance-based compensation meeting certain requirements was repealed beginning in 2018 (other than with respect to certain grandfathered arrangements) under the Tax Cuts and Jobs Act (the "Act"). In addition, the regulations under Section 162(m) contain a transition rule that applies to companies during a limited period following the initial public offering of their stock. Pursuant to this rule, certain compensation granted before the end of a transition period (and, with respect to restricted stock units, that also are paid out before the end of the transition period) currently is not counted toward the deduction limitations of Code Section 162(m) if certain requirements are met. It is possible that certain of the equity awards granted prior to the end of our transition period in 2017 may be eligible to be excluded from the Section 162(m) deduction limits pursuant to this transition rule. As a result of these changes and the end of our transition period, except as otherwise provided in the transition relief provisions of the Act or pursuant to the transition period rules, compensation paid to any of our covered executives generally will not be deductible in 2018 or future years, to the extent that it exceeds $1 million.

Our compensation committee has not adopted a policy that any or all equity or other compensation must be deductible. Given that we have not been profitable since our inception, our compensation committee has not emphasized or sought to maximize the deductibility of executive compensation and instead has focused our compensation policies on the goals discussed throughout this CD&A. However, as we move toward profitability, the compensation committee intends to balance the objective of ensuring an effective compensation package with the need to maximize the deductibility of executive compensation. However, we cannot guarantee that any compensation in excess of $1 million paid to our covered executives will be or will remain deductible under Section 162(m).

We account for stock-based compensation in accordance with the requirements of Accounting Standards Codification Topic 718, Compensation - Stock Compensation. Under the fair value provisions of this statement, stock-based compensation cost is measured at the grant date based on the fair value of the award.

Compensation Recovery Policy. As a public company subject to Section 304 of the Sarbanes-Oxley Act of 2002, if we are required to restate our financial results as the result of misconduct or due to our material noncompliance with any financial reporting requirements under the federal securities laws, our chief executive officer and chief financial officer may be legally required to reimburse us for any bonus or incentive-based or equity-based compensation they receive. In addition, we will comply with the requirement of the Dodd-Frank Wall Street Reform and Consumer Protection Act and anticipate that we will adopt a compensation recovery policy once final regulations on the subject have been adopted.

Compensation Committee Report

Our compensation committee has reviewed the Compensation Discussion and Analysis provided above with management. Based on such review and discussion, our compensation committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this annual report on Form 10-K and proxy statement relating to the 2019 meeting of stockholders.

Respectfully submitted by the members of the compensation committee of the board of directors:

Dr. Nicholas Galakatos (Chairman)
Dr. Kirk D. Malloy
Gregory Norden

Summary Compensation Table for Fiscal Years 2018, 2017 and 2016

The table below sets forth compensation information for the individuals who served as our chief executive officer and chief financial officer during 2018, and our three most highly compensated executive officers, other than our chief executive officer or chief financial officer, who served as executive officers as of December 31, 2018. We refer to these five individuals throughout this report as our "NEOs" for 2018.

Name and Principal Position	Year	Salary	Stock Awards[1]	Option Awards[1]	Non-Equity Incentive Plan Compensation[2]	All Other Compensation[3]	Total
R. Bradley Gray	2018	$ 565,000	$ 1,107,999	$ 226,661	$ 624,325	$ 4,000	$ 2,527,985
President and Chief Executive Officer	2017	561,667	564,000	570,022	240,125	4,000	1,939,814
	2016	533,333	404,375	378,814	375,233	4,000	1,695,755
K. Thomas Bailey	2018	400,000	291,550	430,988	270,000	3,333	1,395,871
Chief Financial Officer							
Mary Tedd Allen	2018	320,000	324,000	75,554	172,800	4,000	896,354
Senior Vice President, Operations							
Joseph M. Beechem	2018	385,000	375,999	75,554	231,000	4,000	1,071,553
Senior Vice President, Research & Development	2017	380,653	188,000	190,007	107,800	4,000	870,460
David W. Ghesquiere	2018	375,000	368,002	75,554	220,313	4,000	1,042,869
Senior Vice President, Corporate & Business Development	2017	372,458	188,000	190,007	93,750	4,000	848,215
	2016	355,000	559,175	532,548	149,850	4,000	1,600,573

(1) The dollar amounts in this column represent the aggregate grant date fair value of restricted stock unit awards and stock option awards granted in 2018, 2017 and 2016, respectively. These amounts have been computed in accordance with FASB ASC Topic 718. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For a discussion of valuation assumptions, see Note 2 and Note 11 of the Notes to Consolidated Financial Statements under Item 8 of this report.

(2) The amounts in this column represent the amounts earned and payable each year under the bonus plan for such year, all of which were paid in the subsequent year.

(3) The amounts in this column consist of matching contributions made by us pursuant to our 401(k) plan.

Grants of Plan-Based Awards

The following table sets forth each equity and non-equity based award granted to our NEOs during 2018.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			All Other Stock Awards: Number of Shares of Stock or Units (#) [2]	All Other Option Awards: Number of Securities Underlying Options (#) [2][4]	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards [3]
Name	**Grant Date**	**Name of Plan**	**Threshold**	**Target**	**Maximum**				
R. Bradley Gray		2018 Non-Equity Plan		$ 480,250					
	2/6/2018	2013 Equity Incentive Plan				162,941			$ 1,107,999
	2/6/2018	2013 Equity Incentive Plan					60,000	$ 6.80	226,661
K. Thomas Bailey		2018 Non-Equity Plan		200,000					
	1/18/2018	2018 Inducement Equity Incentive Plan				35,000			291,550
	1/18/2018	2018 Inducement Equity Incentive Plan					95,000	8.16	430,988
Mary Tedd Allen		2018 Non-Equity Plan		144,000					
	2/6/2018	2013 Equity Incentive Plan				47,647			324,000
	2/6/2018	2013 Equity Incentive Plan					20,000	6.80	75,554
Joseph M. Beechem		2018 Non-Equity Plan		192,500					
	2/6/2018	2013 Equity Incentive Plan				55,294			375,999
	2/6/2018	2013 Equity Incentive Plan					20,000	6.80	75,554
David Ghesquiere		2018 Non-Equity Plan		187,500					
	2/6/2018	2013 Equity Incentive Plan				54,118			368,002
	2/6/2018	2013 Equity Incentive Plan					20,000	6.80	75,554

(1) The amounts reported in this column represent the target amount of annual performance-based incentive bonus compensation that might have been paid to each named executive officer for 2018 performance. There are no threshold or maximum levels for the award. The actual payouts approved for 2018 performance are shown in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table." These awards are described in further detail in the Compensation Discussion and Analysis in the section entitled "Non-Equity Incentive Plan Compensation & Bonus — 2018 Non-Equity Incentive Plan Payments." The bonus payouts approved pursuant to the 2018 Non-Equity Plan will be paid during the first quarter of 2019.

(2) The amounts in these columns represent restricted stock units and stock options granted and are described in further detail above in the "Compensation Discussion and Analysis" and below in the "Outstanding Equity Awards at December 31, 2018" table. The per share exercise price of the stock options is equal to the closing price of a share of NanoString Technologies, Inc.'s stock on the date of grant.

(3) The dollar amounts in this column reflect the aggregate grant date fair value of the awards granted in 2018. These amounts have been computed in accordance with FASB ASC Topic 718. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For a discussion of valuation assumptions, see Note 2 and Note 11 of the Notes to Consolidated Financial Statements under Item 8 of this report. The option exercise price has not been deducted from the amounts indicated above. Regardless of the value placed on a stock option on the grant date, the actual value of the option will depend on the market value of NanoString Technologies, Inc.'s common

stock at such date in the future when the option is exercised. The proceeds to be paid to the individual following the exercise of the option do not include the option exercise price.

(4) The amounts in this column represent the stock option awards granted in 2018.

Outstanding Equity Awards at Fiscal Year-End

The following table presents information concerning equity awards held by our NEOs at the end of 2018.

	Option Awards					Stock Awards	
		Number of Securities Underlying Option (#)					
Name	Vesting Commencement Date	Exercisable	Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested
R. Bradley Gray	June 25, 2010	145,424 (1)	—	$ 2.24	June 29, 2020	—	—
	March 1, 2012	126,582 (1)	—	1.92	February 28, 2022	—	—
	January 10, 2013	61,309 (1)	—	6.72	January 9, 2023	—	—
	January 31, 2014	90,000 (1)	—	18.18	January 30, 2024	—	—
	February 9, 2015	95,836 (2)	4,164 (2)	12.77	February 8, 2025	—	—
	February 3, 2016	—	—	—		10,418 (3)	$ 154,499 (4)
	February 3, 2016	44,272 (2)	18,228 (2)	12.94	February 2, 2026	—	—
	February 6, 2017	27,500 (2)	32,500 (2)	18.80	February 5, 2027	—	—
	March 6, 2017	— (2)	—	—		20,001 (3)	296,615 (4)
	February 6, 2018	12,500 (2)	47,500 (2)	6.80	February 5, 2028	—	—
	February 6, 2018	—	—	—		30,000 (3)	444,900 (4)
	February 6, 2018	—	—	—		132,941 (3)	1,971,515 (4)
K. Thomas Bailey	January 16, 2018	—	95,000 (5)	8.16	January 15, 2028	—	—
	January 18, 2018	—	—	—		35,000 (6)	519,050 (4)
Mary Tedd Allen	March 1, 2012	31,250 (1)	—	1.92	February 28, 2022	—	—
	January 10, 2013	10,000 (1)	—	6.72	January 9, 2023	—	—
	January 31, 2014	25,000 (1)	—	18.18	January 30, 2024	—	—
	February 9, 2015	19,167 (2)	833 (2)	12.77	February 8, 2025	—	—
	February 3, 2016	—	—	—		2,000 (3)	29,660 (4)
	February 3, 2016	8,500 (2)	3,500 (2)	12.94	February 2, 2026	—	—
	February 6, 2017	7,333 (2)	8,667 (2)	18.80	February 5, 2027	—	—
	February 6, 2017	—	—	—		5,334 (3)	79,103 (4)
	February 6, 2018	4,166 (2)	15,834 (2)	6.80	February 5, 2028	—	—
	February 6, 2018	—	—	—		10,000 (3)	148,300 (4)
	February 6, 2018	—	—	—		37,647 (3)	595,952 (4)
Joseph M. Beechem	April 19, 2012	82,968 (1)	—	1.92	April 18, 2022	—	—
	January 10, 2013	24,999 (1)	—	6.72	January 9, 2023	—	—
	January 31, 2014	35,000 (1)	—	18.18	January 30, 2024	—	—
	February 9, 2015	43,126 (2)	1,874 (2)	12.77	February 8, 2025	—	—
	February 3, 2016	—	—	—		4,168 (3)	61,811 (4)
	February 3, 2016	17,708 (2)	7,292 (2)	12.94	February 2, 2026	—	—
	February 6, 2017	9,166 (2)	10,834 (2)	18.80	February 5, 2027	—	—
	March 6, 2017	—	—	—		6,667 (3)	98,872 (4)
	February 6, 2018	4,166 (2)	15,834 (2)	6.80	February 5, 2028	—	—
	February 6, 2018	—	—	—		10,000 (3)	148,300 (4)
	February 6, 2018	—	—	—		45,294 (3)	671,710 (4)
David Ghesquiere	December 5, 2013	93,000 (1)	—	12.50	December 4, 2023	—	—
	January 31, 2014	4,000 (1)	—	18.18	January 30, 2024	—	—
	February 9, 2015	43,126 (2)	1,874 (2)	12.77	February 8, 2025	—	—
	February 3, 2016	—	—	—		4,168 (3)	61,811 (4)

February 5, 2016	17,708 [2]	7,292 [2]	12.94	February 4, 2026	—	—
November 10, 2016	—	—	—		2,500 [3]	37,075 [4]
November 10, 2016	—	—	—		10,000 [3]	148,300 [4]
November 11, 2016	7,812 [2]	7,188 [2]	22.71	November 10, 2026	—	—
November 11, 2016	—	20,000 [2]	22.71	November 10, 2026	—	—
February 6, 2017	9,166 [2]	10,834 [2]	18.80	February 5, 2027	—	—
February 6, 2017	—	—	—		6,667 [3]	98,872 [4]
February 6, 2018	4,166 [2]	15,834 [2]	6.80	February 5, 2028	—	—
February 6, 2018	—	—	—		10,000 [3]	148,300 [4]
February 6, 2018	—	—	—		44,118 [3]	654,270 [4]

(1) The options have fully vested.

(2) Options vest in equal monthly installments from the vesting commencement date over four years. Notwithstanding the foregoing, if the named executive officer is terminated without cause or resigns for good reason (each as defined in the executive's applicable stock option agreement), in each case, following a change in control (as defined under our 2013 Equity Incentive Plan), then 100% of the then-unvested shares will vest.

(3) One third of the restricted stock units vest on the first market trading day following the first anniversary of vesting commencement date and one third of the restricted stock units vest annually on the first market trading day after each of the second and third anniversaries of the vesting commencement date. Notwithstanding the foregoing, if the named executive officer is terminated without cause or resigns for good reason (each as defined in the executive's applicable restricted stock unit agreement), in each case, following a change in control (as defined under our 2013 Equity Incentive Plan), then 100% of the then-unvested shares will vest.

(4) The market value of unvested shares is calculated by multiplying the number of unvested shares by the closing market price of our common stock on The NASDAQ Stock Market on December 31, 2018, the last trading day of the year, which was $14.83 per share.

(5) Twenty-five percent of the options vest on the one year anniversary of the start date, and the remaining options will vest monthly over the next thirty-six months in approximately equal monthly amounts. Notwithstanding the foregoing, if Mr. Bailey is terminated without cause or resigns for good reason (each as defined in the executive's applicable stock option agreement), in each case, following a change in control (as defined under our 2018 Inducement Equity Incentive Plan), then 100% of the then-unvested shares will vest.

(6) The restricted stock units vest on the second anniversary of Mr. Bailey's start date. Notwithstanding the foregoing, if Mr. Bailey is terminated without cause or resigns for good reason (each as defined in the executive's applicable restricted stock unit agreement), in each case, following a change in control (as defined under our 2018 Inducement Equity Incentive Plan), then 100% of the then-unvested shares will vest.

Option Exercises and Stock Vested

The following table sets forth information regarding exercises of equity awards by our NEOs for the year ended December 31, 2018.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting
R. Bradley Gray	—	$ —	20,415	$ 135,181
K. Thomas Bailey	—	—	—	—
Mary Tedd Allen	41,250	659,175	4,666	30,836
Joseph M. Beechem	—	—	7,499	49,710
David Ghesquiere	—	—	14,999	120,235

Executive Employment Arrangements

Each NEO is an "at-will" employee. Employment agreements with our NEOs provide for one or more of the following: annual base salary, an annual cash incentive payment targeted at a percentage of the NEO's base salary, initial grants of stock options and/or restricted stock units and participation in our Company-wide employee benefit plans. In addition, the employment agreements we have entered into with our NEOs provide for severance payments and benefits as described below.

The current base salary and target annual cash incentive as a percentage of each NEO's base salary for 2019 is as follows:

Name	2019 Base Salary	Value Realized on Exercise
R. Bradley Gray	$ 600,000	85%
K. Thomas Bailey	415,000	50
Mary Tedd Allen	330,000	50
Joseph M. Beechem	395,000	50
David Ghesquiere	382,500	50

2018 Potential Payments upon Termination or Change in Control

We have entered into employment agreements with our NEOs that contain severance and change in control provisions which require us to provide specific payments and benefits in connection with the termination of our NEOs' employment in certain circumstances. If the event of our termination of the NEO's employment other than for "cause" (as defined in each employment agreement and summarized below) (and that is not by reason of the NEO's death or disability), or due to the NEO's resignation from employment with us for "good reason" (as defined in each employment agreement and summarized below), the NEO will receive continuing base salary payments for a period of six months (or in Mr. Gray's case, 12 months). However, if such termination other than for "cause," death or disability, or such resignation for "good reason," in either case, occurs within 12 months following a "change in control" (as defined in our 2013 Equity Incentive Plan or, for Mr. Bailey, under our 2018 Inducement Equity Incentive Plan), the NEO instead will be entitled to the following:

- a lump sum payment equal to 12 months (or in Mr. Gray's case, 24 months) of his or her then-effective base salary;
- 100% (or in Mr. Gray's case, 200%) of his or her target annual cash incentive payment. This will be calculated based on the completion of a full calendar year and at the then-effective target percentage times the then-effective base salary; and
- reimbursement of premiums paid for continuation coverage under COBRA for the NEO and his or her eligible dependents for up to 12 months (or in Mr. Gray's case, 24 months).

In order to receive the severance benefits detailed above, each NEO is obligated to execute a release of claims against us, provided that the release becomes enforceable and irrevocable not later than 60 days following such NEO's termination date, and to continue to comply with the terms of certain non-solicitation and non-competition requirements under the NEO's proprietary information and inventions agreement (and for Messrs. Gray and Ghesquiere and Drs. Beechem and Allen, certain other restricted covenants, such as non-disparagement requirements, contained in the employment agreement, and for Mr.

Bailey, any other obligations under his proprietary information and inventions agreement). Mr. Bailey's release of claims agreement will contain certain restrictive covenants, such as non-solicit provisions and mutual non-disparagement requirements.

For each of Messrs. Gray and Ghesquiere and Drs. Beechem and Allen, the employment agreements provided "double trigger" acceleration of vesting of their new hire equity awards in the event of a termination without cause or resignation for good reason, in either event that occurs after a change in control of the Company. However, each of these new hire awards have fully vested based on continued service to the Company over time. NEO equity awards generally contain similar "double trigger" vesting acceleration provisions, as described below.

We do not provide for any gross ups for any excise taxes that may be imposed by Section 4999 of the Internal Revenue Code. Mr. Bailey's employment agreement provides that, in the event that any payment to Mr. Bailey is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (as a result of a payment being classified as a "parachute payment" under Section 280G of the Internal Revenue Code), Mr. Bailey will be entitled to receive such payment as would entitle him to receive the greatest after-tax benefit of either the full payment or a lesser payment which would result in no portion of such severance benefits being subject to excise tax.

For purposes of the 2013 Equity Incentive Plan, 2018 Inducement Equity Incentive Plan, and change in control benefits contained in the NEOs' employment agreements, **"change in control"** means generally means:

- the date that any one person, or more than one person acting as a group, acquires ownership of our capital stock that, together with the stock held by such person or such group, constitutes more than 50% of the total voting power of our capital stock;
- the date that a majority of members of the board is replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the board prior to such date; or
- the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition by such person or group) assets from us that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of our assets immediately prior to such acquisition or acquisitions.

For purposes of each of the employment agreements with our NEOs (other than Mr. Bailey), **"cause"** means generally:

- a violation of one of our material written policies that continues uncured for 30 days after notification by us;
- an act of dishonesty in connection with such NEO's responsibilities as our employee;
- such NEO's conviction of, or plea of *nolo contendere* to, a felony;
- such NEO's gross misconduct;
- such NEO's failure or refusal to follow the lawful and proper directives of the board of directors which are within his or her duties that are not corrected within 30 days after written notice; or
- such NEO's material breach of his or her proprietary information agreement or the non-disparagement provision of his or her employment agreement.

For purposes of the employment agreement with Mr. Bailey, **"cause"** means generally:

- his failure to substantially perform his duties and responsibilities (other than a failure from his disability) after receiving written notice of the alleged failure and 10 days' opportunity to cure;
- his commission of any act of fraud, embezzlement, dishonesty or misrepresentation;
- his violation of any federal or state law or regulation applicable to our business or the business of our affiliates;
- his breach of any confidentiality agreement or invention assignment agreement with us (or any affiliate of our affiliates);
- his being convicted of, or entering a plea of *nolo contendere* to, a felony or committing any act of moral turpitude, dishonesty or fraud against, or the misappropriation of material property belonging to, us or our affiliates; or
- his failure to provide us with proof of his authorization to work in the U.S. (which has been provided)

For purposes of each of the employment agreements with our NEOs (other than Mr. Bailey), **"good reason"** means generally any of the following, without such NEO's written consent:

- for Mr. Gray, a material and permanent diminution in his duties, authority or responsibilities causing such position to be of materially reduced stature or responsibility including a requirement that he is required to report to a corporate

officer or employee instead of reporting directly to our board of directors or, if we become a subsidiary of another corporation, the board of directors of our parent company;

- for Drs. Beechem and Allen and Mr. Ghesquiere, a material, adverse and permanent diminution in such NEO's position, causing such position to be of materially reduced stature or responsibility, provided that the continuance of his or her duties and responsibilities at the subsidiary or divisional level following a change in control, rather than at the parent, combined or surviving company level following the change in control, will not be deemed good reason within the meaning of this clause;
- for Mr. Gray, our material breach of any provision of his employment agreement;
- for Drs. Beechem and Allen and Mr. Ghesquiere, our material breach of such NEO's employment agreement that continues uncured for 30 days following notice by him or her;
- a refusal by such NEO to relocate to a facility or location more than 40 miles (or, for Mr. Gray, more than 50 miles) from our then-current location; or
- for Drs. Beechem and Allen, and Mr. Ghesquiere, a material reduction in the kind and level of employee benefits (other than base salary) which results in a substantial reduction of the NEO's overall benefits package (other than a reduction applicable to officers of the Company generally).

To qualify as a resignation for good reason, the NEO must provide notice to us within 30 days (90 days for Mr. Gray) after the initial existence of the condition or event described above and allow us to cure the condition or event within 30 days following our receipt of the notice, and if not cured, the NEO thereafter elects to terminate his or her employment voluntarily within 30 days after the expiration of the period for correcting such condition or event. In addition, any change in the NEO's job function or responsibilities in order to accommodate a disability under the Americans with Disabilities Act, the Family Medical Leave Act or any analogous statute or law will not constitute a basis for the NEO to resign for good reason.

For purposes of the employment agreement with Mr. Bailey, **"good reason"** means generally his resignation within 30 days after the expiration of the cure period described below following the occurrence of any of the following, without his express written consent:

- the assignment to him of any duties or the reduction of his duties, either of which results in a material diminution in his position or responsibilities with us, provided that the continuance of his duties and responsibilities at the subsidiary or divisional level following a change in control, rather than at the parent, combined, or surviving company level following such change in control will not be deemed good reason;
- a material reduction in his base salary;
- a material change in the geographic location at which he must perform services (for purposes of the foregoing, his relocation to a facility or a location less than 25 miles from his then-present location will not be considered a material change in geographic location); or
- our material breach of any material provision of his employment agreement.

Mr. Bailey's resignation will not be deemed to be for good reason unless he has first provided us with written notice of the acts or omissions constituting the grounds for good reason within 90 days of the initial existence of the grounds for good reason and a reasonable cure period of not less than 30 days following the date we receive such notice, and such condition has not been cured during such period.

NEO Equity Awards

The equity awards granted to our NEOs generally include "double trigger" acceleration provisions. Under these provisions, if the NEO is terminated without "cause" or resigns for "good reason," in each case, following a "change in control" (as defined under the applicable equity plan under which the award was granted), the equity award will vest in full immediately prior to such termination, provided that with respect to Mr. Bailey's new hire stock options and RSUs, in order to receive this acceleration of vesting, his termination without cause or for good reason must occur within 12 months following a change in control.

With respect to the above-described equity acceleration provisions, the definitions of "cause" and "good reason" are substantially the same as those set forth in Mr. Bailey's employment agreement and described above, except that the "cause" definition does not include failure to provide proof of authorization to work in the U.S., and the good reason definition is triggered by a material breach of the applicable equity award agreement, rather than of the employment agreement.

2013 Equity Incentive Plan and 2018 Inducement Equity Incentive Plan

Our 2013 Equity Incentive Plan, or the 2013 Plan, and our 2018 Inducement Equity Incentive Plan, each provide that in the event of a merger or "change in control," as defined under the applicable plan, each outstanding award will be treated as the administrator determines, except that if 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. The award will then terminate upon the expiration of the specified period of time.

Under our 2013 Plan, if the service of an outside director is terminated on or following a change in control, other than pursuant to a voluntary resignation not at the request of the acquirer, his or her outstanding stock 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 awards with performance-based vesting will be deemed achieved at 100% of target levels, and all other terms and conditions met.

The following table describes the payments and benefits that each of our NEOs would be entitled to receive in the circumstances described above under the plans and arrangements with our NEOs described above. Payments and benefits are estimated assuming that the triggering event took place on December 31, 2018, and the price per share of our common stock is the closing price on The Nasdaq Global Market as of that date.

	Employment Termination Without Cause or For Good Reason and No Change in Control	Employment Termination Without Cause or For Good Reason Within 12 months Following a Change in Control				Employment Termination Without Cause or For Good Reason More than 12 months after a Change in Control	
Name	Severance Payments (1)	Severance Payments (2)	Annual Cash Incentive Payment (3)	Equity Acceleration (4)	Health Care Benefits (5)	Severance Payments (1)	Equity Acceleration (4)
R. Bradley Gray	$ 565,000	$ 1,130,000	$ 960,500	$ 3,291,983	$ 48,595	$ 565,000	$ 3,291,983
K. Thomas Bailey	200,000	400,000	200,000	1,152,700	21,600	200,000	—
Mary Tedd Allen	160,000	320,000	144,000	988,493	7,063	160,000	988,493
Joseph M. Beechem	192,500	385,000	192,500	1,125,482	21,600	192,500	1,125,482
David Ghesquiere	187,500	375,000	187,500	1,293,417	15,003	187,500	1,293,417

(1) The amount shown in this column for each NEO consists of continuing payments of the NEO's base salary as of December 31, 2018, for a period of six months (or in Mr. Gray's case, twelve months).

(2) The amount shown in this column for each NEO consists of a lump sum payment equal to twelve months (or in Mr. Gray's case, twenty-four months) of the NEO's base salary as of December 31, 2018.

(3) The amount shown in this column for each NEO consists of a lump sum payment equal to 100% (or in Mr. Gray's case, 200%) of the NEO's target annual cash incentive payment, which is calculated based on the completion of a full calendar year and the then-effective target percentage times the then-effective base salary.

(4) The amount shown in this column for each NEO consists of the value of the portions of the unvested in-the-money options and restricted stock unit awards held by the NEO for which vesting is accelerated upon the triggering event. The value of each such portion of such equity awards is calculated by multiplying (x) the closing stock price of our common stock of $14.83 per share on December 31, 2018, as reported on the Nasdaq Global Market (and in the case of options, less the exercise price per share of the option) by (y) the number of shares covered by such portion of the equity award.

(5) The amount shown in this column for each NEO consists of the estimated cost of reimbursement of premiums paid for continuation coverage under COBRA for the NEO and his or her eligible dependents for up to 12 months (or in Mr. Gray's case, 24 months).

Risk Analysis of our Compensation Plans

Our compensation committee reviews and discusses with management the risks arising from our executive compensation philosophy and practices applicable to all employees to determine whether they encourage excessive risk-taking and to evaluate compensation policies and practices that could mitigate such risks. In addition, our compensation committee engaged Arnosti Consulting in 2017 and 2018 and then Radford in at the end of 2018 to independently review our executive compensation program. Based on those reviews, the compensation committee structures our executive compensation program to encourage our NEOs to focus on both long-term and short-term success. We do not believe that our executive compensation program creates risks that are reasonably likely to have a material adverse effect on us.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information with respect to the beneficial ownership of our common stock at January 31, 2019 for:

- each person who we know beneficially owns more than 5% of our common stock;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

The percentage of beneficial ownership shown in the table is based upon 31,060,827 shares outstanding as of January 31, 2019.

Information with respect to beneficial ownership has been furnished by each director, executive officer or beneficial owner of more than 5% of our common stock. We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules take into account shares of common stock issuable pursuant to the exercise of stock options or warrants that are either immediately exercisable or exercisable on or before the 60th day after January 31, 2019, as well as restricted stock units that vest on or before such date. Certain of the options granted to our named executive officers may be exercised prior to the vesting of the underlying shares. We refer to such options as being "early exercisable." Shares of common stock issued upon early exercise are subject to our right to repurchase such shares until such shares have vested. These shares are deemed to be outstanding and beneficially owned by the person holding those options or a warrant for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Except as otherwise noted below, the address for each person or entity listed in the table is c/o NanoString Technologies, Inc., 530 Fairview Avenue, N., Seattle, Washington 98109.

Name of Beneficial Owner	Shares	Percentage
5% Stockholders:		
Entities affiliated with Clarus Funds (1)	4,036,025	13.0%
Cadian Capital Management, LP (2)	2,301,269	7.4%
Entities affiliated with Levin Capital Strategies (3)	2,228,595	7.2%
Blackrock, Inc. (4)	1,586,937	5.1%
Directors and Named Executive Officers:		
R. Bradley Gray (5)	781,654	2.5%
K. Thomas Bailey (6)	27,708	*
Mary Tedd Allen, Ph.D. (7)	158,586	*
Joseph M. Beechem, Ph.D. (8)	266,701	*
David W. Ghesquiere (9)	242,441	*
William D. Young (10)	155,178	*
Elisha Finney (11)	26,075	*
Nicholas Galakatos, Ph.D. (12)	48,779	*
Robert Hershberg, M.D., Ph.D. (13)	41,545	*
Kirk Malloy, Ph.D. (14)	34,964	*
Gregory Norden (15)	69,185	*
Charles P. Waite (16)	50,486	*
All directors and executive officers as a group (13 persons) (17)	1,941,909	5.9%

(*) Less than one percent.

(1) The number of shares owned set forth above is based solely on the most recently available Schedule D/A filed with the SEC on January 11, 2019. Consists of 4,036,025 shares held directly by Clarus Lifesciences II, L.P. ("Clarus"). Clarus Ventures II GP, L.P ("Clarus GP") is the general partner of Clarus. Blackstone Clarus II L.L.C. is the general partner of Clarus GP. The sole member of Blackstone Clarus II L.L.C. is Blackstone Holdings II L.P. The general partner of Blackstone Holdings II L.P. is Blackstone Holdings I/II GP Inc. The controlling stockholder of Blackstone Holdings I/II

GP Inc. is The Blackstone Group L.P. The general partner of The Blackstone Group L.P. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly-owned by Blackstone's senior managing directors and controlled by its founder, Stephen A. Schwarzman. Each of such entities and Mr. Schwarzman may be deemed to beneficially own the shares beneficially owned by Clarus, but each (other than Clarus) disclaims beneficial ownership of such shares. The address for each of Clarus and Clarus GP is c/o Clarus Ventures LLC, 101 Main Street, Suite 1210, Cambridge, Massachusetts 02142. The address for each of the other Blackstone entities and Mr. Schwarzman is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

(2) The number of shares owned set forth above is based solely on the most recently available Schedule 13G/A filed with the SEC on February 13, 2018. All securities reported in the Schedule 13G are directly owned by advisory clients of Cadian Capital Management, LP ("Cadian"). None of the advisory clients individually owns more than 5% of the common stock of NanoString Technologies, Inc. Eric Bannasch may be deemed to beneficially own the shares held of record by Cadian. The address of each of the foregoing persons and entities is 535 Madison Avenue, 36th Floor, New York, NY 10022.

(3) The number of shares owned set forth above is based solely on the most recently available Schedule 13G filed with the SEC on January 24, 2018. Consists of 1,050,851 shares held directly by Levin Capital Strategies, L.P., and 1,177,744 shares held directly by Levin Capital Strategies G.P., LLC. The address of Levin Capital Strategies is 595 Madison Avenue, 17th Floor, New York, New York 10022.

(4) Based solely on the most recently available Schedule 13G filed with the SEC on January 25, 2018. The address of the foregoing persons and entities is 55 East 52nd Street, New York, New York 10055.

(5) Includes 87,931 shares held, 74,730 shares attributable to restricted stock units that will vest within 60 days of January 31, 2019 and options to purchase 618,993 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(6) Consists of options to purchase 27,708 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(7) Includes 28,789 shares held, 20,548 shares attributable to restricted stock units that will vest within 60 days of January 31, 2019 and options to purchase 109,249 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(8) Includes 17,699 shares held, 25,932 shares attributable to restricted stock units that will vest within 60 days of January 31, 2019 and options to purchase 223,070 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(9) Includes 31,048 shares held, 25,540 shares attributable to restricted stock units that will vest within 60 days of January 31, 2019 and options to purchase 185,853 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(10) Includes 30,000 shares held, and options to purchase 125,178 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(11) Consists of options to purchase 26,075 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(12) Consists of options to purchase 48,779 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date. In connection with The Blackstone Group's acquisition of Clarus Ventures in October 2018, voting and dispositive control of the shares held by Clarus Ventures is as described in footnote 1 above.

(13) Consists of options to purchase 41,545 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(14) Consists of options to purchase 34,964 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(15) Includes 10,000 shares held and options to purchase 59,185 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(16) Includes 1,707 shares held and options to purchase 48,779 shares that are exercisable within 60 days of January 31, 2019, all of which are vested as of such date.

(17) Includes 207,820 shares held, 157,004 shares attributable to restricted stock units that will vest within 60 days of January 31, 2019 and options to purchase 1,577,085 shares that are exercisable within 60 days of January 31, 2019.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Related Person Transaction Policy

We have adopted a formal, written policy that our executive officers, directors (including director nominees), holders of more than 5% of any class of our voting securities, and any member of the immediate family of or any entities affiliated with any of the foregoing persons, are not permitted to enter into a related person transaction with us without the prior approval or, in the case of pending or ongoing related person transactions, ratification of our audit committee. For purposes of our policy, a related person transaction is a transaction, arrangement or relationship where we were, are or will be involved and in which a related person had, has or will have a direct or indirect material interest, other than transactions available to all of our United States employees.

Certain transactions with related parties, however, are excluded from the definition of a related person transaction including, but not limited to: (1) transaction with another company at which a related person's only relationship is as an employee (excluding as an executive officer or a director) or beneficial owner of less than 5% of that company's shares; (2) transaction where the related person's interest arises solely from the ownership of our equity securities and all holders of our common stock received the same benefit on a pro rata basis (e.g. dividends); (3) transactions available to all employees generally; (4) transactions involving the purchase or sale of products or services in the ordinary course of business, not exceeding $50,000; and (5) transactions in which the related person's interest derives solely from his or her service as a director, trustee or officer (or similar position) of a not-for-profit organization or charity that receives donations from the Company.

No member of the audit committee may participate in any review, consideration or approval of any related person transaction where such member or any of his or her immediate family members, or any entities with which the audit committee member is affiliated, is the related person. In approving or rejecting the proposed agreement, our audit committee shall consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to: (1) the benefits and perceived benefits, or lack thereof, to our company; (2) the impact on a director's independence in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, stockholder or executive officer; (3) the materiality and character of the related person's direct and indirect interest; (4) the actual or apparent conflict of interest of the related person; (5) the availability of other sources for comparable products or services; (6) the opportunity costs of alternative transactions; (7) the terms of the transaction; (8) the commercial reasonableness of the terms of the proposed transaction; and (9) terms available to unrelated third parties or to employees under the same or similar circumstances. In reviewing proposed related person transactions, the audit committee will only approve or ratify related person transactions that are in, or not inconsistent with, the best interests of our company and stockholders, as the audit committee determines in good faith.

In addition to the arrangements described below, we have also entered into the arrangements which are described where required in the section captioned "Executive Compensation — Executive Employment Arrangements".

Indebtedness of Directors and Officers

None of our current or former directors or executive officers is indebted to us, nor are any of these individuals indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us.

Other Transactions

We have entered into separate indemnification agreements with each of our directors and certain of our officers, including our named executive officers.

We have granted stock options and restricted stock units to our named executive officers, other executive officers and our non-employee directors.

Certain of our executive officers are participants in our 2013 Employee Stock Purchase Plan.

Director Independence

Our board of directors has undertaken a review of its composition, the composition of its committees and the independence of directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, the board of directors has determined that none of Messrs. Young, Waite and Norden, Ms. Finney, and Drs. Galakatos, Hershberg, and Malloy, representing seven of our eight directors, has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an "independent director" as defined under the rules of The Nasdaq Stock Market. The board of directors also determined that Messrs. Norden

(chairman), Waite and Young, and Ms. Finney, who comprise our audit committee, Drs. Galakatos (chairman) and Malloy and Mr. Norden, who currently comprise our compensation committee, and Messrs. Waite (chairman) and Young and Drs. Galakatos and Hershberg, who comprise our nominating and corporate governance committee, satisfy the independence standards for those committees established by applicable SEC rules and the rules of The Nasdaq Stock Market.

Item 14. Principal Accountant Fees and Services

The following table summarizes the fees of PricewaterhouseCoopers LLP, our independent registered public accounting firm, for 2018 and 2017.

	Year Ended December 31,	
Fee Category	**2018**	**2017**
Audit fees [1]	$ 2,510,481	$ 1,113,568
Audit-related fees	—	—
Tax fees	—	—
All other fees [2]	62,771	161,819
Total fees	$ 2,573,252	$ 1,275,387

(1) Audit fees relate to professional services provided in connection with the audit of our annual consolidated financial statements, review of our quarterly consolidated financial statements and our public offerings. In 2018, audit fees also relate to the audit of internal control over financial reporting.

(2) All other fees include any fees billed that are not audit, audit related, or tax fees. In 2018 and 2017, these fees related primarily to professional services provided in connection with the review of internal controls, processes and related systems over financial reporting designed by management, in addition to fees related to accounting research software.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Financial Statements — The financial statements filed as part of this Annual Report on Form 10-K are listed on the Index to Consolidated Financial Statements in Item 8.

(2) Financial Statement Schedules — The financial statement schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or the notes thereto.

(3) Exhibits — The exhibits required by Item 601 of Regulation S-K are listed in paragraph (b) below.

(b) Exhibits

The exhibits listed on the Exhibit Index (following the Signatures section of this report) are filed herewith or are incorporated by reference to exhibits previously filed with the SEC.

Exhibit		Incorporated by Reference			
Number	Description	Form	Filing Date	Number	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	10-Q	August 8, 2013	3.1	
3.2	Amended and Restated Bylaws of the Registrant.	10-Q	August 8, 2013	3.2	
4.1	Specimen Common Stock Certificate of the Registrant.	S-1/A	June 13, 2013	4.1	
4.2	Warrant to Purchase Common Stock issued to Lam Research Corporation.	8-K	August 8, 2017	4.1	
4.3	Form of Warrant to Purchase Common Stock dated as of October 12, 2018 is issued in connection with Amended and Restated Term Loan Agreement dated as of October 12, 2018 among the Registrant and certain of the Registrant's subsidiaries and CRG Partners III L.P., CRG Partners III-Parallel Fund "A" L.P., CRG Partners III Parallel Fund "B" (Cayman) L.P., CRG Partners III (Cayman) LEV AIV L.P. and CRG Partners III (Cayman) UNLEV AIV I L.P., and CRG Servicing LLC.				X
10.1	Form of Director and Executive Officer Indemnification Agreement.	S-1/A	June 13, 2013	10.1	
10.2+	2004 Stock Option Plan, as amended.	S-1	May 20, 2013	10.2	
10.3+	Form of Notice of Stock Option Grant and Stock Option Agreement under the 2004 Stock Option Plan, as amended.	S-1	May 20, 2013	10.3	
10.4+	Form of Notice of Stock Option Grant and Stock Option Agreement permitting early exercise under the 2004 Stock Option Plan, as amended.	S-1	May 20, 2013	10.4	
10.5+	2013 Equity Incentive Plan.	S-1/A	June 13, 2013	10.5	
10.6+	Form of Notice of Stock Option Grant and Stock Option Agreement under the 2013 Equity Incentive Plan.	S-1/A	June 13, 2013	10.6	
10.7+	Form of Notice of Restricted Stock Grant and Restricted Stock Agreement under the 2013 Equity Incentive Plan.	S-1/A	June 13, 2013	10.7	
10.8+	Form of Notice of Restricted Stock Unit Grant and Restricted Stock Unit Agreement under the 2013 Equity Incentive Plan.	S-1/A	June 13, 2013	10.8	
10.9+	2013 Employee Stock Purchase Plan.	S-1/A	June 13, 2013	10.9	
10.10+	2018 Inducement Equity Incentive Plan and related form agreements.	8-K	January 16, 2018	10.1	

Exhibit Number	Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Exhibit	
10.11+	Employment Agreement, dated May 24, 2010, between the Registrant and R. Bradley Gray.	S-1	May 20, 2013	10.8	
10.12+	Amendment to Employment Agreement, dated August 4, 2017, between the Registrant and R. Bradley Gray.	10-Q	August 9, 2017	10.1	
10.13+	Employment Agreement, dated November 20, 2013, between the Registrant and David W. Ghesquiere.	10-K	March 11, 2016	10.12	
10.14+	Amendment to Employment Agreement, dated August 4, 2017, between the Registrant and David W. Ghesquiere.	10-Q	August 9, 2017	10.3	
10.15+	Employment Agreement, dated March 31, 2012, between the Registrant and Joseph Beechem.	S-1	January 13, 2014	10.12	
10.16+	Amendment to Employment Agreement, dated December 27, 2012, between the Registrant and Joseph Beechem.	10-K	March 7, 2018	10.17	
10.17+	Amendment to Employment Agreement, dated November 7, 2017, between the Registrant and Joseph Beechem.	10-K	March 7, 2018	10.18	
10.18+	Employment Agreement, dated October 17, 2017, between the Registrant and J. Chad Brown.	10-K	March 7, 2018	10.19	
10.19+	Employment Agreement, dated January 16, 2018, between the Registrant and K. Thomas Bailey.	10-K	March 7, 2018	10.20	
10.20+	Employment Agreement, dated June 8, 2009, between the Registrant and Mary Tedd Allen				X
10.21+	Amendment to Employment Agreement, dated December 28, 2012, between the Registrant and Mary Tedd Allen.				X
10.22+	Amendment to Employment Agreement, dated October 23, 2017, between the Registrant and Mary Tedd Allen.				X
10.23	Lease between the Registrant and BMR-530 Fairview Avenue LLC, dated October 19, 2007, as amended through December 22, 2014 (including Amendment No. 1 through Amendment No. 7).	10-K	March 13, 2015	10.14	
10.24	Amendment No. 8 to Lease between the Registrant and BMR-530 Fairview Avenue LLC, dated February 27, 2015.	10-K	March 11, 2016	10.13	
10.25	Lease between the Registrant and BMR-500 Fairview Avenue LLC, dated December 22, 2014.	10-K	March 13, 2015	10.15	
10.26	Amendment No. 1 to Lease between the Registrant and BMR-500 Fairview Avenue LLC, dated June 27, 2016.	10-Q	August 4, 2016	10.1	
10.27	Office Lease Agreement between the Registrant and Blume Roy Building LLC, dated December 26, 2013, as amended through November 18, 2014.	10-K	March 13, 2015	10.16	
10.28	Amendment No. 2 to Office Lease Agreement between the Registrant and Blume Roy Building LLC, dated February 1, 2016.	10-Q	May 6, 2016	10.1	
10.29†	Amended and Restated Term Loan Agreement dated as of October 12, 2018 among the Registrant and certain of the Registrant's subsidiaries and CRG Partners III L.P., CRG Partners III-Parallel Fund "A" L.P., CRG Partners III Parallel Fund "B" (Cayman) L.P., CRG Partners III (Cayman) LEV AIV L.P. and CRG Partners III (Cayman) UNLEV AIV I L.P., and CRG Servicing LLC.				X

Exhibit Number	Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Exhibit	
10.30†	Exclusive License Agreement, dated February 4, 2004, between the Registrant and The Institute for Systems Biology.	S-1	May 20, 2013	10.19	
10.31†	Amendment No. 1 to Exclusive License Agreement, dated February 5, 2007, between the Registrant and The Institute for Systems Biology.	S-1	May 20, 2013	10.20	
10.32	Amendment No. 2 to Exclusive License Agreement, dated May 17, 2007, between the Registrant and The Institute for Systems Biology.	S-1	May 20, 2013	10.21	
10.33†	Amended and Restated Exclusive License Agreement, effective July 7, 2010, between the Registrant and Bioclassifier, LLC.	S-1	May 20, 2013	10.22	
10.34	First Amendment to Amended and Restated Exclusive License Agreement between the Company and Bioclassifier, LLC, dated March 31, 2015.	10-Q	May 11, 2015	10.1	
10.35	Amendment No. 2 to Amended and Restated Exclusive License Agreement between the Company and Bioclassifier, LLC, dated June 24, 2016.	10-Q	August 4, 2016	10.2	
10.36†	Third Amendment to Amended and Restated Exclusive License Agreement between the Company and Bioclassifier, LLC, dated July 18, 2018.	10-Q	November 8, 2018	10.1	
10.37†	Collaboration Agreement, dated August 4, 2017, between the Registrant and Lam Research Corporation.	10-Q	November 8, 2017	10.1	
10.38	Sales Agreement, dated as of January 5, 2018 between NanoString Technologies, Inc. and Cowen and Company, LLC.	10-K	March 7, 2018	1.1	
10.39†	Amended and Restated Loan and Security Agreement, dated as of November 16, 2018, by and between NanoString Technologies, Inc. and Silicon Valley Bank.				X
21.1	List of subsidiaries of the Registrant.	10-K	March 7, 2018	21.1	
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.				X
24.1	Powers of Attorney (contained on signature page).				X
31.1	Certification of Principal Executive Officer Required Under Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.				X
31.2	Certification of Principal Financial Officer Required Under Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.				X
32.1	Certification of Principal Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.				X
32.2	Certification of Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.				X
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X

Exhibit Number	Description	Incorporated by Reference Form	Filing Date	Number	Filed Herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X

+ Indicates a management contract or compensatory plan.

† Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 11, 2019

NANOSTRING TECHNOLOGIES, INC.

By: /s/ R. Bradley Gray
R. Bradley Gray
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints R. Bradley Gray and K. Thomas Bailey, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file, any and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their and his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ R. Bradley Gray R. Bradley Gray	President, Chief Executive Officer and Director (Principal Executive Officer)	March 11, 2019
/s/ K. Thomas Bailey K. Thomas Bailey	Chief Financial Officer (Principal Accounting and Financial Officer)	March 11, 2019
/s/ William D. Young William D. Young	Chairman of the Board of Directors	March 11, 2019
/s/ Elisha W. Finney Elisha W. Finney	Director	March 11, 2019
/s/ Nicholas Galakatos Nicholas Galakatos	Director	March 11, 2019
/s/ Robert M. Hershberg Robert M. Hershberg	Director	March 11, 2019
/s/ Kirk D. Malloy Kirk D. Malloy	Director	March 11, 2019
/s/ Gregory Norden Gregory Norden	Director	March 11, 2019
/s/ Charles P. Waite Charles P. Waite	Director	March 11, 2019

Exhibit 4.3

THE OFFER AND SALE OF THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	NANOSTRING TECHNOLOGIES, INC., a Delaware corporation
Number of Shares:	[ ]
Type/Series of Stock:	Common Stock
Warrant Price:	$21.12 per share
Issue Date:	October 12, 2018
Expiration Date:	Seventh Anniversary of the date of original issuance
Credit Facility:	This Warrant to Purchase Stock ("Warrant") is issued in connection with that certain Amended and Restated Term Loan Agreement of even date herewith (as modified, amended and/or restated from time to time, the "Loan Agreement"), among Company, as borrower, the subsidiary guarantors party thereto, [ ] ("CRG") and the other lenders party thereto and CRG Servicing LLC, a Delaware limited liability company, as administrative agent and collateral agent ("Agent").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, CRG (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "Holder") is entitled to purchase the number of fully paid and non-assessable shares (the "Shares") of the above-stated Type/Series of Stock (the "Class") of the above-named company (the "Company") at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company in accordance with the provisions of Section 5.5 the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "Trading Market"), the fair market value of a Share shall be the arithmetic average of the closing price of a share of common stock reported for the 30 consecutive Trading Days ending on the date immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate or establish a book entry position representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, "Acquisition" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company; (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization (or, if such Company stockholders beneficially own a majority of the outstanding voting power of the surviving or successor entity as of immediately after such merger, consolidation or reorganization, such surviving or successor entity is not the Company); or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "Cash/Public Acquisition"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c) The Company shall provide Holder with written notice relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than five (5) Business Days prior to the closing of the proposed Cash/Public Acquisition. In the event the Company does not provide such notice, then if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder and Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as the date thereof.

(d) Upon the closing of any Acquisition other than a Cash/Public Acquisition defined above, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been delivered for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Warrant was exercised immediately prior to the closing of the Acquisition such that the Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(e) As used in this Warrant, "Marketable Securities" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in a Trading Market, and (iii) Holder would be able to publicly re-sell, within six (6) months following the closing of such Acquisition, all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.4 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder that all Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant and the conversion of the Shares into common stock or such other securities, as applicable.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class; or

(d) effect an Acquisition or to liquidate, dissolve or wind up.

then, in connection with each such event, the Company shall give Holder:

(1) at least five (5) Business Days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above; and

(2) in the case of the matters referred to in (c) and (d) above at least five (5) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event).

Reference is made to Section 1.6(c) whereby this Warrant will be deemed to be exercised pursuant to Section 1.2 hereof if the Company does not give written notice to Holder of a Cash/Public Acquisition as required by the terms hereof. Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in a similar stage as the Company and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables

Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 5:00 PM, Eastern time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. If, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate or establish a book entry position representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. Each certificate or book entry position evidencing Shares (and each certificate or book entry position evidencing the securities issued upon conversion of any Shares, if any) shall be imprinted with a legend in substantially the following form:

> THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO [ ] DATED OCTOBER 12, 2018, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED

UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. After receipt by Holder of the executed Warrant, Holder may transfer all or part of this Warrant to one or more of Holder's affiliates (each, a "Holder Affiliate"), by execution of an Assignment substantially in the form of Appendix 2. Subject to the provisions of Article 5.3 and upon providing the Company with written notice, Holder, any such Holder Affiliate and any subsequent Holder, may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee so long as either such transferee is a Holder Affiliate, provided, however, in connection with any such transfer, the Holder Affiliate(s) or any subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable).

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

[ ]
1000 Main Street, Suite 2500
Houston, TX 77002

Attn: Portfolio Reporting
Tel.: 713.209.7350
Fax: 713.209.7351
Email: notices@crglp.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

NANOSTRING TECHNOLOGIES, INC.
530 Fairview Avenue N., Suite 2000
Seattle, WA 98109
Attn: Tom Bailey, Chief Financial Officer
Telephone: (888) 358-6266
Facsimile: (206) 378-6288
Email address: tbailey@nanostring.com

With copies (which shall not constitute notice) to:

WILSON SONSINI GOODRICH & ROSATI
701 Fifth Avenue, Suite 5100
Seattle, WA 98104
Attn: Michael Nordtvedt
Telephone: (206) 883-2524
Facsimile: (206) 883-2699
Email: mnordtvedt@wsgr.com

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "Business Day" is any day that is not a Saturday, Sunday or a day on which Holder is closed.

5.12 Trading Days. "Trading Day" means any day on which the Company's common stock is traded on principal securities exchange or securities market on which the Company's common stock is then traded; provided that "Trading Day" shall not include any day on which the Company's common stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Company's common stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time). If the Company's common stock is not traded in a Trading Market, then "Trading Day" shall have the same meaning as Business Day.

[Balance of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

NANOSTRING TECHNOLOGIES, INC.

By: _____
Name: _____
(Print)
Title: _____

"HOLDER"
[ ]

By _____
Name:
Title:

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned [ ] hereby exercises its right to purchase _____ shares of the Common Stock of NANOSTRING TECHNOLOGIES, INC. (the "Company") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

[ ] check in the amount of $_____ payable to order of the Company enclosed herewith

[ ] Wire transfer of immediately available funds to the Company's account

[ ] Cashless Exercise pursuant to Section 1.2 of the Warrant

[ ] Other [Describe]

2. Please issue a certificate or certificates or establish a book entry position or positions representing the Shares in the name specified below:

[ ]
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting
Tel.: 713.209.7350
Fax: 713.209.7351
Email: notices@crglp.com

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

[ ]

By _____
Name:
Title:

APPENDIX 2

ASSIGNMENT

For value received, [ ] hereby sells, assigns and transfers unto

Name: [TRANSFEREE]
Address:
Tax ID:

that certain Warrant to Purchase Stock issued by NANOSTRING TECHNOLOGIES, INC. (the "Company"), on October 12, 2018 (the "Warrant") together with all rights, title and interest therein.

[ ]

By _____
Name:
Title:

Date: _____

By its execution below, and for the benefit of the Company, [TRANSFEREE] makes each of the representations and warranties set forth in Article 4 of the Warrant and agrees to all other provisions of the Warrant as of the date hereof.

[TRANSFEREE]

By: _____
Name: _____
Title: _____

Exhibit 10.20

NANOSTRING TECHNOLOGIES, INC.
MARY TEDD ALLEN EMPLOYMENT AGREEMENT

This Agreement is entered into as of June 8, 2009 (this "Agreement") by and between NanoString Technologies, Inc., a Delaware corporation (the "Company"), and Mary Tedd Allen ("Executive").

1. Position.

(a) Title. Executive will serve as the Vice President, Manufacturing Development of the Company. Executive will render such business and professional services in the performance of her duties, consistent with Executive's position within the Company, as shall reasonably be assigned to her by the Company's Chief Executive Officer and/or Board of Directors (the "Board"). The period of Executive's employment under this Agreement is referred to herein as the "Employment Term."

(b) Obligations. Executive agrees to the best of her ability and experience that she will at all times loyally and conscientiously perform all of the duties and obligations required of and from her pursuant to the express and implicit terms hereof, and to the reasonable satisfaction of the Company. During the Employment Term, Executive further agrees that she will devote all of her business time and attention to the business of the Company; the Company will be entitled to all of the benefits and profits arising from or incident to all such work services and advice; she will not render commercial or professional services of any nature to any person or organization, whether or not for compensation, including but not limited to sitting on the Board of Directors of any for-profit corporation without the prior written consent of the Board; and she will not directly or indirectly engage or participate in any business that is competitive in any manner with the business of the Company. Nothing in this Agreement will prevent Executive from accepting speaking or presentation engagements in exchange for honoraria or from serving on boards of charitable organizations, or from owning no more than one percent (1%) of the outstanding equity securities of a corporation whose stock is listed on a national stock exchange.

2. At-Will Employment. The parties agree that Executive's employment with the Company is "at-will" employment and may be terminated at any time with or without cause or notice. Executive understands and agrees that neither her job performance nor promotions, commendations, bonuses or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of her employment with the Company.

3. Compensation.

(a) Base Salary. During the Employment Term, the Company will pay Executive as compensation for her services a base salary at the annualized rate of one hundred eighty thousand dollars ($180,000) (the "Base Salary"). The Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to the usual, required withholding, and shall be subject to annual review by the Board for any appropriate adjustment.

(b) Bonus. Executive shall be entitled to receive an annual, performance-based, cash bonus of up to 20% of Executive's Base Salary for each calendar year, which bonus shall be awarded in the Board's sole discretion, shall be based on Executive's performance in the prior calendar year against metrics established for such year by the Company, and shall be paid by no later than March 15 following the calendar year to which the bonus corresponds. If Executive is terminated by or leaves the Company prior to the end of a given calendar year, then the Company shall have no obligation to pay a bonus to Executive for such year.

(c) Equity grant. At the first Board meeting following the execution of this Agreement and the Company having received an independent valuation of the Company's Common Stock in accordance with the provisions of Section 409A of the Internal Revenue Code, the Company shall award Executive an incentive stock option exercisable for a total of five hundred thousand (500,000) shares of common stock of the Company (the "Stock Option"), with an exercise price that is at least equal to the fair market value of the Company's Common Stock on the date of grant, a vesting commencement date that is the same as the date on which this agreement is entered into and on such terms and conditions as may be established by the Board in its reasonable discretion pursuant to the Company's 2004 Stock Option Plan (the "Plan"). In the event that there is a Change in Control (as such term is defined in the Plan), and the Executive is terminated from employment without Cause (as defined

below) or resigns for a Good Reason (as defined below) on or within twelve months after the effective date of such Change in Control, then one hundred percent (100%) of the unvested portion of the Stock Option shall vest and become exercisable at the time of her termination from employment. Executive shall be required to execute the Company's standard form of stock option agreement.

4. Employee Benefits. During the Employment Term, Executive will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company, including, without limitation, the Company's medical plans. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time. Executive shall also be entitled to take paid vacation consistent with the Company's vacation policy approved by the Board.

5. Severance Benefits.

(a) Involuntary Termination. If Executive's employment with the Company terminates as a result of an Involuntary Termination (as defined below), and Executive signs and does not revoke a standard release of claims with the Company by no later than sixty (60) days after the date of termination, then, subject to Executive's compliance with Section 8, Executive shall receive severance pay (less applicable withholding taxes) at a rate equal to her Base Salary rate, as then in effect, for a period of six (6) months from the date such release of claims becomes effective (such payments shall be paid periodically in accordance with the Company's normal payroll policies).

(b) Voluntary Termination; Termination for Cause. If Executive's employment with the Company is terminated voluntarily by Executive or for Cause by the Company, then (i) all vesting of any unvested stock options or shares of restricted stock held by Executive as of the date of Executive's termination of employment will terminate immediately, (ii) all payments of compensation by the Company to Executive hereunder will terminate immediately (except as to amounts already earned) and (iii) Executive will only be eligible for severance benefits in accordance with the Company's established policies as then in effect.

(c) Termination by Reason of Death or Disability. If Executive's employment with the Company terminates as a result of Executive's death or Disability (as defined in Section 6 below), Executive or Executive's estate or representative will receive all salary accrued (plus any other amounts payable as determined by the Board in its sole discretion) as of the date of Executive's death or Disability and any other benefits payable under the Company's then existing benefit plans and policies in accordance with such plans and policies in effect on the date of death or Disability and in accordance with applicable law. Such payments shall be made by the Company periodically in accordance with the Company's normal payroll policies with respect to each element of such payments.

6. Definitions.

(a) Cause. For purposes of this Agreement, "Cause" is defined as (i) a violation of a material written Company policy that is communicated by the Board to Executive and that continues uncured for thirty (30) days, (ii) an act of dishonesty made by Executive in connection with Executive's responsibilities as an employee, (iii) Executive's conviction of, or plea of nolo contendere to, a felony, (iv) Executive's gross misconduct, (v) the failure or refusal of Executive to follow the lawful and proper directives of the Board that are within the scope of the Executive's duties set forth in Section 1 above and that is not corrected within thirty (30) days after written notice from the Board to Executive identifying such failure or refusal or (vi) Executive's material breach of the PIIA (as defined below) or Section 8(b) hereof.

(b) Disability. For purposes of this Agreement, "Disability" shall mean that Executive has been unable to perform her duties hereunder as the result of her incapacity due to physical or mental illness, and such

inability, which continues for at least 120 consecutive calendar days or 150 calendar days during any consecutive twelve month period, is determined to be total and permanent by a physician selected by the Company and its insurers and acceptable to Executive or to Executive's legal representative (with such agreement on acceptability not to be unreasonably withheld).

(c) Good Reason. For purposes of this Agreement, "Good Reason" shall mean if (A) there is (1) a material, adverse and permanent change in Executive's position as set forth in Section 1(a) of this Agreement causing such position to be of materially reduced stature or responsibility, (2) a reduction of more than five percent (5%) in Executive's Base Salary then in effect (other than any such reduction applicable to officers of the Company generally), (3) a material reduction by the Company in the kind or level of employee benefits (other than Base Salary) to which Executive is entitled immediately prior to such reduction with the result that Executive's overall benefits package (other than Base Salary) is substantially reduced (other than any such reduction applicable to officers of the Company generally), (4) any material breach by the Company of any material provision of this Agreement which continues uncured for thirty (30) days following notice by Executive thereof, or (5) a refusal by Executive, following a request by the Company, to relocate to a facility or location more than forty (40) miles from the Company's current location, and (B) Executive provides notice to the Company within thirty (30) days after the initial occurrence of the condition or event described above, the Company fails to cure or remedy any such condition or event within the thirty (30) day period following its receipt of the notice, and Executive thereafter elects to terminate her employment voluntarily within thirty (30) days after the expiration of the period for correcting such condition or event; *provided, however,* that none of the foregoing shall constitute Good Reason to the extent that Executive has agreed in writing to such material change, reduction, breach or refusal, and *provided further* that any change in Executive's job function or responsibilities in order to accommodate a disability under the Americans with Disabilities Act, the Family Medical Leave Act or any analogous statute or law shall not constitute a basis for Executive to involuntarily terminate her employment hereunder.

(d) Involuntary Termination. For purposes of this Agreement, an "Involuntary Termination" shall be deemed to occur if: (i) Executive's employment with the Company is terminated by the Company for any reason other than Cause (and for a reason other than Executive's death or Disability); or (ii) Executive terminates her employment with the Company for Good Reason.

7. Proprietary Information and Inventions Agreement. Executive acknowledges that he is and will continue to be bound by the terms and conditions of the Proprietary Information and Inventions Agreement (the "PIIA"), a copy of which is attached hereto as Exhibit A.

8. Conditional Nature of Severance Payments.

(a) Non-Solicitation; Non-Competition. Executive agrees and acknowledges that Executive's right to receive the severance benefits set forth in Section 5 (to the extent Executive is otherwise entitled to such benefits) shall be conditioned upon Executive's continued compliance with Section 8 (Non-Solicitation) and Section 9 (Non-Competition) of the PIIA and Section 8(b) of this Agreement. Upon any breach of this section, all severance benefits pursuant to this Agreement shall immediately cease including, without limitation, Executive's right to exercise any stock options on a date that is more than ninety (90) days after the date that Executive's employment was terminated.

(b) Non-Disparagement. During and after the Employment Term, Executive agrees to refrain from any defamation, libel or slander of the Company and its officers, directors, employees, agents, investors, stockholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, and any tortious interference with the contracts, relationships and prospective economic advantage of any of the foregoing persons and entities.

(c) Understanding of Covenants. Executive represents that he (i) is familiar with the covenants set forth in Section 8 and Section 9 of the PIIA, and (ii) is fully aware of her obligations hereunder, including, without limitation, the reasonableness of the length of time, scope and geographic coverage of such covenants.

9. Confidentiality of Terms. Executive agrees to follow the Company's strict policy that employees must not disclose, either directly or indirectly, any information, including any of the terms of this Agreement to any person, including other employees of the Company; provided, however, that Executive may discuss such terms with members of Executive's immediate family and any legal, tax or accounting specialists who provide Executive with individual legal, tax or accounting advice.

10. Assignment. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors and legal representatives of Executive upon Executive's death and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of Executive's right to compensation or other benefits will be null and void.

11. Notices. All notices, requests, demands and other communications called for hereunder shall be in writing and shall be deemed given (a) on the date of delivery if delivered personally, (b) one (1) day after being sent by a well established commercial overnight service, or (c) four (4) days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors at the following addresses, or at such other addresses as the parties may later designate in writing:

If to the Company:

NanoString Technologies, Inc.

530 Fairview Ave. N., Suite 2000
Seattle, WA 98109
Attn: CEO

If to Executive:
to the last residential address known by the Company.

12. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without said provision.

13. Application of 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Agreement that constitute "deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and other guidance thereunder and any state law of similar effect (collectively, the "Section 409A") shall not commence in connection with Executive's termination of employment unless and until Executive has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-l(h) (the "Separation From Service"), unless the Company reasonably determines that such amounts may be provided to Executive without causing Executive to incur the additional 20% tax under Section 409A.

It is intended that each installment of severance pay provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that severance payments set forth in this Agreement satisfy, to the greatest extent possible, the exceptions from the

application of Section 409A provided under Treasury Regulation Sections 1.409A-l(b)(4), 1.409A-l(b)(5), and 1.409A-l(b)(9).

If the Company (or, if applicable, the successor entity thereto) determines that any payments or benefits constitute "deferred compensation" under Section 409A and Executive is, on the termination of service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payments and benefits shall be delayed until the earlier to occur of: (a) the date that is six months and one day after Executive's Separation From Service, or (b) the date of Executive's death (such applicable date, the "Specified Employee Initial Payment Date"). On the Specified Employee Initial Payment Date, the Company (or the successor entity thereto, as applicable) shall (i) pay to Executive a lump sum amount equal to the sum of the payments and benefits that Executive would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of such amounts had not been so delayed pursuant to this Section and (ii) commence paying the balance of the payments and benefits in accordance with the applicable payment schedules set forth in this Agreement.

14. Arbitration.

(a) General. In consideration of Executive's service to the Company, her promise to arbitrate all employment related disputes and Executive's receipt of the compensation, pay raises and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, stockholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from Executive's service to the Company under this Agreement or otherwise or the termination of Executive's service with the Company, including any breach of this Agreement, shall be subject to binding arbitration under the Arbitration Rules set forth in the Revised Code of Washington Chapter 7.04 (the "Rules") and pursuant to Washington law. Disputes which Executive agrees to arbitrate, and thereby agrees to waive any right to a trial by jury, include any statutory claims under state or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, claims of harassment, discrimination or wrongful termination. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(b) Procedure. Executive agrees that any arbitration will be administered by the American Arbitration Association ("AAA") and that a neutral arbitrator will be selected in a manner consistent with its National Rules for the Resolution of Employment Disputes. The arbitration proceedings will allow for discovery according to the rules set forth in the National Rules/or the Resolution of Employment Disputes or the Washington Code of Civil Procedure. Executive agrees that the arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. Executive agrees that the arbitrator shall issue a written decision on the merits with findings of fact and conclusions of law. Executive also agrees that the arbitrator shall have the power to award any remedies, including attorneys' fees and costs, available under applicable law. Executive understands the Company will pay for any administrative or hearing fees charged by the arbitrator or AAA except that Executive shall pay the first $200.00 of any filing fees associated with any arbitration Executive initiates. Executive agrees that the arbitrator shall administer and conduct any arbitration in a manner consistent with the Rules and that to the extent that the AAA's National Rules for the Resolution of Employment Disputes conflict with the Rules, the Rules shall take precedence.

(c) Remedy. Except as provided by the Rules, arbitration shall be the sole, exclusive and final remedy for any dispute between Executive and the Company. Accordingly, except as provided for by the Rules, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful

Company policy, and the arbitrator shall not order or require the Company to adopt a policy not otherwise required by law which the Company has not adopted.

(d) Availability of Injunctive Relief. In addition to the right under the Rules to petition the court for provisional relief, Executive agrees that any party may also petition the court for injunctive relief where either party alleges or claims a violation of this Agreement or the PIIA or any other agreement regarding trade secrets, confidential information, non-competition, non solicitation or non-disparagement. In the event either party seeks injunctive relief, the prevailing party shall be entitled to recover reasonable costs and attorneys' fees.

(e) Administrative Relief. Executive understands that this Agreement does not prohibit Executive from pursuing an administrative claim with a local, state or federal administrative body such as the Washington State Human Rights Commission, Equal Employment Opportunity Commission or the workers' compensation board. This Agreement does, however, preclude Executive from pursuing court action regarding any such claim.

(f) Voluntary Nature of Agreement. Executive acknowledges and agrees that Executive is executing this Agreement voluntarily and without any duress or undue influence by the Company or any other person. Executive further acknowledges and agrees that Executive has carefully read this Agreement and that Executive has asked any questions needed for Executive to understand the terms, consequences and binding effect of this Agreement and fully understand it, including that Executive is waiving Executive's right to a jury trial. Finally, Executive agrees that Executive has been provided an opportunity to seek the advice of an attorney of Executive's choice before signing this Agreement.

15. Integration. This Agreement, any stock option and restricted stock agreements between the Company and Executive and the PIIA represent the entire agreement and understanding between the parties as to the subject matter herein and supersede all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto.

16. Tax Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

Governing Law. This Agreement will be governed by the laws of the State of Washington, without giving effect to principles of conflict of laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

COMPANY:

NANOSTRING TECHNOLOGIES, INC.

By: /s/ Wayne D. Burns

Print Name: Wayne D. Burns

Title: Chief Financial Officer

EXECUTIVE:

/s/ Mary Tedd Allen

Mary Tedd Allen

EXHIBIT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

NANOSTRING TECHNOLOGIES, INC.

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

(WASHINGTON EMPLOYEES)

In consideration for my becoming employed (or my employment being continued), or retained as a consultant (or my consulting relationship being continued), by NanoString Technologies, Inc. or any of its current or future subsidiaries, affiliates, successors or assigns (collectively, the "Company"), the Company and I hereby agree as follows:

1. **Duties**. I will perform for the Company such duties as may be designated by the Company from time to time. During my period of employment or consulting relationship with the Company, I will devote my best efforts to the interests of the Company and will not engage in other employment or in any activities detrimental to the best interests of the Company without the prior written consent of the Company.

2. **Confidentiality Obligation**. I understand and agree that all Proprietary Information (as defined below) shall be the sole property of the Company and its assigns, including all trade secrets, patents, copyrights and other rights in connection therewith. I hereby assign to the Company any rights I may acquire in such Proprietary Information. I will hold in confidence and not directly or indirectly to use or disclose, both during my employment by or consulting relationship with the Company and after its termination (irrespective of the reason for such termination), any Proprietary Information I obtain or create during the period of my employment or consulting relationship, whether or not during working hours, except to the extent authorized by the Company, until such Proprietary Information becomes generally known. I agree not to make copies of such Proprietary Information except as authorized by the Company. Upon termination of my employment or consulting relationship or upon an earlier request of the Company, I will return or deliver to the Company all tangible forms of such Proprietary Information in my possession or control, including but not limited to drawings, specifications, documents, records, devices, models or any other material and copies or reproductions thereof.

3. **Ownership of Physical Property**. All document, apparatus, equipment and other physical property in any form, whether or not pertaining to Proprietary Information, furnished to me by the Company or produced by me or others in connection with my employment or consulting relationship shall be and remain the sole property of the Company. I shall return to the Company all such documents, materials and property as and when requested by the Company, except only (i) my personal copies of records relating to my compensation; (ii) if applicable, my personal copies of any materials evidencing shares of the Company's capital stock purchased by me and/or options to purchase shares of the Company's capital stock granted to me; (iii) my copy of this Agreement and (iv) my personal property and personal documents I bring with me to the Company and any personal correspondence and personal materials that I accumulate and keep at my office during my employment (my "Personal Documents"). Even if tl1e Company does not so request, I shall return all such documents, materials and property upon termination of my employment or consulting relationship, and, except for my Personal Documents, I will not take with me any such documents, material or property or any reproduction thereof upon such termination.

4. **Assignment of Inventions**.

(a) Without further compensation, I hereby agree promptly to disclose to the Company, all Inventions (as defined below) which I may solely or jointly develop or reduce to practice during the period of my employment or consulting relationship with the Company which (i) pertain to any line of business activity of the Company, (ii) are aided by the use of time, material or facilities of the Company, whether or not during working hours or (iii) relate to any of my work during the period of my employment or consulting relationship wid1 the Company, whether or not during normal working hours ("Company Inventions"). During the term of my employment or consultancy, all Company Inventions that I conceive, reduce to practice, develop or have developed (in whole or in part, either alone or jointly with others) shall be the sole property of the Company and its assigns to the maximum extent permitted by law (and to the fullest extent permitted by law shall be deemed "works made for hire"), and the Company and its assigns shall be the sole owner of all patents, copyrights, trademarks, trade secrets and other rights in connection therewith. I hereby assign to the Company any rights that I may have or acquire in such Company Inventions.

(b) I attach hereto as Exhibit A a complete list of all Inventions, if any, made by me prior to my employment or consulting relationship with the Company that are relevant to the Company's business, and I represent and warrant that such list is complete. If no such list is attached to this Agreement, I represent that I have no such Inventions at the time of signing this Agreement. If in the course of my employment or consultancy (as the case may be) with the Company, I use or incorporate into a product or process an Invention not covered by Section 4(a) of this Agreement in which I have an interest, the Company is hereby granted a nonexclusive, fully paid-up, royalty-free, perpetual, worldwide license of my interest to use and sublicense such Invention without restriction of any kind.

NOTICE REQUIRED BY REVISED CODE OF WASHINGTON 49.44.140:

Any assignment of Inventions required by this Agreement does not apply to an Invention for which no equipment, supplies, facility or trade secret information of the Company was used and which was developed entirely on the employee's own time, unless (a) the Invention relates
directly to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development or (b) the Invention results from any work performed by the employee for the Company.

5. **Further Assistance; Power of Attorney**. I agree to perform, during and after my employment or consulting relationship, all acts deemed necessary or desirable by the Company to permit and assist it, at its expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Inventions assigned to the Company as set forth in Section 4 above. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate the Company and its duly authorized officers and agents as my agent and attorney-in fact, to execute and file on my behalf any such applications and to do all other lawful acts to further the prosecution and issuance of patents, copyright and mask work registrations related to such Inventions. This power of attorney shall not be affected by my subsequent incapacity.

6. **Inventions**. As used in this Agreement, the term "Inventions" means discoveries, developments, concepts, designs, ideas, know-how, improvements, inventions, trade secrets and/or original works of authorship, whether or not patentable, copyrightable or otherwise legally protectable. This includes, but is not limited to, any new product, machine, article of manufacture, biological material, method, procedure, process, technique, use, equipment, device, apparatus, system, compound, formulation, composition of matter, design or configuration of any kind, or any improvement thereon.

7. **Proprietary Information**. As used in this Agreement, the term "Proprietary Information" means information or physical material not generally known or available outside the Company or information or physical material entrusted to the Company by third parties. This includes, but is not limited to, Inventions, confidential knowledge, copyrights, product ideas, techniques, processes, formulas, object codes, biological materials, mask works and/or any other information of any type relating to documentation, laboratory notebooks, data, schematics, algorithms, flow charts, mechanisms, research, manufacture, improvements, assembly, installation, marketing, forecasts, sales, pricing, customers, the salaries, duties, qualifications, performance levels and terms of compensation of other employees, and/or cost or other financial data concerning any of the foregoing or the Company and its operations. Proprietary Information may be contained in material such as drawings, samples, procedures, specifications, reports, studies, customer or supplier lists, budgets, cost or price lists, compilations or computer programs, or may be in the nature of unwritten knowledge or know-how.

8. **Solicitation of Employees, Consultants and Other Parties**. During the term of my employment or consulting relationship with the Company, and for a period of one year following the termination of my relationship with the Company for any reason, I will not directly or indirectly solicit, induce, recruit or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or attempt any of the foregoing, either for myself or any other person or entity. Further, at any time following termination of my relationship with the Company for any reason, I shall not use any Proprietary Information of the Company to attempt to negatively influence any of the Company's clients or customers from purchasing any of the Company's products or services, or solicit any licensor to or customer of the Company or licensee of the Company's products, that are known to me, with respect to any business, products or services that are competitive to the products or services offered by the Company or under development as of the date of termination of my relationship with the Company.

9. **Noncompetition**. During the term of my employment or consulting relationship with the Company and for one year following the termination of my relationship with the Company for any reason, I will not, without the Company's prior written consent, directly or indirectly work on any products or services that are competitive with products or services (a) being commercially developed or exploited by the Company during my employment or consultancy and (b) on which I worked or about which I learned Proprietary Information during my employment or consultancy with the Company.

10. **No Conflicts**. I represent that my performance of all the terms of this Agreement as an employee of or consultant to the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me in confidence or in trust prior to my becoming an employee or consultant of the Company, and I will not disclose to the Company, or induce the Company to use, any confidential or proprietary information or material belonging to any previous employer or others. I agree not to enter into any written or oral agreement that conflicts with the provisions of this Agreement.

11. **No Interference**. I certify that, to the best of my information and belief, I am not a party to any other agreement which will interfere with my full compliance with this Agreement.

12. **Effects of Agreement**. This Agreement (a) shall survive for a period of five years beyond the termination of my employment by or consulting relationship with the Company, (b) inures to the benefit of successors and assigns of the Company and (c) is binding upon my heirs and legal representatives.

13. **At-Will Relationship**. I understand and acknowledge that my employment or consulting relationship with the Company is and shall continue to be at-will, as defined under applicable law, meaning that either I or the Company may terminate the relationship at any time for any reason or no reason, without further obligation or liability.

14. **Injunctive Relief**. I acknowledge that violation of this Agreement by me may cause irreparable injury to the Company, and I agree that the Company will be entitled to seek extraordinary relief in court, including, but not limited to, temporary restraining orders, preliminary injunctions and permanent injunctions without the necessity of posting a bond or other security and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

15. **Miscellaneous**. This Agreement supersedes any oral, written or other communications or agreements concerning the subject matter of this Agreement, and may be amended or waived only by a written instrument signed by me and the Chief Executive Officer of the Company. This Agreement shall be governed by the laws of the State of Washington applicable to contracts entered into and performed entirely within the State of Washington, without giving effect to principles of conflict of laws. If any provision of this Agreement is held to be unenforceable under applicable law, then such provision shall be excluded from this Agreement only to the extent unenforceable, and the remainder of such provision and of this Agreement shall be enforceable in accordance with its terms.

16. **Acknowledgment**. I certify and acknowledge that I have carefully read all of the provisions of this Agreement and that I understand and will fully and faithfully comply with such provisions.

[Signature Page Follows]

The undersigned have executed this Proprietary Information and Inventions Agreement as of the date set forth below.

NANOSTRING TECHNOLOGIES, INC.

/s/ H. Perry Fell

Signature

H. Perry Fell, President & CEO

Dated: February 15, 2007

MARY TEDD ALLEN, an Individual

/s/ Mary Tedd Allen

Signature

Dated: February 15, 2007

Exhibit A

NanoString Technologies, Inc.
201 Elliott Ave West, Suite 300
Seattle, WA 98119

Ladies and Gentlemen:

1. The following is a complete list of all Inventions relevant to the subject matter of my employment by the Company that have been made or conceived or first reduced to practice by me, alone or jointly with others or which has become known to me prior to my employment by the Company. I represent that such list is complete.

2. I propose to bring to my employment or consultancy the following materials and documents of a former employer:

X No materials or documents.

_____ See below:

By: /s/ Mary Tedd Allen

Mary Tedd Allen

[Please Print Name]

February 15, 2007

Exhibit 10.21

NANOSTRING TECHNOLOGIES, INC.
AMENDMENT TO EMPLOYMENT AGREEMENT

This amendment (the "Amendment") is made by and between Mary Tedd Allen ("Executive") and NanoString Technologies, Inc. (the "Company," and together with Executive, the "Parties") on the dates set forth below.

WHEREAS, the Parties entered into an employment agreement effective June 8, 2009 (the "Employment Agreement");

WHEREAS, the Company and Executive desire to amend certain provisions of the Employment Agreement in order to clarify the timing of the severance payment, as set forth below, in accordance with Section V.I.B.3 of Internal Revenue Service Notice 2010-6, as amended by Internal Revenue Service Notice 2010-80.

NOW, THEREFORE, for good and valuable consideration, Executive and the Company agree that the Employment Agreement is hereby amended as follows.

1. Section 409A. Section 13 of the Employment Agreement is hereby amended to insert the following paragraph immediately following the first paragraph thereof:

> "Any severance payments or benefits under this Agreement that would be considered "deferred compensation" under Section 409A will be paid on, or, in the case of installments, will not commence until, the sixtieth (60^{th}) day following Executive's Separation From Service, of, if later, such time is required by the final paragraph of this Section 13. Except as required by the final paragraph of this Section 13, any installment payments that would have been made to Executive during the 60 day period immediately following Executive's Separation From Service but for the preceding sentence will be paid to Executive on the sixtieth (60^{th}) day following Executive's Separation from Service and the remaining payments shall be made as provided in this Agreement."

2. Full Force and Effect. To the extent not expressly amended hereby, the Agreement shall remain in full force and effect.

3. Entire Agreement. This Amendment and the Agreement constitute the full and entire understanding and agreement between the Parties with regard to the subjects hereof and thereof. This Amendment may be amended at any time only by mutual written agreement of the Parties.

4. Counterparts. This Amendment may be executed in counterparts, all of which together shall constitute one instrument, and each of which may be executed by less than all of the parties to this Amendment.

5. Governing Law. This Amendment will be governed by the laws of the State of Washington (with the exception of its conflict of laws provisions).

IN WITNESS WHEREOF, each of the Parties has executed this Amendment, in the case of the Company by its duly authorized officer, on the dates set forth below.

NANOSTRING TECHNOLOGIES, INC.

/s/ Wayne D. Burns

By: Wayne D. Burns
Sr. VP, Operations & Administration

Date: December 26, 2012

Mary Tedd Allen

/s/ Mary Tedd Allen

By: Mary Tedd Allen

Date: December 28, 2012

Exhibit 10.22

NANOSTRING TECHNOLOGIES, INC.
AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This Amendment to Executive Employment Agreement (this "Amendment") is made by and between Mary Tedd Allen ("Executive") and NanoString Technologies, Inc., a Delaware corporation (the "Company" and together with Executive, the "Parties") on the dates set forth below.

WHEREAS, the Parties previously entered into an employment agreement effective June 8, 2009, as amended December 28, 2012 (the "Employment Agreement");

WHEREAS, the Company and Executive desire to amend certain provisions of the Employment Agreement related to severance benefits, as set forth below.

NOW, THEREFORE, for good and valuable consideration, the Parties agree that the Agreement is hereby amended as follows:

1. The Employment Agreement is hereby amended as follows:

A. The period at the end of the first sentence of Section 5(a) is replaced by the following:

"; provided, however, that if such Involuntary Termination occurs within twelve (12) months following a Change in Control (as defined in the Company's 2013 Equity Incentive Plan), (i) Executive shall be entitled to a lump sum payment equal to Executive's then-effective Base Salary and target bonus (less applicable withholding taxes) and (ii) if Executive elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") within the time period prescribed pursuant to COBRA for Executive and Executive's eligible dependents, the Company will reimburse Executive for the premiums necessary to continue group health insurance benefits for Executive and Executive's eligible dependents for a period of twelve (12) months following the date of Involuntary Termination, except that the right to future COBRA payments shall terminate the date upon which Executive ceases to be eligible for coverage under COBRA."

B. Clause (A)(1) of Section 6(c) is hereby qualified in its entirety as follows: the continuance of Executive's duties and responsibilities at the subsidiary or divisional level following a Change in Control, rather than at the parent, combined or surviving company level following such Change in Control shall not be deemed Good Reason within the meaning of clause (A)(1).

2. Full Force and Effect. To the extent not expressly amended hereby, the Agreement shall remain in full force and effect.

3. Entire Agreement. This Amendment and the Agreement (and any other documents referenced therein) constitute the full and entire understanding and agreement between the Parties with regard to the subjects hereof and thereof.

4. Governing Law. This Amendment will be governed by the laws of the State of Washington (with the exception of its conflict of laws provisions).

(signature page follows)

IN WITNESS WHEREOF, each of the Parties has executed this Amendment as of the date set forth below.

EXECUTIVE

By: /s/ Mary Tedd Allen

Name: Mary Tedd Allen

Date: September 20, 2017

NANOSTRING TECHNOLOGIES, INC.

By: /s/ R. Bradley Gray

Name: R. Bradley Gray
Title: President and CEO
Date: October 23, 2017

10.29

[EXECUTION VERSION]

AMENDED AND RESTATED TERM LOAN AGREEMENT

dated as of

October 12, 2018

among

NANOSTRING TECHNOLOGIES, INC.,
as Borrower,

The Subsidiary Guarantors from Time to Time Party Hereto,

The Lenders from Time to Time Party Hereto,

and

CRG SERVICING LLC,
as Administrative Agent and Collateral Agent

U.S. $100,000,000

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SCHEDULES AND EXHIBITS

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AMENDED AND RESTATED TERM LOAN AGREEMENT, dated as of October 12, 2018 (this "***Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), the Subsidiary Guarantors from time to time party hereto, the Lenders from time to time party hereto and CRG Servicing LLC, a Delaware limited liability company ("***CRG Servicing***"), as administrative agent and collateral agent for the Lenders (in such capacities, together with its successors and assigns, "***Administrative Agent***").

WITNESSETH:

WHEREAS, Borrower, Administrative Agent, the Subsidiary Guarantors and certain of the Lenders are party to the Term Loan Agreement, dated as of April 1, 2014 (as amended by Amendment Agreement No. 1, dated as of April 16, 2015; Amendment Agreement No. 2, dated as of October 30, 2015; and Amendment Agreement No. 3, dated as of February 17, 2017, the "***Original Loan Agreement***"), pursuant to which the lenders party thereto made loans and other extensions of credit to Borrower.

WHEREAS, Borrower has requested certain modifications to the terms of the Original Loan Agreement, and the Administrative Agent and Lenders have agreed to the requested modifications and to continue to make loans and other extensions of credit to the Borrower, all on the terms and conditions set forth herein.

WHEREAS, the parties hereto hereby agree that the Original Loan Agreement shall be amended and restated in its entirety, and shall remain in full force and effect only, as set forth herein. Accordingly, the parties agree as follows:

SECTION 1
DEFINITIONS

1.01 Certain Defined Terms. As used herein, the following terms have the following respective meanings:

"***Acceptable Discount***" has the meaning set forth in **Section 3.03(c)(iii)**.

"***Acceptance Date***" has the meaning set forth in **Section 3.03(c)(ii)**.

"***Accounting Change Notice***" has the meaning set forth in **Section 1.04(a)**.

"***Act***" has the meaning set forth in **Section 13.17**.

"***Acquisition***" means any transaction, or any series of related transactions, by which any Person directly or indirectly, by means of a take-over bid, tender offer, amalgamation, merger or purchase of assets, or similar transaction having the same effect as any of the foregoing, (a) acquires any business or product, or any division, product or line of business or all or substantially all of the assets of any Person engaged in any business or any division, product or line of business, (b) acquires control of securities of a Person engaged in a business representing more than 50% of the ordinary voting power for the election of directors or other governing body if the business affairs of such Person are managed by a board of directors or other governing

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body, or (c) acquires control of more than 50% of the ownership interest in any Person engaged in any business that is not managed by a board of directors or other governing body.

"***Administrative Agent***" has the meaning set forth in the introduction hereto.

"***Affected Lender***" has the meaning set forth in **Section 2.06(a)**.

"***Affiliate***" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"***Agreement***" has the meaning set forth in the introduction hereto.

"***Anti-Corruption Laws***" means all laws, rules, and regulations of any jurisdiction applicable to any Obligor, its Subsidiaries or Affiliates from time to time concerning or relating to bribery or corruption, including the United States Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

"***Anti-Money Laundering Laws***" means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules applicable to an Obligor, its Subsidiaries or Affiliates related to terrorism financing or money laundering, including any applicable provision of the Act and The Currency and Foreign Transaction Reporting Act (also known as the "Bank Secrecy Act," 31 U.S.C. §§5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

"***Applicable Discount***" has the meaning set forth in **Section 3.03(c)(iii)**.

"***Asset Sale***" has the meaning set forth in **Section 9.09**.

"***Asset Sale Net Proceeds***" means the aggregate amount of the cash proceeds received from any Asset Sale, net of any bona fide costs incurred in connection with such Asset Sale, plus, with respect to any non-cash proceeds of an Asset Sale, the fair market value of such non-cash proceeds as determined by Borrower's Board of Directors, acting reasonably.

"***Assignment and Assumption***" means an assignment and assumption entered into by a Lender and an assignee of such Lender.

"***Bankruptcy Code***" means Title 11 of the United States Code entitled "Bankruptcy."

"***Benefit Plan***" means any employee benefit plan as defined in Section 3(3) of ERISA (whether governed by the laws of the United States or otherwise) to which any Obligor or Subsidiary thereof incurs or otherwise has any obligation or liability, contingent or otherwise.

"***Borrower***" has the meaning set forth in the introduction hereto.

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"***Borrower Facilities***" means the premises located at (i) 530 Fairview Avenue N, Seattle, WA 98109, (ii) 500 Fairview Avenue N, Seattle, WA 98109, and (iii) 617 Eastlake Avenue E, Seattle WA 98109, which are leased by Borrower pursuant to the Borrower Leases.

"***Borrower Leases***" means (i) the Lease dated as of October 19, 2007 by and between Borrower and BMR-530 Fairview Avenue LLC, (ii) the Lease dated as of December 22, 2014 by and between Borrower and BMR-500 Fairview Avenue LLC, and (ii) the Lease dated as of October 19, 2007 by and between Borrower and Blume Company, LLC, in each case, as amended or extended from time to time.

"***Borrower Party***" has the meaning set forth in **Section 13.03(b)**.

"***Borrowing***" means a borrowing consisting of Loans made on the same day by the Lenders according to their respective Commitments (including a borrowing of a PIK Loan).

"***Borrowing Date***" means the date of a Borrowing.

"***Borrowing Notice Date***" means, (a) in the case of the first Borrowing, a date that is at least twelve Business Days prior to the Borrowing Date of such Borrowing and, (b) in the case of a subsequent Borrowing, a date that is at least twenty (20) Business Days prior to the Borrowing Date of such Borrowing.

"***Business Day***" means a day (other than a Saturday or Sunday) on which commercial banks are not authorized or required to close in New York City.

"***Capital Lease Obligations***" means, as to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal Property which obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"***Change of Control***" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group of Persons acting jointly or otherwise in concert of capital stock representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of Borrower, (b) during any period of twelve (12) consecutive calendar months, the occupation of a majority of the seats (other than vacant seats) on the board of directors of Borrower by Persons who were neither (i) nominated by the board of directors of Borrower, nor (ii) appointed by directors so nominated, or (c) the acquisition of direct or indirect Control of Borrower by any Person or group of Persons acting jointly or otherwise in concert; in each case whether as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise; provided, however, that the occurrence of a Qualified FPO shall not be deemed a Change of Control.

"***Claims***" means any claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions, informations (brought by a

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public prosecutor without grand jury indictment) or other similar processes, assessments or reassessments.

"***Code***" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"***Collateral***" means the collateral provided for in the Security Documents.

"***Commitment***" means, with respect to each Lender, the obligation of such Lender to make Loans to Borrower in accordance with the terms and conditions of this Agreement, which commitment is in the amount set forth opposite such Lender's name on **Schedule 1** under the caption "Commitment", as such Schedule may be amended from time to time. The aggregate Commitments on the date hereof equal $100,000,000. For purposes of clarification, the amount of any PIK Loans shall not reduce the amount of the available Commitment.

"***Commitment Period***" means the period from and including the first date on which all of the conditions precedent set forth in **Section 6.01** have been satisfied (or waived by the Lenders) and through and including March 30, 2020.

"***Commodity Account***" has the meaning set forth in the Security Agreement.

"***Compliance Certificate***" has the meaning given to such term in **Section 8.01(c)**.

"***Connection Income Taxes***" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"***Contracts***" means contracts, licenses, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements under which a Person has, or will have, any liability or contingent liability (in each case, whether written or oral, express or implied).

"***Control***" means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"***Controlled Foreign Corporation***" means a "controlled foreign corporation" as defined in Section 957(a) of the Code.

"***Copyright***" has the meaning set forth in the Security Agreement.

"***CRG Servicing***" has the meaning set forth in the introduction hereto.

"***Default***" means any Event of Default and any event that, upon the giving of notice, the lapse of time or both, would constitute an Event of Default.

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"***Default Rate***" has the meaning set forth in **Section 3.02(b)**.

"***Defaulting Lender***" means, subject to **Section 2.05**, any Lender that (a) has failed to perform any of its funding obligations hereunder, including in respect of its Loans, within three (3) Business Days of the date required to be funded by it hereunder, (b) has notified Borrower or any Lender that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements in which it commits to extend credit, or (c) has, or has a direct or indirect parent company that has, (i) become the subject of an Insolvency Proceeding, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

"***Deposit Account***" is defined in the Security Agreement.

"***Disclosure Letter***" means that certain Disclosure Letter, dated the date hereof, by the Obligors to Administrative Agent, to which are attached certain Schedules referenced herein.

"***Discount Range***" has the meaning set forth in **Section 3.03(c)(ii)**.

"***Discounted Prepayment Option Notice***" has the meaning set forth in **Section 3.03(c)(ii)**.

"***Discounted Voluntary Prepayment***" has the meaning set forth in **Section 3.03(c)(i)**.

"***Discounted Voluntary Prepayment Notice***" has the meaning set forth in **Section 3.03(c)(v)**.

"***Dollars***" and "***$***" means lawful money of the United States of America.

"***Eligible Transferee***" means and includes a commercial bank, an insurance company, a finance company, a financial institution, any investment fund that invests in loans or any other "accredited investor" (as defined in Regulation D of the Securities Act) that is principally in the business of managing investments or holding assets for investment purposes, *provided that* the following conditions are met: (1) for any entity (other than an Affiliate of the Lenders party hereto on the date hereof) becoming a Lender on or prior to the second Borrowing Date, such entity shall have either (A) a rating of BBB or higher from Standard & Poor's Rating Group and a rating of Baa2 or higher from Moody's Investors Service, Inc. at the date that it becomes a Lender or (B) has total assets in excess of $1,000,000,000, and (2) for any entity (other than an Affiliate of the Lenders party hereto on the date hereof) becoming a Lender after the second Borrowing Date, such entity shall have sufficient funds to acquire or purchase the assigned Loans from an assigning Lender; and in each case which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes;

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provided that notwithstanding the foregoing, "Eligible Transferee" shall not include (i) Borrower or any of Borrower's Affiliates or Subsidiaries or (ii) unless a Default or Event of Default has occurred and is continuing, a direct competitor of Borrower or a vulture hedge fund, each as determined by the Administrative Agent. Notwithstanding the foregoing, (x) in connection with assignments by a Lender due to a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Eligible Transferee shall mean any Person or party and (y) in connection with a Lender's own financing or securitization transactions, the restrictions set forth herein shall not apply and Eligible Transferee shall mean any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party; provided that no such sale, transfer, pledge or assignment under this clause (y) shall release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Administrative Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Administrative Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Transferee as Administrative Agent reasonably shall require.

"***Environmental Law***" means any federal, state, provincial or local governmental law, rule, regulation, order, writ, judgment, injunction or decree relating to pollution or protection of the environment or the treatment, storage, disposal, release, threatened release or handling of hazardous materials, and all local laws and regulations related to environmental matters and any specific agreements entered into with any competent authorities which include commitments related to environmental matters.

"***Equity Interest***" means, with respect to any Person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, whether voting or nonvoting), of equity of such Person, including, if such Person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of property of, such partnership, but excluding debt securities convertible or exchangeable into such equity.

"***Equivalent Amount***" means, with respect to an amount denominated in one currency, the amount in another currency that would be purchased by the amount in the first currency determined by reference to the Exchange Rate at the time of determination.

"***ERISA***" means the United States Employee Retirement Income Security Act of 1974, as amended.

"***ERISA Affiliate***" means, collectively, any Obligor, Subsidiary thereof, and any Person under common control, or treated as a single employer, with any Obligor or Subsidiary thereof, within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"***ERISA Event***" means (a) a reportable event as defined in Section 4043 of ERISA with respect to a Title IV Plan, excluding, however, such events as to which the PBGC by regulation has waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the

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occurrence of such event; (b) the applicability of the requirements of Section 4043(b) of ERISA with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, to any Title IV Plan where an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such plan within the following 30 days; (c) a withdrawal by any Obligor or any ERISA Affiliate thereof from a Title IV Plan or the termination of any Title IV Plan resulting in liability under Sections 4063 or 4064 of ERISA; (d) the withdrawal of any Obligor or any ERISA Affiliate thereof in a complete or partial withdrawal (within the meaning of Section 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential liability therefore, or the receipt by any Obligor or any ERISA Affiliate thereof of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA; (e) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Title IV Plan or Multiemployer Plan; (f) the imposition of liability on any Obligor or any ERISA Affiliate thereof pursuant to Sections 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (g) the failure by any Obligor or any ERISA Affiliate thereof to make any required contribution to a Plan, or the failure to meet the minimum funding standard of Section 412 of the Code with respect to any Title IV Plan (whether or not waived in accordance with Section 412(c) of the Code) or the failure to make by its due date a required installment under Section 430 of the Code with respect to any Title IV Plan or the failure to make any required contribution to a Multiemployer Plan; (h) the determination that any Title IV Plan is considered an at-risk plan or a plan in endangered to critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; (i) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan; (j) the imposition of any liability under Title I or Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Obligor or any ERISA Affiliate thereof; (k) an application for a funding waiver under Section 303 of ERISA or an extension of any amortization period pursuant to Section 412 of the Code with respect to any Title IV Plan; (l) the occurrence of a non-exempt prohibited transaction under Sections 406 or 407 of ERISA for which any Obligor or any Subsidiary thereof may be directly or indirectly liable; (m) a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary or disqualified person for which any Obligor or any ERISA Affiliate thereof may be directly or indirectly liable; (n) the occurrence of an act or omission which would give rise to the imposition on any Obligor or any ERISA Affiliate thereof of fines, penalties, taxes or related charges under Chapter 43 of the Code or under Sections 409, 502(c), (i) or (1) or 4071 of ERISA; (o) the assertion of a material claim (other than routine claims for benefits) against any Plan or the assets thereof, or against any Obligor or any Subsidiary thereof in connection with any such plan; (p) receipt from the IRS of notice of the failure of any Qualified Plan to qualify under Section 401(a) of the Code, or the failure of any trust forming part of any Qualified Plan to fail to qualify for exemption from taxation under Section 501(a) of the Code; (q) the imposition of any lien (or the fulfillment of the conditions for the imposition of any lien) on any of the rights, properties or assets of any Obligor or any ERISA Affiliate thereof, in either case pursuant to Title I or IV, including Section 302(f) or 303(k) of ERISA or to Section 401(a)(29) or 430(k) of the Code; or (r) the establishment or amendment by any Obligor or any

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Subsidiary thereof of any "welfare plan", as such term is defined in Section 3(1) of ERISA, that provides post-employment welfare benefits in a manner that would increase the liability of any Obligor.

"***ERISA Funding Rules***" means the rules regarding minimum required contributions (including any installment payment thereof) to Title IV Plans, as set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"***Event of Default***" has the meaning set forth in **Section 11.01**.

"***Exchange Rate***" means the rate at which any currency (the "***Pre-Exchange Currency***") may be exchanged into another currency (the "***Post-Exchange Currency***"), as quoted in the Wall Street Journal print edition on such day (or, if such day is not a day on which the Wall Street Journal is published, the immediately preceding day on which the Wall Street Journal was published). In the event that such rate does not appear in the Wall Street Journal print edition, the "Exchange Rate" with respect to exchanging such Pre-Exchange Currency into such Post-Exchange Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by Borrower and Administrative Agent or, in the absence of such agreement, such Exchange Rate shall instead be determined by Administrative Agent by any reasonable method as they deem applicable to determine such rate, and such determination shall be conclusive absent manifest error.

"***Excluded Foreign Subsidiary***" means any (i) FSHCO, (ii) Foreign Subsidiary that is a Controlled Foreign Corporation or (iii) a Foreign Subsidiary owned by (1) a FSHCO or (2) a Subsidiary described in clause (ii).

"***Excluded Taxes***" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case (i) imposed by the United States or as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof), or (ii) that are Other Connection Taxes, (b) U.S. Federal withholding Taxes that are imposed on amounts payable to or for the account of a Lender to the extent that the obligation to withhold amounts existed on the date that (x) such Lender became a "Lender" under this Agreement (other than pursuant to an assignment request by Borrower under **Section 5.03(g)**) or (y) such Lender changes its lending office, except in each case to the extent such Lender is a direct or indirect assignee of any other Lender that was entitled, at the time the assignment of such other Lender became effective, to receive additional amounts under **Section 5.03** or such Lender was entitled to receive additional amounts under Section 5.03 immediately before it changed its lending office, (c) any withholding Taxes imposed under FATCA, and (d) Taxes attributable to such Recipient's failure to comply with **Section 5.03(e)**.

"***Expense Cap***" has the meaning set forth in the Fee Letter.

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"***FATCA***" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations promulgated thereunder or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"***Federal Funds Effective Rate***" means, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by Administrative Agent from three federal funds brokers of recognized standing selected by it.

"***Fee Letter***" means that fee letter agreement dated as of the date hereof between Borrower and Administrative Agent.

"***First-Tier Foreign Subsidiary***" means an Excluded Foreign Subsidiary that is a direct Subsidiary of an Obligor.

"***Foreign Lender***" means a Lender that is not a U.S. Person.

"***Foreign Subsidiary***" means a Subsidiary of Borrower that is not a U.S. Person.

"***FSHCO***" means an entity that owns (directly or indirectly) no material assets other than Equity Interests (or Equity Interests and debt interests) of one or more Controlled Foreign Corporations.

"***GAAP***" means generally accepted accounting principles in the United States of America, as in effect from time to time, set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants, in the statements and pronouncements of the Financial Accounting Standards Board and in such other statements by such other entity as may be in general use by significant segments of the accounting profession that are applicable to the circumstances as of the date of determination. Subject to **Section 1.02**, all references to "GAAP" shall be to GAAP applied consistently with the principles used in the preparation of the financial statements described in **Section 7.04(a)**.

"***Governmental Approval***" means any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"***Governmental Authority***" means any nation, government, branch of power (whether executive, legislative or judicial), state, province or municipality or other political subdivision thereof and any entity exercising executive, legislative, judicial, monetary, regulatory or administrative functions of or pertaining to government, including regulatory authorities,

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governmental departments, agencies, commissions, bureaus, officials, ministers, courts, bodies, boards, tribunals and dispute settlement panels, and other law-, rule- or regulation-making organizations or entities of any State, territory, county, city or other political subdivision of the United States.

"***Guarantee***" of or by any Person (the "***guarantor***") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "***primary obligor***") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; *provided* that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"***Guarantee Assumption Agreement***" means a Guarantee Assumption Agreement substantially in the form of **Exhibit A** by an entity that, pursuant to **Section 8.12(a)**, is required to become a "Subsidiary Guarantor" hereunder.

"***Guaranteed Obligations***" has the meaning set forth in **Section 14.01**.

"***Hazardous Material***" means any substance, element, chemical, compound, product, solid, gas, liquid, waste, by-product, pollutant, contaminant or material which is hazardous or toxic, and includes (a) asbestos, polychlorinated biphenyls and petroleum (including crude oil or any fraction thereof) and (b) any material classified or regulated as "hazardous" or "toxic" or words of like import pursuant to an Environmental Law.

"***Hedging Agreement***" means any interest rate exchange agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"***Indebtedness***" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or obligations of such Person with respect to deposits or advances of any kind by third parties, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of

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Indebtedness or other obligations of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) obligations under any Hedging Agreement currency swaps, forwards, futures or derivatives transactions, (k) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (l) all obligations of such Person under license or other agreements containing a guaranteed minimum payment or purchase by such Person, and (m) all Equity Interests of such Person subject to repurchase or redemption rights or obligations (excluding repurchases or redemptions at the sole option of such Person). The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. For purposes of clarification, operating lease obligations shall not be deemed to be "Indebtedness" hereunder.

"***Indemnified Party***" has the meaning set forth in **Section 13.03(b)**.

"***Indemnified Taxes***" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any Obligation and (b) to the extent not otherwise described in clause (a), Other Taxes.

"***Insolvency Proceeding***" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of any Person's creditors generally or any substantial portion of such Person's creditors, in each case undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"***Intellectual Property***" means all Patents, Trademarks, Copyrights, and Technical Information, whether registered or not, domestic and foreign. Intellectual Property shall include all:

(a) applications or registrations relating to such Intellectual Property;

(b) rights and privileges arising under applicable Laws with respect to such Intellectual Property;

(c) rights to sue for past, present or future infringements of such Intellectual Property; and

(d) rights of the same or similar effect or nature in any jurisdiction corresponding to such Intellectual Property throughout the world.

"***Interest-Only Period***" means the period from and including the first Borrowing Date and through and including the twenty third (23rd) Payment Date following the first Borrowing Date, which Payment Date shall be June 30, 2024.

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"***Interest Period***" means, with respect to each Borrowing, (a) initially, the period commencing on and including the Borrowing Date thereof and ending on and including the next Payment Date, and, (b) thereafter, each period beginning on and including the last day of the immediately preceding Interest Period and ending on and including the next succeeding Payment Date.

"***Invention***" means any novel, inventive and useful art, apparatus, method, process, machine (including article or device), manufacture or composition of matter, or any novel, inventive and useful improvement in any art, method, process, machine (including article or device), manufacture or composition of matter.

"***Investment***" means, for any Person: (a) the acquisition (whether for cash, property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person or any agreement to make any such acquisition (including any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such property to such Person), but excluding any such advance, loan or extension of credit having a term not exceeding 90 days arising in connection with the sale of inventory or supplies by such Person in the ordinary course of business; (c) the entering into of any Guarantee of, or other contingent obligation with respect to, Indebtedness or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to such Person; or (d) the entering into of any Hedging Agreement.

"***IRS***" means the U.S. Internal Revenue Service or any successor agency, and to the extent relevant, the U.S. Department of the Treasury.

"***Knowledge***" means, with respect to any Person, the actual knowledge of any Responsible Officer of such Person including, in the case of Borrower, the actual knowledge of the CEO, CFO or VP of Finance.

"***Landlord Consent***" means a Landlord Consent substantially in the form of **Exhibit F**.

"***Laws***" means, collectively, all international, foreign, federal, state, provincial, territorial, municipal and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"***Lender***" means each Person listed as a "Lender" on a signature page hereto, together with its successors, and each assignee of a Lender pursuant to **Section 13.05(b)**.

"***Lender Participation Notice***" has the meaning set forth in **Section 3.03(c)(iii)**.

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"***Lien***" means any mortgage, lien, pledge, charge or other security interest, or any lease, title retention agreement, mortgage, restriction, easement, right-of-way, option or adverse claim (of ownership or possession) or other encumbrance of any kind or character whatsoever or any preferential arrangement that has the practical effect of creating a security interest.

"***Liquidity***" means the balance of unencumbered (other than by Liens described in **Sections 9.02(a)**, **9.02(c)** (*provided* that there is no default under the documentation governing the Permitted Priority Debt) and **9.02(j)**) cash and Permitted Cash Equivalent Investments (which for greater certainty shall not include any undrawn credit lines), in each case to the extent held in an account over which the Secured Parties have a perfected security interest.

"***Loan***" means (a) each loan advanced by a Lender pursuant to **Section 2.01** and (b) each PIK Loan deemed to have been advanced by a Lender pursuant to **Section 3.02(d)**. For purposes of clarification, any calculation of the aggregate outstanding principal amount of Loans on any date of determination shall include both the aggregate principal amount of loans advanced pursuant to **Section 2.01** and not yet repaid, and all PIK Loans deemed to have been advanced and not yet repaid, on or prior to such date of determination.

"***Loan Documents***" means, collectively, this Agreement, the Disclosure Letter, the Fee Letter, the Security Documents, each Warrant, any subordination agreement or any intercreditor agreement entered into by Administrative Agent (on behalf of the Lenders) with any other creditors of Obligors or any agent acting on behalf of such creditors, and any other present or future document, instrument, agreement or certificate executed by Obligors and delivered to Administrative Agent or any Secured Party in connection with or pursuant to this Agreement or any of the other Loan Documents, all as amended, restated, supplemented or otherwise modified.

"***Loss***" means judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any Claim or any proceeding relating to any Claim.

"***Majority Lenders***" means, at any time, Lenders having at such time in excess of 50% of the aggregate Commitments (or, if such Commitments are terminated, the outstanding principal amount of the Loans) then in effect, ignoring, in such calculation, the Commitments of and outstanding Loans owing to any Defaulting Lender.

"***Margin Stock***" means "margin stock" within the meaning of Regulations U and X.

"***Material Adverse Change***" and "***Material Adverse Effect***" mean a material adverse change in or effect on (a) the business, financial condition, operations, performance or Property of Borrower and its Subsidiaries taken as a whole, (b) the ability of any Obligor to perform its obligations under the Loan Documents, or (c) the legality, validity, binding effect or enforceability of the Loan Documents or the rights and remedies of Administrative Agent or any Lender under any of the Loan Documents. For the avoidance of doubt, the following events, in and of themselves, shall not constitute a Material Adverse Change or a Material Adverse Effect

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(it being understood, however, that the consequences of any such event might, when considered with other events, give rise to a Material Adverse Change or Material Adverse Effect): (1) a claimed, or notice of, breach or termination of a Permitted Commercialization Arrangement, (2) negative or equivocal clinical study results in respect of the Product or any other product, (3) delay in the introduction of any new products, (4) a going concern qualification in an auditor's opinion, (5) any delay in obtaining regulatory clearances or approvals to market or sell any product that does not result in the loss of the ability to sell the Product in the United States, (6) the initiation or continuance of litigation involving claims of infringement of a patent or trademark, or misappropriation of intellectual property, of a third party, (7) the failure of a patent application listed on **Schedule 7.05(b)(i)** to issue in any jurisdiction in which it is filed, or (8) any voluntary or involuntary recall.

"***Material Agreements***" means (a) the agreements which are listed in **Schedule 7.14** to the Disclosure Letter (as updated by Borrower from time to time in accordance with **Section 7.20** to list all such agreements that meet the description set forth in **clauses (b)** and **(c)** of this definition), (b) material inbound and outbound license agreements and (c) all other agreements held by the Obligors from time to time, the absence or termination of any of which would reasonably be expected to result in a Material Adverse Effect; *provided, however,* that "Material Agreements" exclude all: (i) licenses implied by the sale of a product; and (ii) paid-up licenses for commonly available software programs under which an Obligor is the licensee. "Material Agreement" means any one such agreement.

"***Material Indebtedness***" means, at any time, any Indebtedness of any Obligor, the outstanding principal amount of which, individually or in the aggregate, exceeds $1,000,000 (or the Equivalent Amount in other currencies).

"***Material Intellectual Property***" means, the Obligor Intellectual Property described in **Schedule 7.05(c)** to the Disclosure Letter and any other Obligor Intellectual Property after the date hereof the loss of which would reasonably be expected to have a Material Adverse Effect.

"***Maturity Date***" means the earlier to occur of (a) the Stated Maturity Date, and (b) the date on which the Loans are accelerated pursuant to **Section 11.02**.

"***Maximum Rate***" has the meaning set forth in **Section 13.18.**

"***Minimum Required Revenue***" has the meaning set forth in **Section 10.02.**

"***Multiemployer Plan***" means any multiemployer plan, as defined in Section 400l(a)(3) of ERISA, to which any ERISA Affiliate incurs or otherwise has any obligation or liability, contingent or otherwise.

"***nCounter Elements***" means general purpose reagents containing generic reporter probes and capture probes that customers can combine with independently sourced oligonucleotides to create their own customized reagents.

"***Non-Consenting Lender***" has the meaning set forth in **Section 2.06(a)**.

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"***Non-Disclosure Agreement***" has the meaning set forth in **Section 13.16**.

"***Non-Disturbance Agreement***" means a non-disturbance agreement in substantially the form attached hereto as **Exhibit J**.

"***Non-Obligor Subsidiary***" means a Non-Obligor Subsidiary.

"***Notice of Default Interest***" has the meaning set forth in **Section 3.02(b)**.

"***Notice of Borrowing***" has the meaning set forth in **Section 2.02**.

"***Obligations***" means, with respect to any Obligor, all amounts, obligations, liabilities, covenants and duties of every type and description owing by such Obligor to Administrative Agent, any Lender, any other indemnitee hereunder or any participant, arising out of, under, or in connection with, any Loan Document, whether direct or indirect (regardless of whether acquired by assignment), absolute or contingent, due or to become due, whether liquidated or not, now existing or hereafter arising and however acquired, and whether or not evidenced by any instrument or for the payment of money, including, without duplication, (a) if such Obligor is Borrower, all Loans, (b) all interest, whether or not accruing after the filing of any petition in bankruptcy or after the commencement of any insolvency, reorganization or similar proceeding, and whether or not a claim for post-filing or post-petition interest is allowed in any such proceeding, and (c) all other fees, expenses (including fees, charges and disbursements of counsel), interest, commissions, charges, costs, disbursements, indemnities and reimbursement of amounts paid and other sums chargeable to such Obligor under any Loan Document.

"***Obligor Intellectual Property***" means Intellectual Property owned by or licensed to any of the Obligors.

"***Obligors***" means, collectively, Borrower and the Subsidiary Guarantors and their respective successors and permitted assigns.

"***OFAC***" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"***Offered Loans***" has the meaning set forth in **Section 3.03(c)(iii)**.

"***Original Loan Agreement***" has the meaning set forth in the introduction hereto.

"***Other Connection Taxes***" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"***Other Taxes***" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution,

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delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to **Section 5.03(g)**).

"***Participant***" has the meaning set forth in **Section 13.05(e)**.

"***Participant Register***" has the meaning set forth in **Section 13.05(f)**.

"***Patents***" has the meaning set forth in the Security Agreement.

"***Payment Date***" means each March 31, June 30, September 30, December 31 and the Maturity Date, commencing on the first such date to occur following the first Borrowing Date; *provided* that, if any such date shall occur on a day that is not a Business Day, the applicable Payment Date shall be the next preceding Business Day.

"***Payment In Full***" means that (i) the Commitments shall have expired or been terminated and (ii) all Obligations (other than Warrant Obligations and inchoate indemnification obligations for which no claim has been made) shall have been paid in full indefeasibly in cash.

"***PBGC***" means the United States Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"***Permitted Acquisition***" means any acquisition by Borrower or any of its wholly-owned Subsidiaries, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Equity Interests of, or a business line or unit or a division of, any Person; *provided* that:

(a) immediately prior to, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(b) all transactions in connection therewith shall be consummated, in all material respects, in accordance with all applicable Laws and in conformity with all applicable Governmental Approvals;

(c) in the case of the acquisition of all of the Equity Interests of such Person, all of the Equity Interests (except for any such securities in the nature of directors' qualifying shares required pursuant to applicable Law) acquired, or otherwise issued by such Person or any newly formed Subsidiary of Borrower in connection with such acquisition, shall be owned 100% by an Obligor or any other Subsidiary, and Borrower shall have taken, or caused to be taken, as of the date such Person becomes a Subsidiary of Borrower, each of the actions set forth in **Section 8.12**, if applicable;

(d) Borrower and its Subsidiaries shall be in compliance with the financial covenants set forth in **Section 10.01** and **Section 10.02** on a *pro forma* basis after giving effect to such acquisition; and

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(e) such Person (in the case of an acquisition of Equity Interests) or assets (in the case of an acquisition of assets or a division) (i) shall be engaged or used, as the case may be, in the same or similar business or lines of business, or businesses ancillary thereto, in which Borrower and/or its Subsidiaries are engaged or (ii) shall have a similar customer base as Borrower and/or its Subsidiaries.

"***Permitted Acquisition Basket***" means the difference of an amount equal to the Cap (as defined below) minus (i) total consideration for all such Permitted Acquisitions permitted in reliance on **Section 9.03(e)**, minus (ii) the aggregate amount of Indebtedness permitted in reliance on **Section 9.01(m)** or **(n)**, minus (iii) the aggregate amount of unfunded Investments permitted in reliance on **Section 9.05(q)**, minus (iv) the aggregate amount of payments permitted in reliance on **Section 9.06(k)**. For purposes of this definition, "***Cap***" means, with respect to any transaction, an amount that satisfies any of the following characteristics: an amount (i) not exceeding 40% of Borrower's market capitalization at the time the transaction is first disclosed to Administrative Agent or (ii) in excess of 40% of Borrower's market capitalization at the time the transaction is first disclosed to Lenders, but only with Administrative Agent's prior consent, not to be unreasonably withheld.

"***Permitted Cash Equivalent Investments***" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than two (2) years from the date of acquisition, (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc., and (c) money market funds registered according to SEC Rule 2a-7 of the Investment Company Act of 1940, as amended, with assets under management of at least $1,000,000,000.

"***Permitted Commercialization Arrangement***" means such commercialization, research and development, co-marketing and other collaborative arrangements, including joint ventures, whether or not such arrangements provide for licenses to Patents, Trademarks, Copyrights or other Intellectual Property rights and assets of Borrower, with Persons (including a Permitted Commercialization Arrangement Vehicle) with a primary line of business in the development, commercialization or manufacture of medical, diagnostic or pharmaceutical products or devices; provided that any such licenses must be bona fide arms'-length transfers of the right to use such Intellectual Property that do not have the economic substance of a sale and Borrower retains legal ownership of such Intellectual Property.

"***Permitted Commercialization Arrangement Vehicle***" means an entity, which may be a joint venture enterprise, engaged in the business of a Permitted Commercialization Arrangement and in which the Borrower or its Subsidiaries have substantial representation in the governing body of such entity.

"***Permitted Indebtedness***" means any Indebtedness permitted under **Section 9.01**.

"***Permitted Liens***" means any Liens permitted under **Section 9.02**.

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"***Permitted Priority Debt***" means Indebtedness of Borrower under one working capital revolving credit facility, in an amount not to exceed at any time the sum of 80% of the face amount at such time of Borrower's non-delinquent accounts receivable and 50% of the fair market value of Borrower's eligible inventory at the time of any advance; *provided* that (a) such Indebtedness (i) if secured, is secured solely by (subject to the following clause (ii)) Borrower's (A) inventory, (B) accounts or proceeds arising from the sale or lease of inventory or the provision of services, (C) books and records relating to the foregoing collateral, and/or (D) segregated proceeds of the foregoing (including any deposit accounts, securities accounts or commodities accounts holding solely such proceeds), and (ii) is not secured by (A) any Intellectual Property or licenses thereof, (B) equipment, (C) any accounts or proceeds arising from the sale, transfer, license or other disposition of any Intellectual Property or licenses or equipment, or (D) proceeds of Loans or of Collateral that does not secure such Permitted Priority Debt, and (b) the holders or lenders thereof have executed and delivered to Administrative Agent an intercreditor agreement in substantially the form of **Exhibit H** and with such changes (if any) as are mutually satisfactory to Administrative Agent and the provider of such Indebtedness. Notwithstanding the foregoing, Permitted Priority Debt includes the Indebtedness under the SVB Credit Agreement (as defined in the Intercreditor Agreement, dated as of January 5, 2018, between CRG Servicing and Silicon Valley Bank, a California corporation, which references the Original Loan Agreement).

"***Permitted Priority Liens***" means (a) Liens permitted under **Section 9.02(c), (d), (e), (f), (g), (j) and (n)**, and (b) Liens permitted under **Section 9.02(b)**; *provided* that such Liens are also of the type described in **Section 9.02(c), (d), (e), (f), (g), (j) and (n).**

"***Permitted Refinancing***" means, with respect to any Indebtedness, any extensions, renewals and replacements of such Indebtedness; *provided* that such extension, renewal or replacement (a) shall not increase the outstanding principal amount of such Indebtedness, (b) contains terms relating to outstanding principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole no less favorable in any material respect to Borrower and its Subsidiaries or the Secured Parties than the terms of any agreement or instrument governing such existing Indebtedness, (c) shall have an applicable interest rate which does not exceed the rate of interest of the Indebtedness being replaced, and (d) shall not contain any new requirement to grant any lien or security or to give any guarantee that was not an existing requirement of such Indebtedness.

"***Permitted Subordinated Debt***" means Indebtedness incurred, so long as Borrower is a Publicly Reporting Company, pursuant to registration under Rule 144A (a) that is governed by documentation containing representations, warranties, covenants and events of default no more burdensome or restrictive than those contained in the Loan Documents unless such terms are also offered to the Lenders, (b) that has a maturity date later than the Stated Maturity Date, (c) in respect of which no cash principal payments are required prior to the Stated Maturity Date, (d) that has a maximum annual cash interest rate of 6% prior to the Stated Maturity Date, (e) that is unsecured except by an interest escrow account (a "***Subordinated Debt Interest Escrow Account***") funded by the proceeds of such Indebtedness which holds no more than the cash interest due in respect of the next three years on the outstanding principal amount of such

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Indebtedness, and (f) that is governed by subordination terms that are no less favorable to Secured Parties than as set forth in **Exhibit G**.

"***Person***" means any individual, corporation, company, voluntary association, partnership, limited liability company, joint venture, trust, unincorporated organization or Governmental Authority or other entity of whatever nature.

"***PIK Loan***" has the meaning set forth in **Section 3.02(d)**.

"***PIK Period***" means the period beginning on the first Borrowing Date through and including the earlier to occur of (a) the twenty third (23rd) Payment Date after the first Borrowing Date, which Payment Date shall be June 30, 2024, and (b) the date on which any Default shall have occurred (*provided* that if such Default shall have been cured or waived, the PIK Period shall resume until the earlier to occur of the next Default and the twenty third (23rd) Payment Date after the first Borrowing Date).

"***Plan***" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"***Prepayment Premium***" means if the prepayment occurs:

(A) on or prior to the fourth (4th) Payment Date, the Prepayment Premium shall be an amount equal to 4.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date;

(B) after the fourth (4th) Payment Date, and on or prior to the eighth (8th) Payment Date, the Prepayment Premium shall be an amount equal to 3.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date; and

(C) after the eighth (8th) Payment Date, the Prepayment Premium shall be an amount equal to 0.00% of the aggregate outstanding principal amount of the Loans being prepaid on such Redemption Date.

The Prepayment Premium payable upon any prepayment shall be in addition to any payments required pursuant to the Fee Letter.

"***Product***" means (a) the principal version in the market of (i) the nCounter® Analysis System and its essential components, or (ii) the nCounter-based Prosigna™ Breast Cancer Prognostic Gene Signature Assay, (b) DSP (Digital Spatial Profiling), (c) Hyb & Seq and (d) each of their respective commercially available successors.

"***Property***" of any Person means any property or assets, or interest therein, of such Person.

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"***Proportionate Share***" means, with respect to any Lender, the percentage obtained by dividing (a) the Commitment (or, if the Commitments are terminated, the outstanding principal amount of the Loans) of such Lender then in effect by (b) the sum of the Commitments (or, if the Commitments are terminated, the outstanding principal amount of the Loans) of all Lenders then in effect.

"***Proposed Discounted Prepayment Amount***" has the meaning set forth in **Section 3.03(c)(ii)**.

"***Publicly Reporting Company***" means an issuer generally subject to the public reporting requirements of the Securities and Exchange Act of 1934.

"***Qualified FPO***" means an underwritten follow on public offering of the securities exchange-listed Equity Interests of Borrower, excluding such offerings to which only Strategic Investors subscribe.

"***Qualified Plan***" means an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan (a) that is or was at any time maintained or sponsored by any Obligor or any ERISA Affiliate thereof or to which any Obligor or any ERISA Affiliate thereof has ever made, or was ever obligated to make, contributions, and (b) that is intended to be tax qualified under Section 401(a) of the Code.

"***Qualifying Lenders***" has the meaning set forth in **Section 3.03(c)(iv)**.

"***Qualifying Loans***" has the meaning set forth in **Section 3.03(c)(iv)**.

"***Real Property Security Documents***" means the Landlord Consent and any mortgage or deed of trust or any other real property security document executed or required hereunder to be executed by any Obligor and granting a security interest in real Property owned or leased (as tenant) by any Obligor in favor of the Secured Parties.

"***Recipient***" means Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any Obligation.

"***Redemption Date***" means, as the context may require, (i) the Payment Date on which an optional prepayment is made pursuant to **Section 3.03(a)**, (ii) the date of an Asset Sale or Change of Control in connection with which a prepayment pursuant to **Section 3.03(b)**, (iii) the date mandated by a Requirement of Law as described in **Section 5.02(b)**, (iv) the date on which Loans become due and payable pursuant to **Section 11.02(a)** or **(b)**, and (v) in the event that Loans become due and payable prior to the Stated Maturity Date for any reason not related to the foregoing **clauses (i)** through **(iv)**, the date on which a prepayment is due.

"***Redemption Price***" means amount equal to the aggregate principal amount of the Loans being prepaid plus the Prepayment Premium plus any accrued but unpaid interest and any fees then due and owing (including any fees payable pursuant to the Fee Letter).

"***Register***" has the meaning set forth in **Section 13.05(d)**.

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"***Regulation T***" means Regulation T of the Board of Governors of the Federal Reserve System, as amended.

"***Regulation U***" means Regulation U of the Board of Governors of the Federal Reserve System, as amended.

"***Regulation X***" means Regulation X of the Board of Governors of the Federal Reserve System, as amended.

"***Regulatory Approvals***" means any registrations, licenses, authorizations, permits or approvals issued by any Governmental Authority and applications or submissions related to any of the foregoing.

"***Related Person***" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"***Requirement of Law***" means, as to any Person, any statute, law, treaty, rule or regulation or determination, order, injunction or judgment of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its Properties or revenues.

"***Responsible Officer***" of any Person means each of the president, chief executive officer, chief financial officer and senior vice president (operations/administration) of such Person.

"***Restricted Payment***" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of Borrower or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of Borrower or any of its Subsidiaries or any option, warrant or other right to acquire any such shares of capital stock of Borrower or any of its Subsidiaries.

"***Restrictive Agreement***" has the meaning set forth in **Section 7.15**.

"***Revenue***" of a Person means all revenue properly recognized under GAAP, consistently applied, less all rebates, discounts and other price allowances.

"***Sanctions***" means any international economic sanction administered or enforced by the United States Government (including OFAC), the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority.

"***Sanctioned Jurisdiction***" means any country or territory to the extent that such country or territory is the subject of any Sanction.

"***Sanctioned Person***" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United

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Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Jurisdiction or (c) any Person owned or Controlled by any such person or Persons described in clauses (a) and (b).

"***Secured Parties***" means the Lenders, Administrative Agent, each other Indemnified Party and any other holder of any Obligation.

"***Security Agreement***" means the Amended and Restated Security Agreement, dated as of the date hereof, among the Obligors and Administrative Agent, granting a security interest in the Obligors' personal Property in favor of the Secured Parties.

"***Security Documents***" means, collectively, the Security Agreement, each Short-Form IP Security Agreement, each Real Property Security Document, and each other security document, control agreement or financing statement required or recommended to perfect Liens in favor of the Secured Parties.

"***Securities Account***" has the meaning set forth in the Security Agreement.

"***Short-Form IP Security Agreements***" means short-form copyright, patent or trademark (as the case may be) security agreements, entered into by one or more Obligors in favor of Administrative Agent, for the benefit of the Secured Parties, each in form and substance satisfactory to Administrative Agent (and as amended, modified or replaced from time to time).

"***Solvent***" means, with respect to any Person at any time, that (a) the present fair saleable value of the Property of such Person is greater than the total amount of liabilities (including contingent liabilities) of such Person, (b) the present fair saleable value of the Property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured and (c) such Person has not incurred and does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature.

"***Specified Financial Covenants***" has the meaning set forth in **Section 10.03(a)**.

"***Stated Maturity Date***" means the twenty fourth (24th) Payment Date following the first Borrowing Date, which Payment Date shall be September 30, 2024.

"***Strategic Investor***" means a non-financial investor with operations in a field analogous or relating to the Borrower's business, as determined by the Borrower's Board of Directors in its business judgment.

"***Subordinated Debt Cure Right***" has the meaning set forth in **Section 10.03(a)**.

"***Subordinated Debt Interest Escrow Account***" has the meaning set forth in the definition of Permitted Subordinated Debt.

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"***Subsidiary***" means, with respect to any Person (the "***parent***") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent or (b) that is, as of such date, otherwise Controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless the context requires otherwise, "Subsidiary" refers to a Subsidiary of Borrower.

"***Subsidiary Guarantors***" means each of the Subsidiaries of Borrower identified under the caption "SUBSIDIARY GUARANTORS" on the signature pages hereto and each Subsidiary of Borrower that becomes, or is required to become, a "Subsidiary Guarantor" after the date hereof pursuant to **Section 8.12(a)** or **(b)**.

"***Substitute Lender***" has the meaning set forth in **Section 2.06(a)**.

"***Tax Returns***" has the meaning set forth in **Section 7.08**.

"***Taxes***" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"***Technical Information***" means all trade secrets and other proprietary or confidential information, which may include information of a scientific, technical, or business nature in any form or medium, standards and specifications, conceptions, ideas, innovations, discoveries, Invention disclosures, all documented research, developmental, demonstration or engineering work, data, plans, reports, summaries, experimental data, manuals, models, samples, know-how, technical information, systems, methodologies, computer programs or information technology.

"***Title IV Plan***" means an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan (i) that is or was at any time maintained or sponsored by any Obligor or any ERISA Affiliate thereof or to which any Obligor or any ERISA Affiliate thereof has ever made, or was obligated to make, contributions, and (ii) that is or was subject to Section 412 of the Code, Section 302 of ERISA or Title IV of ERISA.

"***Trademarks***" is defined in the Security Agreement.

"***Transactions***" means the execution, delivery and performance by each Obligor of this Agreement and the other Loan Documents to which such Obligor is intended to be a party and the Borrowings (and the use of the proceeds of the Loans).

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"***U.S. Person***" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"***U.S. Tax Compliance Certificate***" has the meaning set forth in **Section 5.03(e)(ii)(B)(3)**.

"***Warrant***" means each warrant to purchase Equity Interests of Borrower, issued by Borrower to the Lenders in connection with the Transactions, per the Warrant Shares table on **Schedule 1**.

"***Warrant Obligations***" means, with respect to any Obligor, all Obligations arising out of, under or in connection with, any Warrant.

"***Withdrawal Liability***" means, at any time, any liability incurred (whether or not assessed) by any ERISA Affiliate and not yet satisfied or paid in full at such time with respect to any Multiemployer Plan pursuant to Section 4201 of ERISA.

"***Withholding Agent***" means any Obligor and Administrative Agent.

1.02 Accounting Terms and Principles. All accounting determinations required to be made pursuant hereto shall, unless expressly otherwise provided herein, be made in accordance with GAAP. All components of financial calculations made to determine compliance with this Agreement, including **Section 10**, shall be adjusted to include or exclude, as the case may be, without duplication, such components of such calculations attributable to any Acquisition consummated after the first day of the applicable period of determination and prior to the end of such period, as determined in good faith by Borrower based on assumptions expressed therein and that were reasonable based on the information available to Borrower at the time of preparation of the Compliance Certificate setting forth such calculations.

1.03 Interpretation. For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, (a) the terms defined in this Agreement include the plural as well as the singular and vice versa; (b) words importing gender include all genders; (c) any reference to a Section, Annex, Schedule or Exhibit refers to a Section of, or Annex, Schedule or Exhibit to, this Agreement; (d) any reference to "this Agreement" refers to this Agreement, including all Annexes, Schedules and Exhibits hereto, and the words herein, hereof, hereto and hereunder and words of similar import refer to this Agreement and its Annexes, Schedules and Exhibits as a whole and not to any particular Section, Annex, Schedule, Exhibit or any other subdivision; (e) references to days, months and years refer to calendar days, months and years, respectively; (f) all references herein to "include" or "including" shall be deemed to be followed by the words "without limitation"; (g) the word "from" when used in connection with a period of time means "from and including" and the word "until" means "to but not including"; and (h) accounting terms not specifically defined herein shall be construed in accordance with GAAP (except for the term "property" , which shall be interpreted as broadly as possible, including, in any case, cash, securities, other assets, rights under contractual obligations and permits and any right or interest in any property, except where otherwise noted). Unless otherwise expressly provided herein, references to organizational documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all

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permitted subsequent amendments, restatements, extensions, supplements and other modifications thereto.

1.04 Changes to GAAP. If, after the date hereof, any change occurs in GAAP or in the application thereof and such change would cause any amount required to be determined for the purposes of the covenants to be maintained or calculated pursuant to **Section 8**, **9** or **10** to be materially different than the amount that would be determined prior to such change, then:

(a) Borrower will provide a detailed notice of such change (an "***Accounting Change Notice***") to Administrative Agent concurrently with the delivery of the next Compliance Certificate;

(b) either Borrower or the Majority Lenders may indicate within 90 days following the date of the Accounting Change Notice that they wish to revise the method of calculating such financial covenants or amend any such amount, in which case the parties will in good faith attempt to agree upon a revised method for calculating the financial covenants;

(c) until Borrower and the Majority Lenders have reached agreement on such revisions, (i) such financial covenants or amounts will be determined without giving effect to such change and (ii) all financial statements, Compliance Certificates and similar documents provided hereunder shall be provided together with a reconciliation between the calculations and amounts set forth therein before and after giving effect to such change in GAAP;

(d) if no party elects to revise the method of calculating the financial covenants or amounts, then the financial covenants or amounts will not be revised and will be determined in accordance with GAAP without giving effect to such change; and

(e) any Event of Default arising as a result of such change which is cured by operation of this **Section 1.04** shall be deemed to be of no effect *ab initio*.

SECTION 2
THE COMMITMENT

2.01 Commitments. Each Lender agrees severally, on and subject to the terms and conditions of this Agreement (including **Section 6**), to make up to three term loans (*provided* that PIK Loans shall be deemed not to constitute "term loans" for purposes of this **Section 2.01**) to Borrower, each on a Business Day during the Commitment Period in Dollars in an aggregate principal amount for such Lender not to exceed such Lender's unfunded Commitment; *provided*, *however*, that no Lender shall be obligated to make a Loan in excess of such Lender's Proportionate Share of the applicable amount of any Borrowing set forth in **Section 6** (if any) other than PIK Loans. Amounts of Loans repaid may not be reborrowed.

2.02 Borrowing Procedures. Subject to the terms and conditions of this Agreement (including **Section 6**), each Borrowing (other than a Borrowing of PIK Loans) shall be made on written notice in the form of **Exhibit B** given by Borrower to Administrative Agent not later than 11:00 a.m. (Central time) on the Borrowing Notice Date (a "***Notice of Borrowing***").

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2.03 Fees. Borrower shall pay to Administrative Agent and/or the Lenders, as applicable, such fees as described in the Fee Letter.

2.04 Use of Proceeds. Borrower shall use the proceeds of the Loans for repayment of all outstanding Indebtedness and obligations under the Original Loan Agreement, general working capital purposes and corporate purposes and to pay fees, costs and expenses incurred in connection with the Transactions; *provided* that the Lenders shall have no responsibility as to the use of any proceeds of Loan.

2.05 Defaulting Lenders.

(a) **Adjustments**. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) **Waivers and Amendments**. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in **Section 13.04**.

(ii) **Reallocation of Payments**. Any payment of principal, interest, fees or other amounts received by the Lenders for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to **Section 11** or otherwise), shall be applied at such time or times as follows: first, as Borrower may request (so long as no Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement; second, if so determined by the Majority Lenders and Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of such Defaulting Lender to fund Loans under this Agreement; third, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; fourth, so long as no Default exists, to the payment of any amounts owing to Borrower as a result of any judgment of a court of competent jurisdiction obtained by Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and fifth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if (A) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share and (B) such Loans were made at a time when the conditions set forth in **Section 6** were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a *pro rata* basis prior to being applied to the payment of any Loans of such Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this **Section 2.05(a)(ii)** shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(b) **Defaulting Lender Cure**. If Borrower and the Majority Lenders agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, that Lender will, to the extent applicable, purchase that portion of outstanding Loans of

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the other Lenders or take such other actions as necessary to cause the Loans to be held on a *pro rata* basis by the Lenders in accordance with their Proportionate Share, whereupon that Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Borrower while that Lender was a Defaulting Lender; and *provided further* that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

2.06 Substitution of Lenders.

(a) **Substitution Right**. If any Lender (an "***Affected Lender***"), (i) becomes a Defaulting Lender or (ii) does not consent to any amendment, waiver or consent to any Loan Document for which the consent of the Majority Lenders is obtained but that requires the consent of other Lenders (a "***Non-Consenting Lender***"), then (x) Borrower may elect to pay in full such Affected Lender with respect to all Obligations due to such Affected Lender (which for the avoidance of doubt, shall not include any Prepayment Premium due) or (y) either Borrower or Administrative Agent shall identify any willing Lender or Affiliate of any Lender or Eligible Transferee (in each case, a "***Substitute Lender***") to substitute for such Affected Lender; *provided* that any substitution of a Non-Consenting Lender shall occur only with the consent of Administrative Agent.

(b) **Procedure**. To substitute such Affected Lender or pay in full all Obligations owed to such Affected Lender, Borrower shall deliver a notice to such Affected Lender. The effectiveness of such payment or substitution shall be subject to the delivery by Borrower (or, as may be applicable in the case of a substitution, by the Substitute Lender) of (i) payment for the account of such Affected Lender, of, to the extent accrued through, and outstanding on, the effective date for such payment or substitution, all Obligations owing to such Affected Lender (which for the avoidance of doubt, shall not include any Prepayment Premium) and (ii) in the case of a substitution, an Assignment and Assumption executed by the Substitute Lender, which shall thereunder, among other things, agree to be bound by the terms of the Loan Documents; *provided, however, that* if the Affected Lender does not execute such Assignment and Acceptance within ten (10) Business Days of delivery of the notice required hereunder, such Affected Lender shall be deemed to have executed such Assignment and Acceptance.

(c) **Effectiveness**. Upon satisfaction of the conditions set forth in **Sections 2.06(a)** and **(b)**, Administrative Agent shall record such substitution or payment in the Register, whereupon (i) in the case of any payment in full of an Affected Lender, such Affected Lender's Commitments shall be terminated and (ii) in the case of any substitution of an Affected Lender, (A) such Affected Lender shall sell and be relieved of, and the Substitute Lender shall purchase and assume, all rights and claims of such Affected Lender under the Loan Documents, except that the Affected Lender shall retain such rights under the Loan Documents that expressly provide that they survive the repayment of the Obligations and the termination of the Commitments, (B) such Affected Lender shall no longer constitute a "Lender" hereunder and such Substitute Lender shall become a "Lender" hereunder and (C) such Affected Lender shall

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execute and deliver an Assignment and Assumption to evidence such substitution; *provided*, *however*, that the failure of any Affected Lender to execute any such Assignment and Assumption shall not render such sale and purchase (or the corresponding assignment) invalid.

2.07 Permitted Commercialization Arrangements. Lenders each understand and agree that Borrower and its Subsidiaries will enter into Permitted Commercialization Arrangements that will, in the reasonable opinion of Borrower's Board of Directors, support the business and operations of Borrower and permit Borrower to repay the Obligations hereunder. Lenders further agree to cooperate reasonably with Borrower in implementing such Permitted Commercialization Arrangements, which cooperation will include entering into Non-Disturbance Agreements or other similar agreements with such modifications thereto as shall be reasonably requested by Borrower and the counterparties thereto unless such modifications are materially adverse to the interest of Lenders.

SECTION 3
PAYMENTS OF PRINCIPAL AND INTEREST

3.01 Repayment.

(a) **Repayment**. During the Interest-Only Period, no scheduled payments of principal of the Loans shall be due. Borrower agrees to repay to the Lenders the outstanding principal amount of the Loans on the Maturity Date.

(b) **Application**. Any optional or mandatory prepayment of the Loans shall be applied to the installments thereof under **Section 3.01(a)** in the inverse order of maturity. To the extent not previously paid, the principal amount of the Loans, together with all other outstanding Obligations (other than Warrant Obligations), shall be due and payable on the Maturity Date.

3.02 Interest.

(a) **Interest Generally**. Subject to **Section 3.02(d)**, Borrower agrees to pay to the Lenders interest on the unpaid principal amount of the Loans and the amount of all other outstanding Obligations, in the case of the Loans, for the period from the applicable Borrowing Date and, in the case of any other Obligation (but for the avoidance of doubt, excluding any Warrant Obligations), from the date such other Obligation is due and payable, in each case, until paid in full, at a rate *per annum* equal to 10.50%.

(b) **Default Interest**. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, as of the earlier of (i) the date on which the Lenders deliver to Borrower a written notice pursuant to this **Section 3.02(b)** (such notice, a "***Notice of Default Interest***") that the Loans shall bear interest at the Default Rate because an Event of Default has occurred and is continuing, and (ii) if Borrower shall have failed to deliver notice pursuant to **Section 8.02(a)(i)** of such Event of Default, the date on which such Event of Default occurred, and during the continuance of any such Event of Default, the interest payable pursuant to **Section 3.02(a)** shall increase by 2.00% *per annum* (such aggregate increased rate, the "***Default Rate***"). Notwithstanding any other provision herein (including **Section 3.02(d)**), if interest is required to

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be paid at the Default Rate, it shall be paid entirely in cash. If any other Obligation is not paid when due under the applicable Loan Document, the amount thereof shall accrue interest at a rate equal to 2.00% *per annum* (without duplication of interest payable at the Default Rate).

(c) **Interest Payment Dates**. Subject to **Section 3.02(d)**, accrued interest on the Loans shall be payable in arrears on each Payment Date with respect to the most recently completed Interest Period in cash, and upon the payment or prepayment of the Loans (on the principal amount being so paid or prepaid); *provided* that interest payable at the Default Rate shall be payable from time to time on demand.

(d) **Redemption Price.** For the avoidance of doubt, in the event any Loans shall become due and payable for any reason, interest pursuant to **Sections 3.02(a)** and **(b)** shall accrue on the Redemption Price for such Loans from and after the date such Redemption Price is due and payable until paid in full.

(e) **Paid In-Kind Interest**. Notwithstanding **Section 3.02(a)**, at any time during the PIK Period, Borrower may elect to pay the interest on the outstanding principal amount of the Loans payable pursuant to **Section 3.01** as follows: (i) only 7.50% of the 10.50% *per annum* interest in cash and (ii) 3.00% of the 10.50% *per annum* interest as compounded interest, added to the aggregate principal amount of the Loans (the amount of any such compounded interest being a "***PIK Loan***"). The principal amount of each PIK Loan shall accrue interest in accordance with the provisions of this Agreement applicable to the Loans.

3.03 Prepayments.

(a) **Optional Prepayments**. Upon prior written notice to Administrative Agent delivered pursuant to **Section 4.03**, Borrower shall have the right to optionally prepay in whole or in part the outstanding principal amount of the Loans on any Payment Date for the Redemption Price. No partial prepayment shall be made under this Section 3.03(a) in connection with any event described in **Section 3.03(b)**.

(b) **Mandatory Prepayments.**

(i) **Asset Sales**. In the event of any Asset Sale or series of Asset Sales (other than any Asset Sale permitted under **Section 9.09(a)—(o))**, Borrower shall provide thirty (30) days' prior written notice of such Asset Sale to Administrative Agent and, if within such notice period Majority Lenders or Administrative Agent advise Borrower that the Majority Lenders require a prepayment pursuant to this **Section 3.03(b)(i)**, Borrower shall: (x) if the assets sold represent substantially all of the assets or Revenues of Borrower, or represent any specific line of business which either on its own or together with other lines of business sold over the term of this Agreement account for Revenue generated by such lines of business exceeding 15% of the Revenue of Borrower in the immediately preceding year, prepay the aggregate outstanding principal amount of the Loans in an amount equal to the Redemption Price applicable on the date of such Asset Sale, and (y) in the case of all other Asset Sales not described in the foregoing **clause (x)**, prepay the Loans in an amount equal to the entire amount of the Asset Sale Net

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Proceeds of such Asset Sale, plus any accrued but unpaid interest and any fees (including any fees payable pursuant to the Fee Letter) then due and owing, credited in the following order:

(A) first, in reduction of Borrower's obligation to pay any unpaid interest and any fees then due and owing;

(B) second, in reduction of Borrower's obligation to pay any Claims or Losses referred to in **Section 13.03** then due and owing;

(C) third, in reduction of Borrower's obligation to pay any amounts due and owing on account of the unpaid principal amount of the Loans;

(D) fourth, in reduction of any other Obligation then due and owing; and

(E) fifth, to Borrower or such other Persons as may lawfully be entitled to or directed by Borrower to receive the remainder.

(ii) **Change of Control**. In the event of a Change of Control, Borrower shall immediately provide notice of such Change of Control to Administrative Agent and, if within 10 days of receipt of such notice Majority Lenders or Administrative Agent advise Borrower that the Majority Lenders require a prepayment pursuant to this **Section 3.03(b)(ii)**, Borrower shall prepay the aggregate outstanding principal amount of the Loans in an amount equal to the Redemption Price applicable on the date of such Change of Control and pay any fees payable pursuant to the Fee Letter.

(c) **Optional Prepayments Below Par**.

(i) Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document, Borrower shall have the right to prepay Loans to the Lenders up to four (4) times a calendar year at a discount to the par value of such Loans and on a non pro rata basis (each, a "***Discounted Voluntary Prepayment***") pursuant to the procedures described in this Section 3.03(c); provided that (A) any Discounted Voluntary Prepayment shall be offered to all Lenders on a pro rata basis, (B) Borrower shall deliver to the Lenders, together with each Discounted Prepayment Option Notice, a certificate of a Responsible Officer of Borrower (1) certifying that no Default has occurred and is continuing or would result from the Discounted Voluntary Prepayment, (2) certifying that neither Borrower nor any of its Affiliates has any material non-public information with respect to Borrower, its Subsidiaries or the Loans that either (a) has not been disclosed to the Lenders prior to such time, or (b) if not disclosed to the Lenders, could reasonably be expected to have a material effect upon, or other be material to (i) a Lender's decision to participate in a Discounted Voluntary Prepayment, or (ii) to the market price of the Loans, (3) certifying that no Default has occurred within the six (6) months prior to the date of such notice, (4) certifying that Borrower was not in breach of Section 10.02 hereof during the most recently completed twelve (12) month period prior to the date of such notice, (5) certifying that each of the conditions to such Discounted Voluntary Prepayment contained in this Section 3.03(c) has been satisfied and (6) specifying the aggregate principal amount of Loans

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Borrower is offering to prepay pursuant to such Discounted Voluntary Prepayment, (C) the aggregate amount of Loans prepaid pursuant to this Section 3.03(c) (valued at the par amount thereof) shall not be less than 20% of the Loans still outstanding, and (D) a period of at least thirty (30) days has passed since the previous Discounted Voluntary Prepayment.

(ii) To the extent Borrower seeks to make a Discounted Voluntary Prepayment, Borrower will provide written notice to the Lenders substantially in the form of **Exhibit I-1** (each, a "***Discounted Prepayment Option Notice***") that Borrower desires to prepay Loans in an aggregate principal amount specified therein by Borrower (each, a "***Proposed Discounted Prepayment Amount***"), in each case at a discount to the par value of such Loans as specified below. The Proposed Discounted Prepayment Amount of any Loans shall not be less than 20% of the par value of the Loans still outstanding (unless otherwise agreed by the Lenders). The Discounted Prepayment Option Notice shall further specify with respect to the proposed Discounted Voluntary Prepayment (A) the Proposed Discounted Prepayment Amount for Loans to be prepaid, (B) a discount range (which may be a single percentage) selected by Borrower with respect to such proposed Discounted Voluntary Prepayment equal to a percentage of par of the principal amount of the Loans to be prepaid (the "***Discount Range***"), and (C) the date by which Lenders are required to indicate their election to participate in such proposed Discounted Voluntary Prepayment, which shall be at least ten Business Days following the date of the Discounted Prepayment Option Notice (the "***Acceptance Date***").

(iii) On or prior to the Acceptance Date, each such Lender may specify by written notice substantially in the form of **Exhibit I-2** (each, a "***Lender Participation Notice***") to the Lenders (A) a maximum discount to par (the "***Acceptable Discount***") within the Discount Range (for example, a Lender specifying a discount to par of 20% would accept a purchase price of 80% of the par value of the Loans to be prepaid) and (B) a maximum principal amount (subject to rounding requirements specified by the Lenders) of the Loans to be prepaid held by such Lender with respect to which such Lender is willing to permit a Discounted Voluntary Prepayment at the Acceptable Discount ("***Offered Loans***"). Based on the Acceptable Discounts and principal amounts of the Loans to be prepaid specified by the Lenders in the applicable Lender Participation Notice, the Lenders, in consultation with Borrower, shall determine the applicable discount for such Loans to be prepaid (the "***Applicable Discount***"), which Applicable Discount shall be (A) the percentage specified by Borrower if Borrower has selected a single percentage pursuant to **Section 3.03(c)(ii)** for the Discounted Voluntary Prepayment or (B) otherwise, the highest Acceptable Discount at which Borrower can pay the Proposed Discounted Prepayment Amount in full (determined by adding the principal amounts of Offered Loans commencing with the Offered Loans with the highest Acceptable Discount); provided that in the event that such Proposed Discounted Prepayment Amount cannot be repaid in full at any Acceptable Discount, the Applicable Discount shall be the lowest Acceptable Discount specified by the Lenders that is within the Discount Range. The Applicable Discount shall be applicable for all Lenders who have offered to participate in the Discounted Voluntary Prepayment and have Qualifying Loans (as defined below). Any Lender with outstanding Loans to be prepaid whose Lender Participation Notice is not received by Borrower by the Acceptance Date shall be deemed to have declined to accept a Discounted Voluntary Prepayment of any of its Loans at any discount to their par value within the Applicable Discount.

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(iv) Borrower shall make a Discounted Voluntary Prepayment by prepaying those Loans to be prepaid (or the respective portions thereof) offered by the Lenders ("***Qualifying Lenders***") that specify an Acceptable Discount that is equal to or greater than the Applicable Discount ("***Qualifying Loans***") at the Applicable Discount; provided that if the aggregate proceeds required to prepay all Qualifying Loans (disregarding any interest payable at such time) would exceed the amount of aggregate proceeds required to prepay the Proposed Discounted Prepayment Amount, such amounts in each case calculated by applying the Applicable Discount, Borrower shall prepay such Qualifying Loans ratably among the Qualifying Lenders based on their respective principal amounts of such Qualifying Loans (subject to rounding requirements specified by the Lenders). If the aggregate proceeds required to prepay all Qualifying Loans (disregarding any interest payable at such time) would be less than the amount of aggregate proceeds required to prepay the Proposed Discounted Prepayment Amount, such amounts in each case calculated by applying the Applicable Discount, Borrower shall prepay all Qualifying Loans.

(v) Each Discounted Voluntary Prepayment shall be made within five Business Days of the Acceptance Date (or such later date as the Lenders shall reasonably agree, given the time required to calculate the Applicable Discount and determine the amount and holders of Qualifying Loans), without premium or penalty, upon irrevocable notice substantially in the form of **Exhibit I-3** (each a "***Discounted Voluntary Prepayment Notice***"), delivered to the Lenders no later than 1:00 p.m. New York City Time, three Business Days prior to the date of such Discounted Voluntary Prepayment, which notice shall (A) specify the date and amount of the Discounted Voluntary Prepayment and the Applicable Discount determined by the Lenders, (B) certifying that neither Borrower nor any of its Affiliates has any material non-public information with respect to Borrower, its Subsidiaries or the Loans that either (a) has not been disclosed to the Lenders prior to such time, or (b) if not disclosed to the Lenders, could reasonably be expected to be have a material effect upon, or other be material to (i) a Lender's decision to participate in a Discounted Voluntary Prepayment, or (ii) to the market price of the Loans, and (C) state that no Default or Event of Default has occurred and is continuing or would result from the Discounted Voluntary Prepayment. If any Discounted Voluntary Prepayment Notice is given, the amount specified in such notice shall be due and payable to the applicable Lenders, subject to the Applicable Discount on the applicable Loans, on the date specified therein together with accrued interest (on the par principal amount) to and including such date on the amount prepaid. The par principal amount of each Discounted Voluntary Prepayment of a Loan shall be applied to reduce the remaining installments of such Loans in the inverse order of maturity.

(vi) To the extent not expressly provided for herein, each Discounted Voluntary Prepayment shall be consummated pursuant to reasonable procedures (including as to timing, rounding, minimum amounts, Interest Periods and calculation of Applicable Discount in accordance with **Section 3.03(c)(iii)**) established by the Lenders and Borrower.

(vii) Prior to the delivery of a Discounted Voluntary Prepayment Notice, (A) upon written notice to the Lenders, Borrower may withdraw or modify its offer to make a Discounted Voluntary Prepayment pursuant to any Discounted Prepayment Option Notice and

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(B) any Lender may withdraw its offer to participate in a Discounted Voluntary Prepayment pursuant to any Lender Participation Notice.

(viii) Nothing in this Section 3.03(c) shall require Borrower to undertake any Discounted Voluntary Prepayment. No Discounted Voluntary Prepayment shall be subject to the requirements of **Section 3.03(a)**, but for purposes of clarification, Borrower may make a prepayment in accordance with, and subject to **Section 3.03(a)** following any Discounted Prepayment Option Notice that fails to result in a Discounted Voluntary Prepayment being consummated.

(ix) For the avoidance of doubt, any Loans that are prepaid pursuant to this Section 3.03(c) shall be deemed cancelled immediately upon giving effect to such prepayment.

SECTION 4
PAYMENTS, ETC.

4.01 Payments.

(a) **Payments Generally**. Each payment of principal, interest and other amounts to be made by the Obligors under this Agreement or any other Loan Document shall be made in Dollars, in immediately available funds, without deduction, set off or counterclaim, to an account to be designated by Administrative Agent by notice to Borrower, not later than 4:00 p.m. (Central time) on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day).

(b) **Application of Payments**. Each Obligor shall, at the time of making each payment under this Agreement or any other Loan Document, specify to Administrative Agent the amounts payable by such Obligor hereunder to which such payment is to be applied (and in the event that Obligors fail to so specify, or if an Event of Default has occurred and is continuing, the Lenders may apply such payment in the manner they determine to be appropriate).

(c) **Non-Business Days**. If the due date of any payment under this Agreement (other than of principal of or interest on the Loans) would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

4.02 Computations. All computations of interest and fees hereunder shall be computed on the basis of a year of 360 days and actual days elapsed (including the first day but excluding the last day) during the period for which payable.

4.03 Notices. Each notice of optional prepayment shall be effective only if received by Administrative Agent not later than 4:00 p.m. (Central time) on the date five (5) Business Days (or such shorter period as may be agreed to in Administrative Agent's sole discretion) prior to the date of prepayment. Each notice of optional prepayment shall specify the amount to be prepaid and the date of prepayment.

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4.04 Set-Off.

(a) **Set-Off Generally**. Upon the occurrence and during the continuance of any Event of Default, each of Administrative Agent, each Lender and each of their Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by Administrative Agent, any Lender and any of their Affiliates to or for the credit or the account of any Obligor against any and all of the Obligations, whether or not such Person shall have made any demand and although such obligations may be unmatured. Administrative Agent and each Lender agree promptly to notify Borrower after any such set-off and application; *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of Administrative Agent, each Lender and each of their Affiliates under this **Section 4.04** are in addition to other rights and remedies (including other rights of set-off) that such Persons may have.

(b) **Exercise of Rights Not Required**. Nothing contained herein shall require Administrative Agent, any Lender or any of their respective Affiliates to exercise any such right or shall affect the right of such Person to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of any Obligor.

4.05 Pro Rata Treatment.

(a) Unless Administrative Agent shall have been notified in writing by any Lender prior to the proposed date of any Borrowing that such Lender will not make the amount that would constitute its share of such Borrowing available to Administrative Agent, Administrative Agent may assume that such Lender has made such amount available to Administrative Agent on such date in accordance with **Section 2**, and Administrative Agent may, in reliance upon such assumption, make available to Borrower a corresponding amount. If such amount is not in fact made available to Administrative Agent by the required time on the applicable Borrowing Date therefor, such Lender and Borrower severally agree to pay to Administrative Agent forthwith, on demand, such corresponding amount with interest thereon, for each day from and including the date on which such amount is made available to Borrower but excluding the date of payment to Administrative Agent, at a rate equal to the greater of (A) the Federal Funds Effective Rate and (B) a rate reasonably determined by Administrative Agent in accordance with banking industry rules on interbank compensation. If Borrower and such Lender shall pay such interest to Administrative Agent for the same or an overlapping period, Administrative Agent shall promptly remit to Borrower the amount of such interest paid by Borrower for such period. If such Lender pays its share of the applicable borrowing to Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such borrowing. Any payment by Borrower shall be without prejudice to any claim Borrower may have against a Lender that shall have failed to make such payment to Administrative Agent.

(b) Unless Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to Administrative Agent for the account of the Lenders hereunder that Borrower will not make such payment, Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon

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such assumption, distribute to the Lenders the amount due. In such event, if Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to Administrative Agent forthwith on demand the amount so distributed to such Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation. Nothing herein shall be deemed to limit the rights of Administrative Agent or any Lender against any Obligor.

(c) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the principal of or interest on any Loan made by it or other obligations hereunder, as applicable (other than pursuant to a provision hereof providing for non-pro rata treatment), in excess of its Proportionate Share, of such payment on account of the Loans, such Lender shall (i) notify Administrative Agent of the receipt of such payment, and (ii) within five (5) Business Days of such receipt purchase (for cash at face value) from the other Lenders, as applicable (directly or through Administrative Agent), without recourse, such participations in the Loans made by them or make such other adjustments as shall be equitable, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of the other Lenders in accordance with their respective Proportionate Shares, as applicable; *provided*, *however*, that (A) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest and (B) the provisions of this paragraph shall not be construed to apply to (x) any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) or (y) any payment obtained by a Lender as consideration for the assignment or sale of a participation in any of its Loans to any assignee or participant, other than to Borrower or any of its Affiliates (as to which the provisions of this paragraph shall apply). Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this **Section 4.05(c)** may exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of Borrower in the amount of such participation. No documentation other than notices and the like referred to in this **Section 4.05(c)** shall be required to implement the terms of this **Section 4.05(c)**. Administrative Agent shall keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased pursuant to this **Section 4.05(c)** and shall in each case notify the Lenders following any such purchase. Borrower consents on behalf of itself and each other Obligor to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Obligor rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Obligor in the amount of such participation.

SECTION 5
YIELD PROTECTION, ETC.

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5.01 Additional Costs.

(a) **Change in Requirements of Law Generally**. If, on or after the date hereof, the adoption of any Requirement of Law, or any change in any Requirement of Law, or any change in the interpretation or administration thereof by any court or other Governmental Authority charged with the interpretation or administration thereof, or compliance by any of the Lenders (or its lending office) with any request or directive (whether or not having the force of law) of any such Governmental Authority, shall impose, modify or deem applicable any reserve (including any such requirement imposed by the Board of Governors of the Federal Reserve System), special deposit, contribution, insurance assessment or similar requirement, in each case that becomes effective after the date hereof, against assets of, deposits with or for the account of, or credit extended by, a Lender (or its lending office) or shall impose on a Lender (or its lending office) any other condition affecting the Loans or the Commitment, and the result of any of the foregoing is to increase the cost to such Lender of making or maintaining the Loans, or to reduce the amount of any sum received or receivable by such Lender under this Agreement or any other Loan Document, by an amount deemed by such Lender to be material (other than (i) Indemnified Taxes, (ii) Taxes described in **clauses (b)** through **(d)** of the definition of "Excluded Taxes" and (iii) Connection Income Taxes), then Borrower shall pay to such Lender on demand such additional amount or amounts as will compensate such Lender for such increased cost or reduction.

(b) **Change in Capital Requirements**. If a Lender shall have determined that, on or after the date hereof, the adoption of any Requirement of Law regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, in each case that becomes effective after the date hereof, has or would have the effect of reducing the rate of return on capital of a Lender (or its parent) as a consequence of a Lender's obligations hereunder or the Loans to a level below that which a Lender (or its parent) would have achieved but for such adoption, change, request or directive by an amount reasonably deemed by it to be material, then Borrower shall pay to such Lender on demand such additional amount or amounts as will compensate such Lender (or its parent) for such reduction.

(c) **Notification by Lender**. Each Lender (directly or through Administrative Agent) will promptly notify Borrower of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender to compensation pursuant to this **Section 5.01**. Before giving any such notice pursuant to this **Section 5.01(c)** such Lender shall designate a different lending office if such designation (x) will, in the reasonable judgment of such Lender, avoid the need for, or reduce the amount of, such compensation and (y) will not, in the reasonable judgment of such Lender, be materially disadvantageous to such Lender. A certificate of the Lender claiming compensation under this **Section 5.01**, setting forth the additional amount or amounts to be paid to it hereunder, shall be conclusive and binding on Borrower in the absence of manifest error.

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(d) Notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to constitute a change in Requirements of Law for all purposes of this **Section 5.01**, regardless of the date enacted, adopted or issued.

5.02 Illegality. Notwithstanding any other provision of this Agreement, in the event that on or after the date hereof the adoption of or any change in any Requirement of Law or in the interpretation or application thereof by any competent Governmental Authority shall make it unlawful for a Lender or its lending office to make or maintain the Loans (and, in the opinion of such Lender, the designation of a different lending office would either not avoid such unlawfulness or would be disadvantageous to such Lender), then such Lender shall promptly notify Borrower thereof following which (a) the Lender's Commitment shall be suspended until such time as such Lender may again make and maintain the Loans hereunder and (b) if such Requirement of Law shall so mandate, the Loans shall be prepaid by Borrower on or before such date as shall be mandated by such Requirement of Law in an amount equal to the Redemption Price applicable on the date of such prepayment.

5.03 Taxes.

(a) **Payments Free of Taxes**. Any and all payments by or on account of any Obligation shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Obligor shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this **Section 5**) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) **Payment of Other Taxes by Borrower**. The Obligors shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of each Lender, timely reimburse it for, Other Taxes.

(c) **Evidence of Payments**. As soon as practicable after any payment of Taxes by any Obligor to a Governmental Authority of a withholding Tax pursuant to this **Section 5.03**, such Obligor shall deliver to Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Administrative Agent.

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(d) **Indemnification**. The Obligors shall jointly and severally reimburse and indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under **Section 5.01**) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; *provided that* the Obligors shall not be required to indemnify a Recipient pursuant to this Section 5.03(d) to the extent that such Recipient fails to notify Borrower of its intent to make a claim for indemnification under this Section within 180 days after a claim is asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender shall be conclusive absent manifest error.

(e) **Status of Lenders**.

(i) Any Lender that is entitled to an exemption from, or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower (directly or through Administrative Agent), at the time or times reasonably requested by Borrower or Administrative Agent, such properly completed and executed documentation reasonably requested by Borrower or Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender shall deliver (directly or through Administrative Agent) such other documentation prescribed by applicable law or as reasonably requested by Borrower or Administrative Agent as will enable Borrower or Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(ii) Without limiting the generality of the foregoing, in the event that Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to Borrower (directly or through Administrative Agent) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Administrative Agent), executed originals of IRS Form W-9 (or successor form) certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (directly or through Administrative Agent and in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any

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other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI (or successor form);

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of **Exhibit C-1** to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "***U.S. Tax Compliance Certificate***") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or successor form); or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY (or successor form), accompanied by IRS Form W-8ECI (or successor form), IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or successor form), a U.S. Tax Compliance Certificate substantially in the form of **Exhibit C-2** or **Exhibit C-3**, IRS Form W-9 (or successor form), and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of **Exhibit C-4** on behalf of each such direct and indirect partner.

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (directly or through Administrative Agent and in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower to determine the withholding or deduction required to be made; and

(D) if a payment made to a Recipient under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Recipient were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Recipient shall deliver to Borrower (directly or through Administrative Agent) at the time or times prescribed by law as reasonably requested by Borrower or Administrative Agent any necessary forms and information reasonably requested by Borrower or Administrative Agent to comply with their obligations under FATCA and to determine that such Recipient has complied with such Recipient's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

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(iii) To the extent legally permissible, at the time or times reasonably requested by Borrower, Administrative Agent shall (A) if Administrative Agent is a U.S. Person, deliver an IRS Form W-9 to Borrower, or (B) if Administrative Agent is not a U.S. Person, deliver the applicable IRS Form W-8 certifying Administrative Agent's exemption from, or reduction of, U.S. withholding Taxes with respect to amounts payable hereunder.

(iv) Each Recipient agrees that if any form or certification it previously delivered becomes obsolete or inaccurate in any respect, or if Borrower or Administrative Agent notifies such Recipient that any form or certification such Recipient previously delivered has expired or becomes obsolete in any respect, such Recipient shall promptly update such form or certification or promptly notify Borrower and Administrative Agent in writing of its legal inability to do so.

(f) **Treatment of Certain Refunds**. If any party determines, in its sole discretion exercised in good faith, that it has received a refund (for this purpose, including credits in lieu of a refund) of any Taxes as to which it has been indemnified pursuant to this **Section 5.03** (including by the payment of additional amounts pursuant to **Section 5.03**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this **Section 5.03** with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the written request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this **Section 5.03(f)**, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this **Section 5.03(f)** the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This **Section 5.03(f)** shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) **Mitigation Obligations**. If any Obligor is required to pay any Indemnified Taxes or additional amounts to any Lender or to any Governmental Authority for the account of any Lender pursuant to **Section 5.01** or this **Section 5.03**, then such Lender shall (at the request of Borrower or applicable Obligor) use commercially reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign and delegate its rights and obligations hereunder to another of its offices, branches or Affiliates if, in the sole reasonable judgment of such Lender, such designation or assignment and delegation would (i) eliminate or reduce amounts payable pursuant to **Section 5.01** or this **Section 5.03**, as the case may be, in the future, (ii) not subject such Lender to any unreimbursed cost or expense and (iii) not otherwise be disadvantageous to such Lender. Borrower hereby agrees to pay all reasonable costs and

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expenses incurred by any Lender in connection with any such designation or assignment and delegation.

SECTION 6
CONDITIONS PRECEDENT

6.01 Conditions to the First Borrowing. The obligation of each Lender to make a Loan as part of the first Borrowing shall not become effective until the following conditions precedent shall have been satisfied or waived in writing by the Lenders:

(a) **Borrowing Date**. Such Borrowing shall be made on the date hereof.

(b) **Amount of First Borrowing**. The amount of such Borrowing shall equal $60,000,000.

(c) **Terms of Material Agreements, Etc**. Lenders shall be reasonably satisfied with the terms and conditions of all of the Obligors' Material Agreements.

(d) **No Law Restraining Transactions**. No applicable law or regulation shall restrain, prevent or, in the reasonable judgment of the Lenders, impose materially adverse conditions upon the Transactions.

(e) **Payment of Fees**. Lenders shall be satisfied with the arrangements to deduct the fees set forth in the Fee Letter (including the financing fee required pursuant to the Fee Letter) from the proceeds advanced.

(f) **Lien Searches**. Lenders shall be satisfied with Lien searches regarding Borrower and its Subsidiaries made prior to such Borrowing.

(g) **Documentary Deliveries**. The Lenders shall have received the following documents, each of which shall be in form and substance satisfactory to the Lenders:

(i) **Agreement**. This Agreement duly executed and delivered by Borrower and each of the other parties hereto.

(ii) **Security Documents**.

(A) The Security Agreement, duly executed and delivered by each of the Obligors.

(B) Each of the Short-Form IP Security Agreements, duly executed and delivered by the applicable Obligor.

(C) Original share certificates or other documents or evidence of title with regard to all Equity Interests owned by the Obligors (to the extent that such Equity Interests are certificated), together with share transfer documents, undated and executed in blank.

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(D) Duly executed control agreements in favor of Administrative Agent for the benefit of the Secured Parties for all Deposit Accounts, Securities Accounts and Commodity Accounts owned by the Obligors in the United States (other than Excluded Accounts, as defined in the Security Agreement).

(E) Evidence of filing of each of the Short-Form IP Security Agreements in the United States Patent and Trademark Office or the United States Copyright office, as applicable.

(F) Without limitation, all other documents and instruments reasonably required to perfect the Secured Parties' Lien on, and security interest in, the Collateral required to be delivered on or prior to such Borrowing Date shall have been duly executed and delivered and be in proper form for filing, and shall create in favor of the Secured Parties, a perfected Lien on, and security interest in, the Collateral, subject to no Liens other than Permitted Liens.

(iii) **Fee Letter**. The Fee Letter duly executed and delivered by Borrower and Administrative Agent.

(iv) **Approvals**. Certified copies of all material licenses, consents, authorizations and approvals of, and notices to and filings and registrations with, any Governmental Authority (including all foreign exchange approvals), and of all third-party consents and approvals, necessary in connection with the making and performance by the Obligors of the Loan Documents and the Transactions.

(v) **Corporate Documents**. Certified copies of the constitutive documents of each Obligor (if publicly available in such Obligor's jurisdiction of formation) and of resolutions of the Board of Directors (or shareholders, if applicable) of each Obligor authorizing the making and performance by it of the Loan Documents to which it is a party.

(vi) **Incumbency Certificate**. A certificate of each Obligor as to the authority, incumbency and specimen signatures of the persons who have executed the Loan Documents and any other documents in connection herewith on behalf of the Obligors.

(vii) **Officer's Certificate**. A certificate, dated such Borrowing Date and signed by the President, a Vice President or a financial officer of Borrower, confirming compliance with the conditions set forth in **Section 6.03**.

(viii) **Opinions of Counsel**. Favorable opinions, each dated such Borrowing Date, of counsel to each Obligor in form acceptable to the Lenders and their counsel, responsive to the requests set forth in **Exhibit E**.

(ix) **Insurance**. Certificates of insurance evidencing the existence of all insurance required to be maintained by the Obligors and their respective Subsidiaries pursuant to **Section 8.05** and the designation of Administrative Agent as the lender's loss payees or additional named insured, as the case may be, thereunder.

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(x) **Intercreditor Agreement**. Each holder of any of Borrower's Permitted Priority Debt shall have executed and delivered to Administrative Agent an intercreditor agreement, in substantially the form attached hereto as **Exhibit H**, with such changes (if any) as are satisfactory to the Lenders.

6.02 Conditions to Subsequent Borrowings. The obligation of each Lender to make a Loan as part of a subsequent Borrowing is subject to the following conditions precedent, which shall have been satisfied or waived in writing by the Lenders:

(a) **Second Borrowing**. In the case of the second Borrowing:

(i) **Prior Borrowing**. The first Borrowing shall have occurred.

(ii) **Borrowing Date**. Such Borrowing shall occur on or prior to June 30, 2019.

(iii) **Amount of Borrowing**. The amount of such Borrowing shall be less than or equal to $20,000,000 (as selected by Borrower).

(b) **Third Borrowing**. In the case of the third Borrowing:

(i) **Prior Borrowings**. The first and second Borrowings shall have occurred.

(ii) **Borrowing Date**. Such Borrowing shall occur on or prior to March 30, 2020.

(iii) **Amount of Borrowing**. The amount of such Borrowing shall be less than or equal to $20,000,000 (as selected by Borrower).

(iv) **Borrowing Milestone**. During any consecutive twelve month period ending on or prior to December 31, 2019, Borrower shall have received Revenue in an amount equal to or exceeding $[†].

(v) **Notice of Milestone Achievement**. Borrower shall have delivered to Administrative Agent a notice certifying satisfaction of the condition set forth in **Section 6.02(b)(iv)** no later than thirty (30) days thereafter.

(vi) **Notice of Borrowing.** A Notice of Borrowing shall have been received no later than sixty (60) calendar days after satisfaction of the condition set forth in **Section 6.02(b)(v)**.

(c) **Financing Fee.** Except in the case of any PIK Loan, Administrative Agent shall have received, for the account of each Lender, the fees payable pursuant to the Fee Letter.

6.03 Conditions to Each Borrowing. The obligation of each Lender to make a Loan as part of any Borrowing (including the first Borrowing) is also subject to satisfaction of the following

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further conditions precedent on the applicable Borrowing Date, which shall have been satisfied or waived in writing by the Lenders:

(a) **Commitment Period**. Except in the case of any PIK Loan, such Borrowing Date shall occur during the Commitment Period.

(b) **No Default; Representations and Warranties**. Both immediately prior to the making of such Loan and after giving effect thereto and to the intended use thereof:

(i) no Default shall have occurred and be continuing or would result from such proposed Loan or the application of the proceeds thereof;

(ii) the representations and warranties made in **Section 7** shall be true and correct on and as of the Borrowing Date, and immediately after giving effect to the application of the proceeds of the Borrowing, with the same force and effect as if made on and as of such date (except that the representation regarding representations and warranties that refer to a specific earlier date shall be that they were true and correct on such earlier date);and

(iii) no Material Adverse Effect has occurred or is reasonably likely to occur after giving effect to such proposed Borrowing.

(c) **Notice of Borrowing**. Except in the case of any PIK Loan, Administrative Agent shall have received a Notice of Borrowing as and when required pursuant to **Section 2.02**.

(d) **Warrants**. Borrower shall have delivered to Administrative Agent the Warrants as described in the Warrant Shares table on **Schedule 1**).

Each Borrowing shall constitute a certification by Borrower to the effect that the conditions set forth in this **Section 6.03** have been fulfilled as of the applicable Borrowing Date.

SECTION 7
REPRESENTATIONS AND WARRANTIES

Each Obligor represents and warrants to Administrative Agent and the Lenders that:

7.01 Power and Authority. Each of Borrower and its Subsidiaries (a) is duly organized and validly existing under the laws of its jurisdiction of organization, (b) has all requisite corporate or other equivalent power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted except to the extent that failure to have the same would not reasonably be expected to have a Material Adverse Effect, (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would (either individually or in the aggregate) have a Material Adverse Effect, and (d) has full power, authority and legal right to make and perform each of the Loan Documents to which it is a party and, in the case of Borrower, to borrow the Loans hereunder.

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7.02 Authorization; Enforceability. The Transactions are within each Obligor's corporate or equivalent powers and have been duly authorized by all necessary corporate or equivalent action and, if required, by all necessary shareholder action. This Agreement has been duly executed and delivered by each Obligor and constitutes, and each of the other Loan Documents to which it is a party when executed and delivered by such Obligor will constitute, a legal, valid and binding obligation of such Obligor, enforceable against each Obligor in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

7.03 Governmental and Other Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any third party, except for (i) such as have been obtained or made and are in full force and effect and (ii) material filings and recordings in respect of the Liens created pursuant to the Security Documents, (b) will not violate any applicable law or regulation or the charter, bylaws or other organizational documents of Borrower and its Subsidiaries, (c) will not violate any order of any Governmental Authority, other than any such violations that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, (d) will not violate or result in a default under any indenture, agreement or other instrument binding upon Borrower and its Subsidiaries or assets, or give rise to a right thereunder to require any payment to be made by any such Person, and (e) will not result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of Borrower and its Subsidiaries.

7.04 Financial Statements; Material Adverse Change.

(a) **Financial Statements**. Borrower has heretofore furnished to the Lenders certain financial statements as provided for in **Section 8.01**. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of Borrower and its Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the previously-delivered statements of the type described in **Section 8.01(a)**. Neither Borrower nor any of its Subsidiaries has any material contingent liabilities or unusual forward or long-term commitments not disclosed in the aforementioned financial statements.

(b) **No Material Adverse Change**. Since December 31, 2017, there has been no Material Adverse Change.

7.05 Properties.

(a) **Property Generally**. Each Obligor has good and marketable fee simple title to, or valid leasehold interests in, all its real and personal Property material to its business, subject only to Permitted Liens and except as would not reasonably be expected to interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

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(b) **Intellectual Property**. The Obligors represent and warrant to the Lenders as follows, as of the date hereof, each Borrowing Notice Date and each Borrowing Date:

(i) **Schedule 7.05(b)(i)** to the Disclosure Letter (as amended from time to time by Borrower in accordance with **Section 7.20**) contains:

(A) a complete and accurate list of all applied for or issued Patents, owned by or licensed to any Obligor, including the jurisdiction and patent number;

(B) a complete and accurate list of all applied for or registered Trademarks, owned by or licensed to any Obligor, including the jurisdiction, trademark application or registration number and the application or registration date; and

(C) a complete and accurate list of all applied for or registered Copyrights, owned by or licensed to any Obligor;

(ii) Each Obligor is the sole or joint owner of all right, title and interest in and to and has the right to use its Obligor Intellectual Property with no breaks in chain of title with good and marketable title, free and clear of any Liens or Claims of any kind whatsoever other than Permitted Liens. Without limiting the foregoing, and except as set forth in **Schedule 7.05(b)(ii)**:

(A) other than with respect to the Material Agreements, or as permitted by **Section 9.09**, the Obligors have not transferred ownership of Material Intellectual Property, in whole or in part, to any other Person who is not an Obligor;

(B) other than (i) the Material Agreements, (ii) customary restrictions in in-bound licenses of Intellectual Property and non-disclosure agreements, or (iii) as would have been or is permitted by **Section 9.09**, there are no judgments, covenants not to sue, permits, grants, licenses, Liens (other than Permitted Liens), Claims, or other agreements or arrangements relating to the Material Intellectual Property, including any development, submission, services, research, license or support agreements, which bind, obligate or otherwise restrict the Obligors;

(C) the use of any of the Obligor Intellectual Property, in the manner used by each Obligor in the conduct of its business as of the date hereof, to the best of such Obligor's Knowledge, does not breach, violate, infringe or interfere with or constitute a misappropriation of any valid rights arising under any Intellectual Property of any other Person;

(D) there are no pending or, to any Obligor's Knowledge, threatened Claims against the Obligors asserted by any other Person involving the Obligor Intellectual Property, including any Claims of adverse ownership, invalidity, infringement, misappropriation, violation or other opposition to such Intellectual Property; no Obligor has received any written notice from any Person that any Obligor business, the use of the Obligor Intellectual Property, or the manufacture, use or sale of any product or the performance of any service by any Obligor infringes upon, violates or constitutes a misappropriation of, or may infringe upon, violate or

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constitute a misappropriation of, or otherwise interferes with, any other Intellectual Property of such Person;

(E) no Obligor has any Knowledge that the Obligor Intellectual Property is being infringed, violated, misappropriated or otherwise used by any other Person without the express authorization of such Obligor. Without limiting the foregoing, no Obligor has put any other Person on notice of actual or potential infringement, violation or misappropriation of any of the Obligor Intellectual Property; no Obligor has initiated the enforcement of any Claim with respect to any of the Obligor Intellectual Property;

(F) all relevant current and former employees and consultants of each Obligor have executed written confidentiality and invention assignment Contracts with such Obligor that irrevocably assign to such Obligor or its designee all of their rights to any Inventions relating to any Obligor's business;

(G) to the Knowledge of the Obligors, the Obligor Intellectual Property is all the Intellectual Property necessary for the operation of Obligors' business as it is currently conducted;

(H) each Obligor has taken reasonable precautions to protect the secrecy, confidentiality and value of trade secrets and confidential information in its Obligor Intellectual Property;

(I) each Obligor has delivered to Administrative Agent accurate and complete copies of all Material Agreements relating to the Obligor Intellectual Property;

(J) there are no pending or, to the Knowledge of any of the Obligors, threatened in writing Claims against the Obligors asserted by any other Person relating to the Material Agreements, including any Claims of breach or default under such Material Agreements;

(iii) With respect to the Obligor Intellectual Property consisting of Patents owned by an Obligor, except as set forth in **Schedule 7.05(b)(iii)** to the Disclosure Letter (as amended from time to time by Borrower in accordance with **Section 7.20**), and without limiting the representations and warranties in **Section 7.05(b)(iii)**:

(A) each of the issued claims in such Patents, to Obligors' Knowledge, is valid and enforceable;

(B) the inventors identified in such Patents have executed written Contracts with an Obligor or its predecessor-in-interest that properly and irrevocably assign to an Obligor or predecessor-in-interest all of their rights to any of the Inventions claimed in such Patents to the extent permitted by applicable law;

(C) none of such Patents, or the Inventions claimed in them, have been dedicated to the public except as a result of intentional decisions made by the applicable Obligor;

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(D) to any Obligor's Knowledge, all prior art material to such Patents was adequately disclosed to or considered by the respective patent offices during prosecution of such Patents to the extent required by applicable law or regulation;

(E) subsequent to the issuance of such Patents, neither any Obligor nor its predecessors in interest have filed any disclaimer or filed any other voluntary reduction in the scope of the Inventions claimed in such Patents;

(F) Borrower has not received written notice that any such Patent is subject to any competing conception claims of allowable or allowed subject matter of any patent applications or patents of any third party and have not been the subject of any interference, re-examination, inter partes review, post grant review or opposition proceedings, nor are the Obligors aware of any basis for any such interference, re-examination, inter partes review, post grant review or opposition proceedings;

(G) no such Patents, to any Obligor's Knowledge, have ever been finally adjudicated to be invalid, unpatentable or unenforceable for any reason in any administrative, arbitration, judicial or other proceeding, and, with the exception of publicly available documents in the applicable Patent Office recorded with respect to any Patents, no Obligor has received any notice asserting that such Patents are invalid, unpatentable or unenforceable; if any of such Patents is terminally disclaimed to another patent or patent application, all patents and patent applications subject to such terminal disclaimer are included in the Collateral;

(H) there is no fact or circumstance known to the Obligors that would cause them to reasonably conclude that any of the issued patents in such Patents is invalid or unenforceable;

(I) no Obligor has any Knowledge that any Obligor or any prior owner of such Patents or their respective agents or representatives have engaged in any conduct, or omitted to perform any necessary act, the result of which would invalidate or render unpatentable or unenforceable any such Patents; and

(J) all maintenance fees, annuities, and the like due or payable on the Patents have been timely paid or the failure to so pay was the result of an intentional decision by the applicable Obligor or would not reasonably be expected to result in a Material Adverse Change.

(iv) none of the foregoing representations and statements of fact contains any untrue statement of material fact or omits to state any material fact necessary to make any such statement or representation not misleading to a prospective Lender seeking full information as to the Obligor Intellectual Property and the Obligors' business.

(c) **Material Intellectual Property**. **Schedule 7.05(c)** to the Disclosure Letter (as amended from time to time by Borrower in accordance with **Section 7.20**) contains an accurate list of the Obligor Intellectual Property the loss of which would reasonably be expected to have a

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Material Adverse Effect, with an indication as to whether the applicable Obligor owns or has an exclusive or non-exclusive license to such Obligor Intellectual Property.

7.06 No Actions or Proceedings.

(a) **Litigation**. There is no litigation, investigation or proceeding pending or, to any Obligor's Knowledge, threatened with respect to Borrower and its Subsidiaries by or before any Governmental Authority or arbitrator (i) that either individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, except as specified in **Schedule 7.06** to the Disclosure Letter (as amended from time to time by Borrower in accordance with **Section 7.20**) or (ii) that involves this Agreement or the Transactions.

(b) **Environmental Matters**. The operations and Property of Borrower and its Subsidiaries comply with all applicable Environmental Laws, except to the extent the failure to so comply (either individually or in the aggregate) would not reasonably be expected to have a Material Adverse Effect.

(c) **Labor Matters**. Borrower and its Subsidiaries have not engaged in unfair labor practices and there are no material labor actions or disputes involving the employees of Borrower or its Subsidiaries that would reasonably be expected to have a Material Adverse Effect.

7.07 Compliance with Laws and Agreements. Each of the Obligors is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

7.08 Taxes. All material federal, state, local and foreign income and franchise and other material Tax returns, reports and statements (collectively, the "***Tax Returns***") required to be filed by any Obligor have been timely filed with the appropriate Governmental Authorities, all such Tax Returns are true, correct and complete in all material respects, and all material Taxes reflected therein or otherwise due and payable have been paid (except for those contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are maintained on the books of the Obligor in accordance with GAAP). No Tax Return of any Obligor is under audit or examination by any Governmental Authority and no Obligor has received written notice of any material audit or examination or any assertion of any claim for Taxes from any Governmental Authority. Proper and accurate Tax amounts have been withheld by each Obligor from their respective employees for all periods in material compliance with the Tax, social security and unemployment withholding provisions of applicable Laws and such withholdings have been paid to the respective Governmental Authorities or, only to the extent such withholdings are not yet due and payable, such withholdings are adequately reserved for on the books of the Obligor in accordance with GAAP. No Obligor has participated in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(2).

7.09 Full Disclosure. Obligors have disclosed to Administrative Agent and the Lenders all Material Agreements to which any Obligor is subject, and all other matters to any Obligor's

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Knowledge, that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of any Obligor to Administrative Agent or any Lender in connection with the negotiation of this Agreement and the other Loan Documents or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that, with respect to projected financial information, Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

7.10 Regulation.

(a) **Investment Company Act**. Neither Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

(b) **Margin Stock**. Neither Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of the Loans will be used to buy or carry any Margin Stock in violation of Regulation T, U or X.

(c) **OFAC; Sanctions, Etc.** Neither Borrower nor any of its Subsidiaries or, to the knowledge of any Obligor, any Related Person (i) is currently the subject of any Sanctions or is a Sanctioned Person, (ii) is located (or has its assets located), organized or residing in any Sanctioned Jurisdiction, (iii) is or has been (within the previous five (5) years) engaged in any impermissible transaction with any Person who is now or was then the subject of Sanctions or who is located, organized or residing in any Sanctioned Jurisdiction, (iv) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons, (v) has taken any action, directly or indirectly, that would result in a violation by such Persons of any Anti-Corruption Laws, or (vi) has violated any Anti-Money Laundering Laws. No Loan, nor the proceeds from any Loan, has been or will be used, directly or indirectly, to lend, contribute or provide to, or has been or will be otherwise made available to fund, any impermissible activity or business of any Person located, organized or residing in any Sanctioned Jurisdiction or who is the subject of any Sanctions, or in any other manner that will result in any violation by any Person (including the Lender and its Affiliates) of Sanctions or otherwise in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws. Each of Borrower and its Subsidiaries has implemented and maintains in effect policies and procedures designed to promote compliance by Borrower and its Subsidiaries and their respective directors, officers, employees, agents and Related Persons with the Anti-Corruption Laws.

7.11 Solvency. Each Obligor is and, immediately after giving effect to the Borrowing and the use of proceeds thereof will be, Solvent.

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7.12 Subsidiaries. Set forth on **Schedule 7.12** to the Disclosure Letter is a complete and correct list of all Subsidiaries as of the date hereof. Each such Subsidiary is duly organized and validly existing under the jurisdiction of its organization shown in said **Schedule 7.12** to the Disclosure Letter, and the percentage ownership by Borrower of each such Subsidiary is as shown in said **Schedule 7.12** to the Disclosure Letter.

7.13 Indebtedness and Liens. Set forth on **Schedule 7.13(a)** to the Disclosure Letter is a complete and correct list of all material Indebtedness of each Obligor outstanding as of the date hereof. **Schedule 7.13(b)** to the Disclosure Letter is a complete and correct list of all Liens affirmatively granted by Borrower and other Obligors with respect to their respective Property and outstanding as of the date hereof.

7.14 Material Agreements. Set forth on **Schedule 7.14** to the Disclosure Letter (as amended from time to time by Borrower in accordance with **Section 7.20**) is a complete and correct list of (i) each Material Agreement and (ii) each agreement creating or evidencing any Material Indebtedness. No Obligor is in default under any such Material Agreement or agreement creating or evidencing any Material Indebtedness. Except as otherwise disclosed on **Schedule 7.14** to the Disclosure Letter, all material vendor purchase agreements and provider contracts of the Obligors are in full force and effect without material modification from the form in which the same were disclosed to Administrative Agent and the Lenders, except for such modifications as would not reasonably be expected to be adverse to the interests of Administrative Agent or Lenders.

7.15 Restrictive Agreements. None of the Obligors is subject to any indenture, agreement, instrument or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets (other than (x) customary provisions in contracts (including leases and in-bound licenses of Intellectual Property) restricting the assignment thereof, (y) restrictions or conditions imposed by any agreement governing secured Permitted Indebtedness permitted under **Section 9.01(h)**, to the extent that such restrictions or conditions apply only to the property or assets securing such Indebtedness, or (z) as such may apply to the interest of any such Obligor in a Permitted Commercialization Arrangement Vehicle), or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to Borrower or any other Subsidiary or to Guarantee Indebtedness of Borrower or any other Subsidiary (each, a "***Restrictive Agreement***"), except (i) those listed on **Schedule 7.15** or otherwise permitted under **Section 9.11**, (ii) restrictions and conditions imposed by law or by this Agreement, (iii) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary or assets pending such sale, provided such restrictions and conditions apply only to the Subsidiary or assets that are to be sold and such sale is permitted hereunder; (iv) any stockholder agreement, charter, by laws or other organizational documents of Borrower or any Subsidiary as in effect on the date hereof; and (v) limitations associated with Permitted Liens.

7.16 Real Property.

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(a) **Generally**. Neither Borrower nor any of its Subsidiaries owns or leases (as tenant thereof) any real property, except as described on **Schedule 7.16** to the Disclosure Letter (as amended from time to time by Borrower in accordance with **Section 7.20**).

(b) **Borrower Leases**. (i) Borrower has delivered a true, accurate and complete copy of the Borrower Leases to Administrative Agent.

(ii) The Borrower Leases are in full force and effect and no default has occurred under the Borrower Leases and, to the Knowledge of Borrower, there is no existing condition which, but for the passage of time or the giving of notice, would reasonably be expected to result in a default under the terms of the Borrower Leases.

(iii) Borrower is the tenant under the Borrower Leases and has not transferred, sold, assigned, conveyed, disposed of, mortgaged, pledged, hypothecated, or encumbered any of its interest in, the Borrower Leases.

7.17 Pension Matters. **Schedule 7.17** to the Disclosure Letter sets forth, as of the date hereof, a complete and correct list of, and that separately identifies, (a) all Title IV Plans, (b) all Multiemployer Plans and (c) all material Benefit Plans. Each Benefit Plan, and each trust thereunder, intended to qualify for tax exempt status under Section 401 or 501 of the Code or other Requirements of Law so qualifies. Except for those that would not, in the aggregate, have a Material Adverse Effect, (x) each Benefit Plan is in compliance with applicable provisions of ERISA, the Code and other Requirements of Law, (y) there are no existing or pending (or to the Knowledge of any Obligor or Subsidiary thereof, threatened) claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Benefit Plan to which any Obligor or Subsidiary thereof incurs or otherwise has or would have an obligation or any liability or Claim and (z) no ERISA Event is reasonably expected to occur. Borrower and each of its ERISA Affiliates has met all applicable requirements under the ERISA Funding Rules with respect to each Title IV Plan, and no waiver of the minimum funding standards under the ERISA Funding Rules has been applied for or obtained. As of the most recent valuation date for any Title IV Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is at least 60%, and neither Borrower nor any of its ERISA Affiliates knows of any facts or circumstances that would reasonably be expected to cause the funding target attainment percentage to fall below 60% as of the most recent valuation date. As of the date hereof, no ERISA Event has occurred in connection with which obligations and liabilities (contingent or otherwise) remain outstanding. No ERISA Affiliate would have any Withdrawal Liability as a result of a complete withdrawal from any Multiemployer Plan on the date this representation is made.

7.18 Collateral; Security Interest. Each Security Document is effective to create in favor of the Secured Parties a legal, valid and enforceable security interest in the Collateral subject thereto and each such security interest is perfected to the extent required by (and has the priority required by) the applicable Security Document. The Security Documents collectively are effective to create in favor of the Secured Parties a legal, valid and enforceable security interest in the Collateral, which security interests are first-priority (subject only to Permitted Priority Liens).

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7.19 Regulatory Approvals. Borrower and its Subsidiaries hold, and will continue to hold, either directly or through licensees and agents, all Regulatory Approvals, licenses, permits and similar governmental authorizations of a Governmental Authority necessary or required for Borrower and its Subsidiaries to conduct their operations and business in the manner currently conducted.

7.20 Update of Schedules. Each of **Schedules 7.05(b)(i)**, **7.05(b)(iii)**, **7.05(c)**, **7.06**, **7.14** and **7.16** to the Disclosure Letter may be updated by Borrower from time to time (including concurrently with the delivery of each Compliance Certificate) in order to ensure the continued accuracy of such Schedule as of any upcoming date on which representations and warranties are made incorporating the information contained on such Schedule. Such update may be accomplished by Borrower providing to Administrative Agent, in writing (including by electronic means), a revised version of such Schedule or the Disclosure Letter in accordance with the provisions of **Section 13.02**. Each such updated Schedule shall be effective immediately upon the receipt thereof by Administrative Agent.

SECTION 8
AFFIRMATIVE COVENANTS

Each Obligor covenants and agrees with Administrative Agent and the Lenders that, until Payment In Full:

8.01 Financial Statements and Other Information. Borrower will furnish to Administrative Agent:

(a) as soon as available and in any event within 5 days following the date Borrower files Form 10-Q with the Securities and Exchange Commission, the consolidated balance sheets of the Obligors as of the end of such quarter, and the related consolidated statements of income, shareholders' equity and cash flows of Borrower and its Subsidiaries for such quarter and the portion of the fiscal year through the end of such quarter, prepared in accordance with GAAP consistently applied, all in reasonable detail and setting forth in comparative form the figures for the corresponding period in the preceding fiscal year, together with a certificate of a Responsible Officer of Borrower stating that such financial statements fairly present the financial condition of Borrower and its Subsidiaries as at such date and the results of operations of Borrower and its Subsidiaries for the period ended on such date and have been prepared in accordance with GAAP consistently applied, subject to changes resulting from normal, year-end audit adjustments and except for the absence of footnotes;

(b) as soon as available and in any event within 5 days following the date Borrower files Form 10-K with the Securities and Exchange Commission, the consolidated balance sheets of Borrower and its Subsidiaries as of the end of such fiscal year, and the related consolidated statements of income, shareholders' equity and cash flows of Borrower and its Subsidiaries for such fiscal year, prepared in accordance with GAAP consistently applied, all in reasonable detail and setting forth in comparative form the figures for the previous fiscal year, accompanied by a report and opinion thereon of PriceWaterhouseCoopers LLP or another firm of independent certified public accountants of recognized national standing acceptable to the Lenders, which

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report and opinion shall be prepared in accordance with generally accepted auditing standards (provided that Lenders acknowledge that a going concern qualification, in and of itself, will not render such opinion unacceptable to Lenders);

(c) together with the financial statements required pursuant to **Sections 8.01(a)** and **(b)**, a compliance certificate of a Responsible Officer as of the end of the applicable accounting period (which delivery may, unless a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes) in the form of **Exhibit D** (a "***Compliance Certificate***") including details of any material issues that are raised by auditors;

(d) as soon as available after delivering the information required pursuant to **Section 8.01(b)**, a consolidated financial forecast for Borrower and its Subsidiaries for the following five fiscal years, including forecasted consolidated balance sheets, consolidated statements of income, shareholders' equity and cash flows of Borrower and its Subsidiaries;

(e) within 5 days of filing, provide access (via posting and/or links on Borrower's web site) to all reports on Form 10-K and Form 10-Q filed with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange; and within 5 days of filing, provide notice and access (via posting and/or links of Borrower's web site) to all reports on Form 8-K filed with the Securities and Exchange Commission, and copies of (or access to, via posting and/or links on Borrower's web site) all other reports, proxy statements and other materials filed by Borrower with the SEC, any Governmental Authority succeeding to any of the functions of the SEC or with any national securities exchange;

(f) promptly, and in any event within five Business Days after receipt thereof by an Obligor thereof, copies of each notice or other correspondence received from any securities regulator or exchange to the authority of which an Obligor may become subject from time to time concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of such Obligor;

(g) the information regarding insurance maintained by the Obligors and their respective Subsidiaries as required under **Section 8.05**;

(h) promptly following Administrative Agent's request at any time, proof of Borrower's compliance with **Section 10.01**;

(i) within five (5) business days of each quarterly board meeting, copies of statements, reports and forecasts presented at such meetings of Borrower's board of directors which are, in the sole reasonable judgment of Borrower's CEO and/or CFO, necessary to understand the state of or outlook for the Borrower's business operations; *provided that* any such material may be redacted by Borrower to exclude information relating to the Lenders (including Borrower's strategy regarding the Loans). For avoidance of doubt for purposes of compliance with this Section 8.01(j) only, Borrower shall not be required to provide competitively sensitive

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information, confidential employee information, materials which fall under the attorney-client privilege, or materials provided to committees of the board of directors;

(j) within five (5) days of delivery, copies of all statements, reports and notices made available to or holders of Permitted Subordinated Debt;

(k) prompt notice of Borrower's achievement of the milestone described in **Section 6.02(b)(iv)**; and

(l) promptly following Administrative Agent's request from time to time, such other information respecting the operations, properties, business or condition (financial or otherwise) of the Obligors pursuant to or in response to any environmental, social and governance policies and questionnaires of Administrative Agent or any Lender.

8.02 Notices of Material Events.

(a) Borrower will furnish to Administrative Agent written notice of the following promptly after a Responsible Officer first learns of the existence of:

(i) the occurrence of any Default;

(ii) notice of the occurrence of any event with respect to an Obligor's property or assets resulting in a Loss, to the extent not covered by insurance, aggregating $1,000,000 (or the Equivalent Amount in other currencies) or more;

(iii) (A) any proposed acquisition of stock, assets or property by any Obligor that would reasonably be expected to result in environmental liability under Environmental Laws, and (B)(1) spillage, leakage, discharge, disposal, leaching, migration or release of any Hazardous Material required to be reported to any Governmental Authority under applicable Environmental Laws, and (2) all actions, suits, claims, notices of violation, hearings, investigations or proceedings pending, or to any Obligor's Knowledge, threatened against or affecting Borrower or any of its Subsidiaries or with respect to the ownership, use, maintenance and operation of their respective businesses, operations or properties, relating to Environmental Laws or Hazardous Material;

(iv) the assertion of any environmental matter by any Person against, or with respect to the activities of, Borrower or any of its Subsidiaries and any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations which would reasonably be expected to involve damages in excess of $1,000,000 other than any environmental matter or alleged violation that, if adversely determined, would not (either individually or in the aggregate) have a Material Adverse Effect;

(v) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or directly affecting Borrower or any of its Affiliates that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect;

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(vi) (i) on or prior to any filing by any ERISA Affiliate of any notice of intent to terminate any Title IV Plan, a copy of such notice and (ii) promptly, and in any event within ten days, after any Responsible Officer of any ERISA Affiliate knows or has reason to know that a request for a minimum funding waiver under Section 412 of the Code has been filed with respect to any Title IV Plan or Multiemployer Plan, a notice (which may be made by telephone if promptly confirmed in writing) describing such waiver request and any action that any ERISA Affiliate proposes to take with respect thereto, together with a copy of any notice filed with the PBGC or the IRS pertaining thereto;

(vii) (i) the termination of any Material Agreement; (ii) the receipt by Borrower or any of its Subsidiaries of any default or termination notice under any Material Agreement; or (iii) any material amendment to a Material Agreement;

(viii) the reports and notices as required by the Security Documents;

(ix) concurrently with the delivery of each Compliance Certificate, notice of any material change in accounting policies or financial reporting practices by the Obligors;

(x) promptly after the occurrence thereof, notice of any labor controversy resulting in or threatening to result in any strike, work stoppage, boycott, shutdown or other material labor disruption against or involving an Obligor;

(xi) a licensing agreement or arrangement entered into by Borrower or any Subsidiary in connection with any infringement or alleged infringement of the Intellectual Property of another Person; and

(xii) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this **Section 8.02(a)** shall be accompanied by a statement of a financial officer or other executive officer of Borrower setting forth in reasonable detail the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

(b) Borrower will furnish to Administrative Agent, concurrently with the delivery of each Compliance Certificate, written notice of the creation or other acquisition of any Intellectual Property by Borrower or any Subsidiary after the date hereof and during such prior fiscal year which is registered or becomes registered or the subject of an application for registration with the U.S. Copyright Office or the U.S. Patent and Trademark Office, as applicable, or with any other equivalent foreign Governmental Authority;

(c) Borrower will furnish to Administrative Agent written notice of any change to any Obligor's ownership of Deposit Accounts, Securities Accounts and Commodity Accounts, by delivering to Administrative Agent an updated Schedule 7 to the Security Agreement setting forth a complete and correct list of all such accounts within ten (10) days of such change; and

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(d) Borrower will furnish to Administrative Agent such other information respecting the operations, properties, business or condition (financial or otherwise) of the Obligors (including with respect to the Collateral) as Administrative Agent may from time to time reasonably request.

8.03 Existence; Conduct of Business. Such Obligor will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; *provided* that the foregoing shall not prohibit any merger, amalgamation, consolidation, division, liquidation or dissolution permitted under **Section 9.03**.

8.04 Payment of Obligations. Such Obligor will, and will cause each of its Subsidiaries to, pay and discharge its obligations, including (i) all material Taxes, fees, assessments and governmental charges or levies imposed upon it or upon its properties or assets prior to the date on which penalties attach thereto, and all lawful claims for labor, materials and supplies which, if unpaid, might become a Lien upon any properties or assets of Borrower or any Subsidiary, except to the extent such Taxes, fees, assessments or governmental charges or levies, or such claims are being contested in good faith by appropriate proceedings and are adequately reserved against in accordance with GAAP; and (ii) all lawful claims which, if unpaid, would by law become a Lien upon its property not constituting a Permitted Lien.

8.05 Insurance. Such Obligor will, and will cause each of its Subsidiaries to, maintain insurance with financially sound and reputable insurance companies in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. Upon the written request of Administrative Agent or the Majority Lenders, such Obligor shall furnish Administrative Agent from time to time with full information as to the insurance carried by it and, if so requested, copies of all such insurance policies. Such Obligor also shall furnish to Administrative Agent from time to time upon the request of Administrative Agent or the Majority Lenders a letter from such Obligor's insurance broker or other insurance specialist stating that all premiums then due on the policies relating to insurance on the Collateral have been paid, that such policies are in full force and effect. Such Obligor shall use commercially reasonable efforts to ensure, or cause others to ensure, that all insurance policies required under this **Section 8.05** shall provide that they shall not be terminated or cancelled nor shall any such policy be materially changed in a manner adverse to such Obligor without at least 30 days' (10 days' for nonpayment of premium) prior written notice to such Obligor and Administrative Agent. Receipt of notice of termination or cancellation of any such insurance policies or reduction of coverages or amounts thereunder shall entitle the Secured Parties to renew any such policies, cause the coverages and amounts thereof to be maintained at levels required pursuant to the first sentence of this **Section 8.05** or otherwise to obtain similar insurance in place of such policies, in each case at the expense of such Obligor (payable on demand). The amount of any such expenses shall accrue interest at the Default Rate if not paid on demand, and shall constitute "Obligations."

8.06 Books and Records; Inspection Rights.

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(a) Such Obligor will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities.

(b) Such Obligor will, and will cause each of its Subsidiaries to, permit any representatives designated by Administrative Agent and not having a conflict of interest with Borrower (unless an Event of Default has occurred and is continuing), upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, to inspect its facilities and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and intervals (but not more often than once per year unless an Event of Default has occurred and is continuing) as Administrative Agent may reasonably request.

(c) The Obligors shall pay all documented out-of-pocket costs of all such inspections and meetings; *provided* that, so long as no Event of Default has occurred and is continuing, (i) in the case of inspections, the Obligors shall not be required to pay such expenses for more than one (1) inspection for each fiscal year and (ii) in the case of meetings, the Obligors shall not be obligated to pay such expenses for more than one (1) meeting per year.

8.07 Compliance with Laws and Other Obligations. Such Obligor will, and will cause each of its Subsidiaries to, (i) comply in all material respects with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including Environmental Laws) and (ii) comply in all material respects with all terms of Indebtedness and all other Material Agreements, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

8.08 Maintenance of Properties, Etc. Such Obligor shall, and shall cause each of its Subsidiaries to, maintain and preserve all of its properties necessary or useful in the proper conduct of its business in good working order and condition in accordance with the general practice of other Persons of similar character and size, ordinary wear and tear and damage from casualty or condemnation excepted.

8.09 Licenses. Such Obligor shall, and shall cause each of its Subsidiaries to, obtain and maintain all licenses, authorizations, consents, filings, exemptions, registrations and other Governmental Approvals necessary in connection with the execution, delivery and performance of the Loan Documents, the consummation of the Transactions or the operation and conduct of its business and ownership of its properties, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

8.10 Action under Environmental Laws. Such Obligor shall, and shall cause each of its Subsidiaries to, upon becoming aware of the presence of any Hazardous Materials or the existence of any environmental liability under applicable Environmental Laws with respect to their respective businesses, operations or properties, take all actions, at their cost and expense, as shall be necessary or advisable to investigate and clean up the condition of their respective businesses, operations or properties, including all required removal, containment and remedial

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actions, and restore their respective businesses, operations or properties to a condition in compliance with applicable Environmental Laws.

8.11 Use of Proceeds. The proceeds of the Loans will be used only as provided in **Section 2.04**. No part of the proceeds of the Loans will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board of Governors of the Federal Reserve System, including Regulations T, U and X.

8.12 Certain Obligations Respecting Subsidiaries; Further Assurances.

(a) **Subsidiary Guarantors**. Such Obligor will take such action, and will cause each of its Subsidiaries to take such action, from time to time as shall be necessary to ensure that all Subsidiaries (other than any Excluded Foreign Subsidiary not required to be a Subsidiary Guarantor under **Section 8.12(b)(i)**), are "Subsidiary Guarantors" hereunder. Without limiting the generality of the foregoing, in the event that Borrower or any of its Subsidiaries shall form or acquire any new Subsidiary (other than any new Excluded Foreign Subsidiary not required to be a Subsidiary Guarantor under **Section 8.12(b)(i)**), such Obligor and its Subsidiaries will promptly and in any event within thirty (30) days (or such longer time as consented to by Administrative Agent in writing) of the formation or acquisition of such Subsidiary:

(i) cause such new Subsidiary to become a "Subsidiary Guarantor" hereunder, and a "Grantor" under the Security Agreement, pursuant to a Guarantee Assumption Agreement;

(ii) take such action or cause such Subsidiary to take such action (including delivering such shares of stock together with undated transfer powers executed in blank) as shall be necessary to create and perfect valid and enforceable first priority (subject to Permitted Priority Liens) Liens on substantially all of the personal property of such new Subsidiary as collateral security for the obligations of such new Subsidiary hereunder;

(iii) to the extent that the parent of such Subsidiary is not a party to the Security Agreement or has not otherwise pledged Equity Interests in its Subsidiaries in accordance with the terms of the Security Agreement and this Agreement, cause the parent of such Subsidiary to execute and deliver a pledge agreement in favor of the Secured Parties in respect of all outstanding issued shares of such Subsidiary; and

(iv) deliver such proof of corporate action, incumbency of officers, opinions of counsel and other documents as is consistent with those delivered by each Obligor pursuant to **Section 6.01** or as Administrative Agent or the Majority Lenders shall have requested.

(b) **Excluded Foreign Subsidiaries**.

(i) In the event that, at any time, Excluded Foreign Subsidiaries have, in the aggregate, (A) total revenues constituting 15% or more of the total revenues of Borrower and its Subsidiaries on a consolidated basis, or (B) total assets constituting 15% or more of the total assets of Borrower and its Subsidiaries on a consolidated basis, promptly (and, in any event,

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within thirty (30) days (or such longer time as consented to by Administrative Agent in writing)) Obligors shall cause one or more of such Excluded Foreign Subsidiaries to become Subsidiary Guarantors in the manner set forth in **Section 8.12(a)**, such that, after such Subsidiaries become Subsidiary Guarantors, the non-guarantor Excluded Foreign Subsidiaries in the aggregate shall cease to have revenues or assets, as applicable, that meet the thresholds set forth in **clauses (A)** and **(B)** above; *provided however that* notwithstanding the foregoing, any Foreign Subsidiary that individually generates revenue constituting 10% or more of the total revenues of Borrower and its Subsidiaries on a consolidated basis, or individually owns total assets constituting 10% or more of the total assets of Borrower and its Subsidiaries on a consolidated basis shall be required to become a Subsidiary Guarantor in the manner set forth in **Section 8.12(a)**; *provided further that* no Foreign Subsidiary shall be required to become a Subsidiary Guarantor if doing so would result in material adverse tax consequences for Borrower and its Subsidiaries, taken as a whole. For the avoidance of doubt, revenues and assets of Foreign Subsidiaries considered in the calculation of the preceding thresholds shall not include intercompany revenues and assets that are eliminated in consolidation. For the purposes of this Section 8.12(b)(i), the determination of whether a "material adverse tax consequence" shall be deemed to result from such Foreign Subsidiary becoming a Subsidiary Guarantor shall be made by Administrative Agent, in Administrative Agent's sole reasonable discretion, following consultation with Borrower, taking into consideration and weighing, among others, the following relevant factors: (i) the magnitude of an increase in Borrower's tax liability or a reduction in Borrower's net operating loss carryforward, taken as a whole; (ii) the amount of revenues generated by or assets accumulated at such Foreign Subsidiary compared with those generated by or accumulated at the Obligors; (iii) whether the Loans are over- or under-collateralized; (iv) the financial performance of the Borrower and its Subsidiaries, taken as a whole, and the Obligors' ability to perform the Obligations at such time; and (v) the cost to the Borrower and its Subsidiaries balanced against the practical benefit to the Secured Parties.

(ii) With respect to each First-Tier Foreign Subsidiary, such Obligor shall grant a security interest and Lien in 65% of the voting Equity Interests and 100% of all other Equity Interests in such First-Tier Foreign Subsidiaries in favor of the Secured Parties as Collateral for the Obligations. Without limiting the generality of the foregoing, in the event that any Obligor shall form or acquire any new Subsidiary that is a First-Tier Foreign Subsidiary, such Obligor will promptly and in any event within thirty (30) days of the formation or acquisition of such Subsidiary (or such longer time as consented to by Administrative Agent in writing) grant a security interest and Lien in 65% of the voting Equity Interests and 100% of all other Equity Interests of such Subsidiary in favor of the Secured Parties as Collateral for the Obligations (*provided* that in the case of a First-Tier Foreign Subsidiary that is a Subsidiary Guarantor, such Obligor shall grant a security interest and Lien in 100% of the Equity Interests of such Subsidiary in favor of the Secured Parties as Collateral for the Obligations), including entering into any necessary local law security documents and delivery of certificated securities issued by such First-Tier Foreign Subsidiary as required by this Agreement or the Security Agreement. Notwithstanding anything else contained in this Section 8.12(b)(ii), the Lenders shall not require any foreign law documents to perfect, register or otherwise document a security interest in the voting stock of any Foreign Subsidiary in a jurisdiction outside the United States unless either (1) such Foreign Subsidiary has assets or revenues representing more than the

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greater of (A) $3,000,000 or (B) 5% of Borrower's total consolidated assets or revenues (subject to the reimbursement limitations described in **Section 8.12(c)**), or (2) the Lenders bear all legal and filing costs, fees, expenses and other amounts relating to such perfection, registration or documentation of such security interest in the voting stock of such Foreign Subsidiary in such foreign jurisdiction.

(c) **Further Assurances**. Such Obligor will, and will cause each of its Subsidiaries to, take such action from time to time as shall reasonably be requested by Administrative Agent or the Majority Lenders to effectuate the purposes and objectives of this Agreement. Without limiting the generality of the foregoing, each Obligor will, and will cause each Person that is required to be a Subsidiary Guarantor or whose voting Equity Interests are required to be pledged, to take such action from time to time (including executing and delivering such assignments, security agreements, control agreements and other instruments) as shall be reasonably requested by Administrative Agent or the Majority Lenders to create, in favor of the Secured Parties, perfected security interests and Liens in substantially all of the personal property of such Subsidiary Guarantor or entity whose voting Equity Interests are required to be pledged, as collateral security for the Obligations (other than Warrant Obligations); *provided that*:

(i) (A) any such security interest or Lien shall be subject to the relevant requirements of the Security Documents, (B) no actions in any jurisdiction outside the United States shall be required in order to create any security interests in immaterial assets, including immaterial Intellectual Property; (C) no filings in respect of any security interest or Lien shall be required in any jurisdiction that imposes recording fees based on the aggregate principal amount of Indebtedness secured (except where the Lenders are willing to bear all such filing costs); (D) no landlord waiver, bailee waiver or any local law equivalent shall be required with respect to locations outside the United States; and (E) no actions in any jurisdiction outside the United States shall be required where the cost of obtaining or perfecting a security interest in such assets exceeds the practical benefit to the Lenders afforded thereby, as reasonably determined by Administrative Agent (in consultation with the Obligors);

(ii) any such foreign guarantees and foreign security will be limited or not required if (or to the extent) (A) it is limited by applicable corporate benefit, maintenance of capital, "thin capitalization" rules and financial assistance restrictions or (B) if the same would violate the fiduciary duties of a Subsidiary's directors or contravene any legal prohibition or regulatory condition or it is generally accepted (taking into account market practice in respect of the giving of guarantees and security for financial obligations in the relevant jurisdiction) that it would result in a material risk of personal or criminal liability on the part of any officer or director of a Subsidiary; and

(iii) notwithstanding any provision under this Agreement or other Loan Document to the contrary (other than **Section 9.09(f)**), Borrower and its Subsidiaries shall not be responsible for legal and filing costs, fees, expenses and other amounts in excess of $15,000 in respect of actions required under this Section 8.12 or **Section 8.16(b)** for each foreign jurisdiction, or $50,000 in the aggregate for all foreign jurisdictions.

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8.13 Termination of Non-Permitted Liens. In the event that Borrower or any of its Subsidiaries shall become aware or be notified by Administrative Agent or any Lender of the existence of any outstanding Lien against any Property of Borrower or any of its Subsidiaries, which Lien is not a Permitted Lien, the applicable Obligor shall use its best efforts to promptly terminate or cause the termination of such Lien.

8.14 Intellectual Property.

(a) Notwithstanding any provision in this Agreement or any other Loan Documents to the contrary, Secured Parties are not assuming any liability or obligation of Obligors or their Affiliates of whatever nature, whether presently in existence or arising or asserted hereafter. All such liabilities and obligations shall be retained by and remain obligations and liabilities of the Obligors and/or their Affiliates, as the case may be. Without limiting the foregoing, Secured Parties are not assuming and shall not be responsible for any liabilities or Claims of Obligors or their Affiliates, whether present or future, absolute or contingent and whether or not relating to the Obligors, the Obligor Intellectual Property, and/or the Material Agreements, and Borrower shall indemnify and save harmless Secured Parties from and against all such liabilities, Claims and Liens.

(b) In the event that the Obligors acquire Obligor Intellectual Property during the term of this Agreement, then the provisions of this Agreement shall automatically apply thereto and any such Obligor Intellectual Property shall automatically constitute part of the Collateral under the Security Documents, without further action by any party, in each case from and after the date of such acquisition (except that any representations or warranties of any Obligor shall apply to any such Obligor Intellectual Property only from and after the date, if any, subsequent to such acquisition that such representations and warranties are brought down or made anew as provided herein). Borrower shall provide notice thereof as set forth in **Section 8.02(b)** and shall execute and deliver to Administrative Agent Short-Form Intellectual Property Security Agreements regarding all incremental applied for or registered Obligor Intellectual Property within 30 days of such notice.

8.15 Post-Closing Items.

(a) Borrower shall use commercially reasonable efforts to cause the bailees for the 20413 87th Avenue South, Kent, WA 98031 and 5235 International Dr Ste C, Cudahy, WI 53110 locations to execute and deliver to Administrative Agent, no later than thirty (30) days after the date hereof, bailee waivers in respect of such properties.

(b) Borrower shall use commercially reasonable efforts to execute and deliver to Administrative Agent, not later than thirty (30) days after the date hereof, a Landlord Consent with respect to each of the Borrower Facilities described in clauses (i) and (ii) of the definition thereof, duly executed and delivered by each applicable landlord.

(c) Borrower shall deliver to Administrative Agent, not later than five (5) Business Days after the date on which Administrative Agent shall have delivered terminations of pre-existing control agreements, duly executed control agreements for the benefit of the Secured

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Parties for all Deposit Accounts, Securities Accounts and Commodity Accounts owned by the Obligors in the United States (other than Excluded Accounts (as defined in the Security Agreement)).

(d) Borrower shall deliver to Administrative Agent, not later than thirty (30) days after the date hereof, endorsements of insurance evidencing the existence of all insurance required to be maintained by the Obligors and their respective Subsidiaries pursuant to Section 8.05 and the designation of Administrative Agent as the lender's loss payees or additional named insured, as the case may be, thereunder.

SECTION 9
NEGATIVE COVENANTS

Each Obligor covenants and agrees with Administrative Agent and the Lenders that, until Payment In Full:

9.01 Indebtedness. Such Obligor will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, whether directly or indirectly, except:

(a) the Obligations;

(b) Indebtedness existing on the date hereof and set forth in **Part II** of **Schedule 7.13(a)** to the Disclosure Letter and Permitted Refinancings thereof;

(c) Permitted Priority Debt;

(d) accounts payable and purchasing card balances owing to trade creditors for goods and services and current operating liabilities (not the result of the borrowing of money) incurred in the ordinary course of Borrower's or such Subsidiary's business in accordance with customary terms and not more than sixty (60) days past due, unless contested in good faith by appropriate proceedings and reserved for in accordance with GAAP;

(e) Indebtedness consisting of guarantees resulting from endorsement of negotiable instruments for collection by any Obligor in the ordinary course of business;

(f) Indebtedness (i) of any Obligor to any other Obligor, (ii) of any Non-Obligor Subsidiary to any other Non-Obligor Subsidiary, and (iii) of an Obligor to a Non-Obligor Subsidiary incurred in the ordinary course of business in an amount not to exceed as of the date incurred the greater of (A) $5,000,000 (or the Equivalent Amount in other currencies) or (B) 5% of the total consolidated assets of Borrower and its Subsidiaries, in the aggregate at any time outstanding for all such Indebtedness, so long as the terms of such Indebtedness (including interest rates and fees) are no less favorable to such Obligor than in a comparable arm's length transaction with a Person not an Affiliate of Borrower (it being understood that intercompany payment arrangements to the extent consisting of reimbursement of bona fide third party fees and costs does not constitute Indebtedness restricted by this Section 9.01);

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(g) Guarantees (i) by an Obligor of Indebtedness of another Obligor and (ii) by any Non-Obligor Subsidiary of Indebtedness of any other Non-Obligor Subsidiary;

(h) normal course of business equipment financing, provided that (i) at the time of incurrence thereof, the outstanding principal amount of such Indebtedness or the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person as of such date in accordance with GAAP, shall not exceed $5,000,000 (or the Equivalent Amount in other currencies), and (ii) if secured, the collateral therefor consists solely of the assets being financed, the products and proceeds thereof and books and records related thereto;

(i) Unsecured Indebtedness in connection with corporate credit cards in an aggregate principal amount not exceeding $2,000,000 at any time outstanding;

(j) Indebtedness in respect of any agreement providing for treasury, depositary, cash management services, including in connection with any automated clearing house transfers of funds or any similar transactions, securities settlements, foreign exchange contracts, assumed settlement, netting services, overdraft protections and other cash management, intercompany cash pooling and similar arrangements, in each case in the ordinary course of business;

(k) Permitted Subordinated Debt in an aggregate principal amount at any time outstanding not to exceed the greater of (i) $125,000,000 and (ii) 25% of Borrower's market capitalization at the time of issuance;

(l) Indebtedness with respect to letters of credit outstanding, provided that at any time in any given calendar year, the outstanding principal amount of such Indebtedness shall not exceed (i) $1,000,000 at any time outstanding, or (ii) if inclusive of letters of credit issued to support a facility expansion, $2,500,000 at any time outstanding;

(m) (i) Indebtedness in an outstanding principal amount of up to $5,000,000 incurred, assumed or otherwise acquired in connection with a Permitted Acquisition (which may be Indebtedness existing prior to the Permitted Acquisition secured by the assets acquired as described in **Section 9.02(k)(ii)**), and (ii) and Permitted Refinancings thereof;

(n) Indebtedness of any Person that becomes a Subsidiary after the date hereof; *provided that* (i) such Indebtedness exists at the time such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary, and (ii) the aggregate principal amount of Indebtedness permitted in reliance on this Section 9.01(n) for all such new Subsidiaries does not cause the Permitted Acquisition Basket to be exceeded;

(o) contingent return obligations consistent with market practice in respect of unspent advances to the company by a third-party entity (each such entity a "***Research Partner***") whereby such funds and any interest thereon are used to pay costs and expenses for the research performed and expenses incurred in compliance with agreements between Borrower or its Subsidiaries and such Research Partner;

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(p) obligations under bona fide time-based licenses of Borrower or any Subsidiary in the ordinary course of business;

(q) advance or deposits from customers or vendors received in the ordinary course of business and held with a deposit bank insured by the Federal Deposit Insurance Corporation;

(r) Indebtedness (other than for borrowed money) that may be deemed to exist pursuant to any guarantees, warranty or contractual service obligations, performance, surety, statutory, appeal, bid, prepayment guarantee, payment (other than payment of Indebtedness) or completion of performance guarantees or similar obligations incurred in the ordinary course of business;

(s) Indebtedness consisting of (i) the *bona fide* financing of insurance premiums or self-insurance obligations (which must be commercially reasonable and consistent with insurance practices generally) or (ii) take-or-pay obligations contained in supply or similar agreements, in each case, in the ordinary course of business;

(t) any indemnification, purchase price adjustment, earn-out or similar obligations incurred in connection with Investments permitted by **Section 9.03(e)** (but subject to the same monetary limits as described in **Section 9.03(e)**);

(u) workers' compensation claims, payment obligations in connection with health disability or other types of social security benefits, unemployment or other insurance obligations, reclamation and statutory obligations, in each case incurred in the ordinary course of Borrower's or its Subsidiary's business;

(v) Hedging Agreements entered into in the ordinary course of Borrower's financial planning solely to hedge currency, interest rate or commodity price risks (and not for speculative purposes);

(w) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft of similar instrument drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within two (2) Business Days of notice to Borrower or the relevant Subsidiary of its incurrence;

(x) other unsecured Indebtedness in an aggregate principal amount not to exceed $5,000,000 at any time outstanding; and

(y) Indebtedness approved in advance in writing by the Administrative Agent.

9.02 Liens. Such Obligor will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Liens securing the Obligations;

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(b) any Lien on any property or asset of Borrower or any of its Subsidiaries existing on the date hereof and set forth in **Part II** of **Schedule 7.13(b)** to the Disclosure Letter; *provided* that (i) no such Lien shall extend to any other property or asset of Borrower or any of its Subsidiaries and (ii) any such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) Liens described in the definition of "Permitted Priority Debt";

(d) Liens securing Indebtedness permitted under **Section 9.01(h)**; *provided* that such Liens are restricted solely to the collateral described in **Section 9.01(h)**;

(e) Liens imposed by law which were incurred in the ordinary course of business, including (but not limited to) carriers', warehousemen's and mechanics' liens, liens relating to leasehold improvements and other similar liens arising in the ordinary course of business and which (x) do not in the aggregate materially detract from the value of the Property subject thereto or materially impair the use thereof in the operations of the business of such Person or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the Property subject to such liens and for which adequate reserves have been made if required in accordance with GAAP;

(f) Liens, pledges or deposits made in connection with and to secure payment of workers' compensation, unemployment insurance or other similar social security legislation in the ordinary course of business (other than Liens imposed by ERISA);

(g) Liens securing Taxes, assessments and other governmental charges, the payment of which is not yet due or is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and for which such reserve or other appropriate provisions, if any, as shall be required by GAAP shall have been made;

(h) servitudes, easements, rights of way, restrictions and other similar encumbrances on real Property imposed by applicable Laws and encumbrances consisting of zoning or building restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any of the Obligors;

(i) with respect to any real Property, (A) (i) such defects or encroachments as might be revealed by an up-to-date survey of such real Property; (ii) the reservations, limitations, provisos and conditions expressed in the original grant, deed or patent of such property by the original owner of such real Property pursuant to applicable Laws; and (iii) rights of expropriation, access or user or any similar right conferred or reserved by or in applicable Laws, which, in the aggregate for (i), (ii) and (iii), are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any of the Obligors, and (B) leases or subleases granted in the ordinary course of business;

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(j) Bankers liens, rights of setoff and similar Liens incurred on deposits made in the ordinary course of business;

(k) (i) Liens securing Indebtedness permitted in reliance on **Section 9.01(m)**, provided that such Liens extend solely to the assets acquired in such Permitted Acquisition; and (ii) Liens securing Indebtedness permitted in reliance on **Section 9.01(n)**, provided that such Liens do not attach to any other property of any other Obligor or Subsidiary and such Liens are of the type otherwise permitted under this Section 9.02;

(l) Non-exclusive licenses or sublicenses, leases or subleases of property (other than real Property or Intellectual Property) granted in the ordinary course of Borrower's business, if the leases, subleases, licenses and sublicenses do not prohibit an Obligor from granting Control Agent or any Lender a security interest in such property;

(m) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under **Section 11.01(l)**;

(n) cash collateral arrangements made (i) with respect to letters of credit permitted by **Section 9.01(l)** but not exceeding the amount of the Indebtedness permitted by **Section 9.01(l)** and (ii) with respect to the Subordinated Debt Interest Escrow Account;

(o) Liens in connection with transfers permitted under **Section 9.09**;

(p) Liens the creation of which did not involve Borrower's or its Subsidiaries' consensual participation or involvement encumbering assets not to exceed $500,000 in the aggregate in any fiscal year;

(q) deposits to secure the performance of bids, trade contracts, operating leases, statutory obligations, surety and appeal bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature (including by means of a letter of credit supporting the same), in each case in the ordinary course of business;

(r) Liens (i) in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business or (ii) on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business;

(s) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by Borrower or any of its Subsidiaries in the ordinary course of business permitted by this Agreement;

(t) Liens encumbering reasonable and customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred

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in the ordinary course of business and not for speculative purposes; provided that the amount of the obligations secured thereby does not exceed $500,000;

(u) Liens solely on any cash earnest money deposits made by Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder; and

(v) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

provided that no Liens otherwise permitted under any of the foregoing (other than **Section 9.02(a)**, **(m)** or **(o)**) shall apply to any Material Intellectual Property.

9.03 Fundamental Changes and Acquisitions. Such Obligor will not, and will not permit any of its Subsidiaries to, (i) enter into any transaction of merger, amalgamation or consolidation (ii) divide, liquidate, wind up or dissolve itself (or suffer any division, liquidation or dissolution), or (iii) make any Acquisition or otherwise acquire any business or substantially all the property from, or capital stock of, or be a party to any acquisition of, any Person, except:

(a) Investments permitted under **Section 9.05**;

(b) any Subsidiary may be merged, amalgamated or consolidated with or into any Obligor;

(c) any Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its property (upon voluntary liquidation or otherwise) to any Obligor;

(d) the sale, transfer or other disposition of the capital stock of any Subsidiary to any Obligor;

(e) Borrower and its Subsidiaries may make Permitted Acquisitions in an aggregate amount that does not cause the Permitted Acquisition Basket to be exceeded; and

(f) Borrower and its Subsidiaries may enter into Permitted Commercialization Arrangements.

9.04 Lines of Business. Such Obligor will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than the business engaged in on the date hereof by Borrower or any Subsidiary or a business reasonably related thereto.

9.05 Investments. Such Obligor will not, and will not permit any of its Subsidiaries to, make, directly or indirectly, or permit to remain outstanding any Investments except:

(a) Investments outstanding on the date hereof and identified in **Schedule 9.05** to the Disclosure Letter;

(b) operating deposit accounts with banks;

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(c) extensions of credit in the nature of accounts receivable or notes receivable arising from the sales or leases of goods or services in the ordinary course of business;

(d) Permitted Cash Equivalent Investments;

(e) Investments by Obligors in Subsidiary Guarantors;

(f) Investments by Obligors in Foreign Subsidiaries in an aggregate amount at any time outstanding (net of payments for inventory and equipment, any intercompany loan repayments and returns of cash, inventory and equipment, whether made by cash payment or by offset of amounts owed by such Obligor to such Foreign Subsidiary) not to exceed the greater of (A) $15,000,000 (or the Equivalent Amount in other currencies) or (B) 10% of the total consolidated assets of Borrower and its Subsidiaries, it being understood that transfers of inventory and equipment in the ordinary course of business will be counted against the foregoing limits at an amount no less than the GAAP value of such asset (which shall not be less than cost or depreciated value); provided that any such offset in respect of payment for services shall not exceed an amount that is consistent with the application of arm's length principles under Section 482 of the Code and regulations thereunder. For the avoidance of doubt, no transfer of Intellectual Property to a Foreign Subsidiary (other than non-exclusive licenses) shall be permitted under this Section 9.05(f);

(g) Hedging Agreements entered into in the ordinary course of Borrower's financial planning solely to hedge currency risks (and not for speculative purposes);

(h) Investments consisting of security deposits with utilities, landlords and other like Persons made in the ordinary course of business;

(i) (i) employee loans, advances and guarantees in accordance with Borrower's usual and customary practices with respect thereto (if permitted by applicable law) which in the aggregate shall not exceed $1,000,000 outstanding at any time (or the Equivalent Amount in other currencies), and (ii) non-cash loans to employees, officers or directors relating to the purchase of Equity Interests of Borrower pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors;

(j) Investments received in connection with any Insolvency Proceedings in respect of any customers, suppliers or clients and in settlement of delinquent obligations of, and other disputes with, customers, suppliers or clients;

(k) Investments (excluding non-exclusive licenses of Intellectual Property and exclusive (with respect to jurisdiction only) licenses of Intellectual Property outside of the U.S.) as part of a Permitted Commercialization Arrangement, provided that the value of the cash and tangible property components of such Investment (valued at cost) shall not in any fiscal year exceed $10,000,000 (or such greater amount approved by the Administrative Agent, such approval not to be unreasonably withheld), provided the portion of such limit not used in any fiscal year shall not be available in any succeeding fiscal year;

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(l) Investments permitted under **Section 9.03**;

(m) Investments permitted by Borrower's investment policy as in effect as of the date of this Agreement, with such changes thereto as shall be approved by Borrower's Board of Directors with the consent of Administrative Agent, which consent shall not be unreasonably withheld;

(n) non-cash Investments in joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of non-exclusive licensing of technology, the development of technology or the providing of technical support;

(o) Investments in an aggregate amount not to exceed $5,000,000 in any fiscal year of Borrower;

(p) Guarantees of commercial obligations of Subsidiaries (not constituting Indebtedness) in the ordinary course of business not prohibited hereby; and

(q) Investments of a Person existing at the time such Person becomes a Subsidiary of, Borrower or merges with, Borrower or any Subsidiary; provided that (i) such Investments were not made in contemplation of such Person becoming a Subsidiary or such merger, in an aggregate amount not to exceed $5,000,000 at any time, and (ii) the amount of such Investments shall not cause the Permitted Acquisition Basket to be exceeded.

9.06 Restricted Payments. Such Obligor will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except:

(a) Borrower may declare and pay dividends with respect to its capital stock payable solely in additional shares of its common stock;

(b) Borrower may purchase, redeem, retire, or otherwise acquire shares of its capital stock or other Equity Interests with the proceeds received from a substantially concurrent issue of new shares of its capital stock or other Equity Interests;

(c) payments pursuant to employee stock plans, which payments must be approved by Borrower's Board of Directors comprised of disinterested members;

(d) a Restricted Payment by any Subsidiary Guarantor to any Obligor;

(e) a Restricted Payment by any Non-Obligor Subsidiary to Borrower or any other Subsidiary;

(f) any Subsidiary that is a wholly-owned direct or indirect Subsidiary of Borrower may declare and pay dividends ratably with respect to its Equity Interests;

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(g) Borrower may make cash payments in lieu of fractional shares in connection with the exercise of warrants, options, or other securities, convertible or exchangeable for Equity Interests of Borrower;

(h) Borrower may issue its Equity Interests upon the exercise of warrants or options to purchase Equity Interests of Borrower;

(i) Borrower may distribute rights pursuant to a stockholder rights plan or redeem such rights for no or nominal consideration; *provided that* such redemption is in accordance with the terms of such plan;

(j) Borrower may make Restricted Payments in connection with the retention of Equity Interests in payment of withholding taxes in connection with equity-based compensation plans; and

(k) Borrower or any Subsidiary may make payments or distributions to dissenting stockholders pursuant to applicable law in connection with any Permitted Acquisition; *provided that* the payment of such amounts does not cause the Permitted Acquisition Basket to be exceeded.

9.07 Payments of Indebtedness. Such Obligor will not, and will not permit (without the consent of the Administrative Agent in its sole discretion) any of its Subsidiaries to, make any payments in respect of any Indebtedness other than (i) the Obligations and (ii) subject to any applicable terms of subordination, other Permitted Indebtedness.

9.08 Change in Fiscal Year. Such Obligor will not, and will not permit any of its Subsidiaries to, change the last day of its fiscal year from that in effect on the date hereof, except to change the fiscal year of a Subsidiary acquired in connection with an Acquisition to conform its fiscal year to that of Borrower.

9.09 Sales of Assets, Etc. Such Obligor will not, and will not permit any of its Subsidiaries to, sell, lease, exclusively license (in terms of geography or field of use), transfer, or otherwise dispose of any of its Property (including accounts receivable and capital stock of Subsidiaries) to any Person in one transaction or series of transactions (any thereof, an "***Asset Sale***"), except:

(a) transfers of cash for equivalent value and inventory in the ordinary course of its business, including the transfer of nCounter systems to collaborators as compensation for services rendered in the ordinary course of business;

(b) sales, loans or leases of inventory in the ordinary course of its business on ordinary business terms (including reagent rental agreements);

(c) tangible property transfers to a Permitted Commercialization Arrangement Vehicle but subject to the monetary limit on Investments as described under **Section 9.05(k)**;

(d) transfers of Property by any Obligor to any other Obligor;

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(e) dispositions of any Property that is obsolete or worn out or no longer used or useful in the Business;

(f) placements of specialized equipment for manufacturing, with a fair market value not to exceed the sum of $3,000,000 in the aggregate, with foreign or domestic contract manufacturers where Borrower retains title to such equipment and maintains the Lenders' Lien on such equipment (such Lien being acknowledged by such manufacturer) with a right to recover the equipment; *provided that* notwithstanding **Sections 8.12(c)** and **8.16(b)**, Borrower shall be solely responsible for paying (or reimbursing Lenders) for all legal and filing costs relating to the creation and maintenance of Lenders' Lien on such Property in foreign jurisdictions.

(g) dispositions consisting of the sale, transfer, assignment or other disposition of unpaid and overdue accounts receivable in connection with the collection, compromise or settlement thereof in the ordinary course of business and not as part of a financing transaction;

(h) dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such disposition are applied to the purchase price of such replacement property within 180 days;

(i) dispositions resulting from casualty events;

(j) non-exclusive licenses of Borrower's and its Subsidiaries' Intellectual Property;

(k) licenses for the use of the Intellectual Property of Borrower or its Subsidiaries (but not to any of Borrower's other Affiliates, except for a Permitted Commercialization Arrangement Vehicle) that are approved by Borrower's Board of Directors and which would not result in a legal transfer of title of the licensed property but that may be exclusive (i) in respects other than territory (such as field of use or scope) and (ii) as to territory, only as to discrete areas outside of the United States; provided that any such license of such Intellectual Property covering the Product may be exclusive only as to territory and only as to discrete areas outside of the United States;

(l) exclusive and non-exclusive licenses covering nCounter Elements or diagnostic gene content other than for nCounter-based Prosigna™ Breast Cancer Prognostic Gene Signature Assay;

(m) any transaction permitted under **Section 9.02**, **9.03**, **9.05** or **9.06**;

(n) the disposition of other property in an aggregate amount not to exceed $5,000,000; and

(o) any other Asset Sale the Asset Sale Net Proceeds of which are applied as required under **Section 3.03(b)(i)**.

9.10 Transactions with Affiliates. Such Obligor will not, and will not permit any of its Subsidiaries to, sell, lease, license or otherwise transfer any assets to, or purchase, lease, license or otherwise acquire any assets from, or otherwise engage in any other transactions with, any of

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its Affiliates, unless such transaction (other than a transaction of the type described in **Section 9.10(b)**, for which consent is required as described therein) is no less favorable to Borrower than those that would be obtained in a comparable arm's-length transaction with a Person not an Affiliate of Borrower; provided that the foregoing restriction shall not apply to the following:

(a) transactions between or among Obligors;

(b) transactions consented to by Administrative Agent, which consent shall not be unreasonably withheld, which increase the tax efficiency of Borrower and its Subsidiaries as a whole that are undertaken between Borrower and its Subsidiaries in good faith based on advice of external legal counsel and that comply with arm's length principles pursuant to Section 482 of the Code and regulations thereunder;

(c) the transactions set forth on **Schedule 9.10** to the Disclosure Letter;

(d) transactions permitted under **Sections 9.01(f)**, **(g)**, **(m)** (with respect to **Section 9.01(m)**, only to the extent such Indebtedness is assumed or acquired from the acquired target), **9.03(b)** to **(d)**, **9.05(a)**, **(f)** and **(i)**, **9.06 (a)** and **(c) to (f)**; and

(e) transactions under Permitted Commercialization Arrangements permitted under **Sections 9.03(f)**, **9.05(k)**, and **9.09(c)** and **(k)**, but only if such transactions have first been approved by a majority of the board members of Borrower's board of directors, exclusive of any interested board members, exercising their reasonable business judgment and fiduciary duties to Borrower, and, only so long as Borrower is a Publicly Reporting Company.

9.11 Restrictive Agreements. Such Obligor will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any Restrictive Agreement that contains terms and provisions that are inconsistent with those found in the Loan Documents such that a conflict would exist that would cause, or would reasonably be expected to cause, a material breach of any Loan Document or such Restrictive Agreement.

9.12 Amendments to Material Agreements. Such Obligor will not, and will not permit any of its Subsidiaries to, (i) terminate any Material Agreement that is listed on **Schedule 9.12** to the Disclosure Letter at the time of the first Borrowing or at the time of each subsequent Borrowing (other than for a PIK Loan) (unless replaced with another agreement that, viewed as a whole, is on better terms for Borrower or such Subsidiary) or (ii) make any amendment, restatement or alteration which is tantamount to a termination of any such Material Agreement described in the foregoing **clause (i)**, without in each case the prior written consent of the Lender (which consent shall not be unreasonably withheld or delayed).

9.13 Operating Leases.

Borrower will not, and will not permit any of its Subsidiaries to, make any expenditures in respect of operating leases, except for:

(i) real estate operating leases;

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(ii) operating leases between Borrower and any of its wholly-owned Subsidiaries or between any of Borrower's wholly-owned Subsidiaries; and

(iii) operating leases that would not cause Borrower and its Subsidiaries, on a consolidated basis, to make payments exceeding Five Million Dollars ($5,000,000) (or the Equivalent Amount in other currencies) in any fiscal year.

9.14 Sales and Leasebacks. Except as disclosed on **Schedule 9.14** to the Disclosure Letter, such Obligor will not, and will not permit any of its Subsidiaries to, become liable, directly or indirectly, with respect to any lease, whether an operating lease or a Capital Lease Obligation, of any property (whether real, personal, or mixed), whether now owned or hereafter acquired, (i) which Borrower or such Subsidiary has sold or transferred or is to sell or transfer to any other Person and (ii) which Borrower or such Subsidiary intends to use for substantially the same purposes as property which has been or is to be sold or transferred.

9.15 Hazardous Material. Such Obligor will not, and will not permit any of its Subsidiaries to, use, generate, manufacture, install, treat, release, store or dispose of any Hazardous Material, except in compliance with all applicable Environmental Laws or where the failure to comply would not reasonably be expected to result in a Material Adverse Change.

9.16 Accounting Changes. Such Obligor will not, and will not permit any of its Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP.

9.17 Compliance with ERISA. No ERISA Affiliate shall cause or suffer to exist (a) any event that would result in the imposition of a Lien with respect to any Title IV Plan or Multiemployer Plan or (b) any other ERISA Event that would, in the aggregate, have a Material Adverse Effect. No Obligor or Subsidiary thereof shall cause or suffer to exist any event that would result in the imposition of a Lien with respect to any Benefit Plan that would have a Material Adverse Effect.

SECTION 10
FINANCIAL COVENANTS

10.01 Minimum Liquidity. Borrower shall maintain at all times Liquidity in an amount which shall exceed the greater of (i) $2,000,000 and (ii) to the extent Borrower has incurred Permitted Priority Debt, the minimum cash balance, if any, required of Borrower by Borrower's Permitted Priority Debt creditors.

10.02 Minimum Revenue. Borrower and its Subsidiaries shall have annual Revenue (for each respective calendar year, the "***Minimum Required Revenue***"):

(a) during the twelve-month period beginning on January 1, 2019, of at least $[†];

(b) during the twelve-month period beginning on January 1, 2020, of at least $[†];

(c) during the twelve-month period beginning on January 1, 2021, of at least $[†];

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(d) during the twelve-month period beginning on January 1, 2022, of at least $[†]; and

(e) during the twelve-month period beginning on January 1, 2023, of at least $[†].

SECTION 11
EVENTS OF DEFAULT

11.01 Events of Default. Each of the following events shall constitute an "***Event of Default***":

(a) Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) any Obligor shall fail to pay any Obligation (other than an amount referred to in **Section 11.01(a)**) when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of Borrower or any of its Subsidiaries in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, shall: (i) prove to have been incorrect when made or deemed made to the extent that such representation or warranty contains any materiality or Material Adverse Effect qualifier; or (ii) prove to have been incorrect in any material respect when made or deemed made to the extent that such representation or warranty does not otherwise contain any materiality or Material Adverse Effect qualifier;

(d) any Obligor shall fail to observe or perform any covenant, condition or agreement contained in **Section 8.02**, **8.03(a)** (with respect to Borrower's existence), **8.11**, **8.12**, **8.14**, **8.15**, **9** or **10**;

(e) any Obligor shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in **Section 11.01(a)**, (b) or (d)) or any other Loan Document, and such failure shall continue unremedied for a period of thirty (30) or more days after written notice thereof from the Lenders is received by a Responsible Officer of Borrower;

(f) Borrower or any of its Subsidiaries shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable after giving effect to any applicable grace or cure period as originally provided by the terms of such Indebtedness;

(g) any material breach of, or "event of default" or similar event by any Obligor under, any Material Agreement shall occur, which would give the counterparty to such Material

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Agreement the right to terminate such Material Agreement pursuant to the terms thereof (after giving effect to any applicable grace or cure period and provided that such material breach, "event of default" or similar event is not being contested in good faith with reasonable basis by such Obligor), to the extent that (i) the Obligor has received written notice of (A) termination of such Material Agreement or (B) written notice of such material breach, "event of default", or similar event and written notice of the counterparty's intent to terminate such Material Agreement on the basis thereof, and (ii) the counterparty to such Material Agreement has not waived such material breach, "event of default" or similar event;

(h) (i) any material breach of, or "event of default" or similar event under, the documentation governing any Material Indebtedness shall occur and such breach or "event of default" or similar event shall continue unremedied, uncured or unwaived after a period of five (5) Business Days after the expiration of any cure period thereunder, or (ii) any event or condition occurs (A) that results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of such Material Indebtedness or any trustee or agent on its or their behalf to cause such Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this Section 11.01(h) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Material Indebtedness;

(i) any Obligor:

(i) becomes insolvent, or generally does not or becomes unable to pay its debts or meet its liabilities as the same become due, or admits in writing its inability to pay its debts generally, or declares any general moratorium on its indebtedness, or proposes a compromise or arrangement or deed of company arrangement between it and any class of its creditors;

(ii) commits an act of bankruptcy or makes an assignment of its property for the general benefit of its creditors or makes a proposal (or files a notice of its intention to do so);

(iii) institutes any proceeding seeking to adjudicate it an insolvent, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts or any other relief, under any federal, provincial or foreign Law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors or at common law or in equity, or files an answer admitting the material allegations of a petition filed against it in any such proceeding;

(iv) applies for the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator, voluntary administrator, receiver and manager or other similar official for it or any substantial part of its property; or

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(v) takes any action, corporate or otherwise, to approve, effect, consent to or authorize any of the actions described in this Section 11.01(i) or **Section 11.01(j)**, or otherwise acts in furtherance thereof or fails to act in a timely and appropriate manner in defense thereof;

(j) any petition is filed, application made or other proceeding instituted against or in respect of Borrower or any Subsidiary:

(i) seeking to adjudicate it as insolvent;

(ii) seeking a receiving order against it;

(iii) seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), deed of company arrangement or composition of it or its debts or any other relief under any federal, provincial or foreign law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors or at common law or in equity; or

(iv) seeking the entry of an order for relief or the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator, voluntary administrator, receiver and manager or other similar official for it or any substantial part of its property;

and such petition, application or proceeding continues undismissed, or unstayed and in effect, for a period of sixty (60) days after the institution thereof; provided that if an order, decree or judgment is granted or entered (whether or not entered or subject to appeal) against Borrower or such Subsidiary thereunder in the interim, such grace period will cease to apply; provided further that if Borrower or such Subsidiary files an answer admitting the material allegations of a petition filed against it in any such proceeding, such grace period will cease to apply;

(k) any other event occurs which, under the laws of any applicable jurisdiction, has an effect equivalent to any of the events referred to in either of **Section 11.01(i)** or **(j)**;

(l) one or more judgments or settlements for the payment of money in an aggregate amount in excess of $5,000,000 (or the Equivalent Amount in other currencies) shall be rendered against or entered into by any Obligor or any combination thereof and the same shall remain undischarged for a period of sixty (60) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment or settlement creditor to attach or levy upon any assets of any Obligor to enforce any such judgment or settlement;

(m) (i) an ERISA Event shall have occurred that, in the opinion of the Lenders, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in liability of Borrower and its Subsidiaries in an aggregate amount exceeding $5,000,000 for all periods until repayment of all Obligations;

(n) a Change of Control shall have occurred;

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(o) a Material Adverse Change shall have occurred;

(p) (i) any Lien created by any of the Security Documents shall at any time not constitute a valid and perfected Lien on the applicable Collateral intended to be covered thereby (to the extent perfection by filing, registration, recordation or possession is required herein or therein) in favor of Secured Parties, free and clear of all other Liens (other than Permitted Liens), (ii) except for expiration in accordance with its terms, any of the Security Documents or any Guarantee of any of the Obligations (including that contained in **Section 14**) shall for whatever reason cease to be in full force and effect, or (iii) any of the Security Documents or any Guarantee of any of the Obligations (including that contained in **Section 14**), or the enforceability thereof, shall be repudiated or contested by any Obligor; and

(q) any injunction, whether temporary or permanent, shall be rendered against any Obligor that prevents the Obligors from selling or manufacturing the Product or its commercially available successors (excluding related products of the nCounter® Analysis System) in the United States for more than sixty (60) consecutive calendar days.

11.02 Remedies. (a) Upon the occurrence of any Event of Default, then, and in every such event (other than an Event of Default described in **Section 11.01(i)**, **(j)** or **(k)**), and at any time thereafter during the continuance of such event, Majority Lenders may, by notice to Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations (including fees specified in the Fee Letter), shall become due and payable immediately (in the case of the Loans, at the Redemption Price therefor), without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Obligor.

(b) Upon the occurrence of any Event of Default described in **Section 11.01(i)**, **(j)** or **(k)**, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations, shall automatically become due and payable immediately (in the case of the Loans, at the Redemption Price therefor), without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Obligor.

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(c) **Prepayment Premium and Redemption Price**. (i) For the avoidance of doubt, the Prepayment Premium (as a component of the Redemption Price) shall be due and payable whenever so stated in this Agreement, or by any applicable operation of law, regardless of the circumstances causing any related acceleration or payment prior to the Stated Maturity Date, including any Event of Default or other failure to comply with the terms of this Agreement, whether or not notice thereof has been given, or any acceleration by, through, or on account of any bankruptcy filing.

(ii) For the avoidance of doubt, the Prepayment Premium (as a component of the Redemption Price) and the fees specified in the Fee Letter that are payable upon the repayment of the Loans shall be due and payable at any time the Loans become due and payable prior to the Stated Maturity Date for any reason, whether due to acceleration pursuant to the terms of this Agreement (in which case it shall be due immediately, upon the giving of notice to Borrower in accordance with **Section 11.02(a)**, or automatically, in accordance with **Section 11.02(b)**), by operation of law or otherwise (including where bankruptcy filings or the exercise of any bankruptcy right or power, whether in any plan of reorganization or otherwise, results or would result in a payment, discharge, modification or other treatment of the Loans or Loan Documents that would otherwise evade, avoid, or otherwise disappoint the expectations of Lenders in receiving the full benefit of their bargained-for Prepayment Premium or Redemption Price as provided herein). The Obligors and Lenders acknowledge and agree that any Prepayment Premium and the fees specified in the Fee Letter due and payable in accordance with the Loan Documents shall not constitute unmatured interest, whether under section 502(b)(3) of the Bankruptcy Code or otherwise, but instead is reasonably calculated to ensure that the Lenders receive the benefit of their bargain under the terms of this Agreement.

(iii) Each Obligor acknowledges and agrees that the Lenders shall be entitled to recover the full amount of the Redemption Price and the fees specified in the Fee Letter in each and every circumstance such amount is due pursuant to or in connection with this Agreement and the Fee Letter, including in the case of any Obligor's bankruptcy filing, so that the Lenders shall receive the benefit of their bargain hereunder and otherwise receive full recovery as agreed under every possible circumstance, and Borrower hereby waives any defense to payment, whether such defense may be based in public policy, ambiguity, or otherwise. Each Obligor further acknowledges and agrees, and waives any argument to the contrary, that payment of such amounts does not constitute a penalty or an otherwise unenforceable or invalid obligation. Any damages that the Lenders may suffer or incur resulting from or arising in connection with any breach hereof or thereof by Borrower shall constitute secured obligations owing to the Lenders.

SECTION 12
ADMINISTRATIVE AGENT

12.01 Appointment and Duties. (a) **Appointment of Administrative Agent**. Each Lender hereby irrevocably appoints CRG Servicing (together with any successor Administrative Agent pursuant to **Section 12.09**) as Administrative Agent hereunder and authorizes Administrative Agent to (i) execute and deliver the Loan Documents and accept delivery thereof on its behalf

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from any Obligor or any of its Subsidiaries, (ii) take such action on its behalf and to exercise all rights, powers and remedies and perform the duties as are expressly delegated to Administrative Agent under such Loan Documents, (iii) act as agent of such Lender for purposes of acquiring, holding, enforcing and perfecting all Liens granted by the Obligors on the Collateral to secure any of the Obligations and (iv) exercise such powers as are reasonably incidental thereto.

(b) **Duties as Collateral and Disbursing Agent**. Without limiting the generality of **Section 12.01(a)**, Administrative Agent shall have the sole and exclusive right and authority (to the exclusion of the Lenders), and is hereby authorized, to (i) act as the disbursing and collecting agent for the Lenders with respect to all payments and collections arising in connection with the Loan Documents (including in any proceeding described in **Section 11.01(h)**, **(i)** or **(j)** or any other bankruptcy, insolvency or similar proceeding), and each Person making any payment in connection with any Loan Document to any Secured Party is hereby authorized to make such payment to Administrative Agent, (ii) file and prove claims and file other documents necessary or desirable to allow the claims of the Secured Parties with respect to any Obligation in any proceeding described in **Section 11.01(h)**, **(i)** or **(j)** or any other bankruptcy, insolvency or similar proceeding (but not to vote, consent or otherwise act on behalf of such Secured Party), (iii) act as collateral agent for each Secured Party for purposes of acquiring, holding, enforcing and perfecting all Liens created by the Loan Documents and all other purposes stated therein, (iv) manage, supervise and otherwise deal with the Collateral, (v) take such other action as is necessary or desirable to maintain the perfection and priority of the Liens created or purported to be created by the Loan Documents, (vi) except as may be otherwise specified in any Loan Document, exercise all remedies given to Administrative Agent and the other Secured Parties with respect to the Collateral, whether under the Loan Documents, applicable Requirements of Law or otherwise, (vii) enter into intercreditor agreements with respect to Permitted Priority Debt or any other subordination agreement or intercreditor agreement with respect to Indebtedness of an Obligor, (viii) enter into non-disturbance agreements and similar agreements and (ix) execute any amendment, consent or waiver under the Loan Documents on behalf of any Lender that has consented in writing to such amendment, consent or waiver; *provided, however,* that Administrative Agent hereby appoints, authorizes and directs each Lender to act as collateral sub-agent for Administrative Agent and the Secured Parties for purposes of the perfection of all Liens with respect to the Collateral, including any deposit account maintained by an Obligor with, and cash and Permitted Cash Equivalent Investments held by, such Lender, and may further authorize and direct any Lender to take further actions as collateral sub-agents for purposes of enforcing such Liens or otherwise to transfer the Collateral subject thereto to Administrative Agent, and each Lender hereby agrees to take such further actions to the extent, and only to the extent, so authorized and directed.

(c) **Limited Duties**. Under the Loan Documents, Administrative Agent (i) is acting solely on behalf of the Lenders (except to the limited extent provided in **Section 12.11**), with duties that are entirely administrative in nature, notwithstanding the use of the defined term "Administrative Agent", the terms "agent", "administrative agent" and "collateral agent" and similar terms in any Loan Document to refer to Administrative Agent, which terms are used for title purposes only, (ii) is not assuming any obligation under any Loan Document other than as expressly set forth therein or any role as agent, fiduciary or trustee of or for any Lender or any

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other Secured Party and (iii) shall have no implied functions, responsibilities, duties, obligations or other liabilities under any Loan Document, and each Lender hereby waives and agrees not to assert any claim against Administrative Agent based on the roles, duties and legal relationships expressly disclaimed in the foregoing **clauses (i)** through **(iii)**.

12.02 Binding Effect. Each Lender agrees that (i) any action taken by Administrative Agent or the Majority Lenders (or, if expressly required hereby, a greater proportion of the Lenders) in accordance with the provisions of the Loan Documents, (ii) any action taken by Administrative Agent in reliance upon the instructions of the Majority Lenders (or, where so required, such greater proportion) and (iii) the exercise by Administrative Agent or the Majority Lenders (or, where so required, such greater proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Secured Parties.

12.03 Use of Discretion. (a) **No Action without Instructions**. Administrative Agent shall not be required to exercise any discretion or take, or to omit to take, any action, including with respect to enforcement or collection, except any action it is required to take or omit to take (i) under any Loan Document or (ii) pursuant to instructions from the Majority Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders).

(b) **Right Not to Follow Certain Instructions**. Notwithstanding **Section 12.03(a)**, Administrative Agent shall not be required to take, or to omit to take, any action (i) unless, upon demand, Administrative Agent receives an indemnification satisfactory to it from the Lenders (or, to the extent applicable and acceptable to Administrative Agent, any other Secured Party) against all liabilities that, by reason of such action or omission, may be imposed on, incurred by or asserted against Administrative Agent or any Related Person thereof or (ii) that is, in the opinion of Administrative Agent or its counsel, contrary to any Loan Document or applicable Requirement of Law.

12.04 Delegation of Rights and Duties. Administrative Agent may, upon any term or condition it specifies, delegate or exercise any of its rights, powers and remedies under, and delegate or perform any of its duties or any other action with respect to, any Loan Document by or through or to any trustee, co-agent, sub-agent, employee, attorney-in-fact and any other Person (including any other Secured Party). Any such Person shall benefit from this **Section 12** to the extent provided by Administrative Agent. Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

12.05 Reliance and Liability. (a) Administrative Agent may, without incurring any liability hereunder, (i) consult with any of its Related Persons and, whether or not selected by it, any other advisors, accountants and other experts (including advisors to, and accountants and experts engaged by, any Obligor) and (ii) rely and act upon any document and information and any telephone message or conversation, in each case believed by it to be genuine and transmitted, signed or otherwise authenticated by the appropriate parties.

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(b) None of Administrative Agent and its Related Persons shall be liable for any action taken or omitted to be taken by any of them under or in connection with any Loan Document, and each Lender and each Obligor hereby waives and shall not assert any right, claim or cause of action based thereon, except to the extent of liabilities resulting primarily from the gross negligence or willful misconduct of Administrative Agent or, as the case may be, such Related Person (each as determined in a final, non-appealable judgment by a court of competent jurisdiction) in connection with the duties expressly set forth herein. Without limiting the foregoing, Administrative Agent:

(i) shall not be responsible or otherwise incur liability for any action or omission taken in reliance upon the instructions of the Majority Lenders or for the actions or omissions of any of its Related Persons selected with reasonable care (other than employees, officers and directors of Administrative Agent, when acting on behalf of Administrative Agent);

(ii) shall not be responsible to any Secured Party for the due execution, legality, validity, enforceability, effectiveness, genuineness, sufficiency or value of, or the attachment, perfection or priority of any Lien created or purported to be created under or in connection with, any Loan Document;

(iii) makes no warranty or representation, and shall not be responsible, to any Secured Party for any statement, document, information, representation or warranty made or furnished by or on behalf of any Related Person, in or in connection with any Loan Document or any transaction contemplated therein, whether or not transmitted by Administrative Agent, including as to completeness, accuracy, scope or adequacy thereof, or for the scope, nature or results of any due diligence performed by Administrative Agent in connection with the Loan Documents; and

(iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any provision of any Loan Document, whether any condition set forth in any Loan Document is satisfied or waived, as to the financial condition of any Obligor or as to the existence or continuation or possible occurrence or continuation of any Default or Event of Default and shall not be deemed to have notice or knowledge of such occurrence or continuation unless it has received a notice from Borrower or any Lender describing such Default or Event of Default clearly labeled "notice of default" (in which case Administrative Agent shall promptly give notice of such receipt to all Lenders);

and, for each of the items set forth in **clauses (i) through (iv)** above, each Lender and each Obligor hereby waives and agrees not to assert any right, claim or cause of action it might have against Administrative Agent based thereon.

12.06 Administrative Agent Individually. Administrative Agent and its Affiliates may make loans and other extensions of credit to, acquire Equity Interests of, engage in any kind of business with, any Obligor or Affiliate thereof as though it were not acting Administrative Agent and may receive separate fees and other payments therefor. To the extent Administrative Agent or any of its Affiliates makes any Loan or otherwise becomes a Lender hereunder, it shall have and may exercise the same rights and powers hereunder and shall be subject to the same

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obligations and liabilities as any other Lender and the terms "Lender", "Majority Lender", and any similar terms shall, except where otherwise expressly provided in any Loan Document, include Administrative Agent or such Affiliate, as the case may be, in its individual capacity as Lender or as one of the Majority Lenders, respectively.

12.07 Lender Credit Decision. Each Lender acknowledges that it shall, independently and without reliance upon Administrative Agent, any Lender or any of their Related Persons or upon any document solely or in part because such document was transmitted by Administrative Agent or any of its Related Persons, conduct its own independent investigation of the financial condition and affairs of each Obligor and make and continue to make its own credit decisions in connection with entering into, and taking or not taking any action under, any Loan Document or with respect to any transaction contemplated in any Loan Document, in each case based on such documents and information as it shall deem appropriate.

12.08 Expenses; Indemnities. (a) Each Lender agrees to reimburse Administrative Agent and each of its Related Persons (to the extent not reimbursed by any Obligor) promptly upon demand for such Lender's Proportionate Share of any costs and expenses (including fees, charges and disbursements of financial, legal and other advisors and Other Taxes paid in the name of, or on behalf of, any Obligor) that may be incurred by Administrative Agent or any of its Related Persons in connection with the preparation, syndication, execution, delivery, administration, modification, consent, waiver or enforcement (whether through negotiations, through any work-out, bankruptcy, restructuring or other legal or other proceeding or otherwise) of, or legal advice in respect of its rights or responsibilities under, any Loan Document.

(b) Each Lender further agrees to indemnify Administrative Agent and each of its Related Persons (to the extent not reimbursed by any Obligor), from and against such Lender's aggregate Proportionate Share of the liabilities (including Taxes, interests and penalties imposed for not properly withholding or backup withholding on payments made to on or for the account of any Lender) that may be imposed on, incurred by or asserted against Administrative Agent or any of its Related Persons in any matter relating to or arising out of, in connection with or as a result of any Loan Document, any Related Document or any other act, event or transaction related, contemplated in or attendant to any such document, or, in each case, any action taken or omitted to be taken by Administrative Agent or any of its Related Persons under or with respect to any of the foregoing; *provided, however,* that no Lender shall be liable to Administrative Agent or any of its Related Persons to the extent such liability is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Administrative Agent's or such Related Person's gross negligence or willful misconduct.

12.09 Resignation of Administrative Agent. (a) Administrative Agent may resign at any time by delivering notice of such resignation to the Lenders and Borrower, effective on the date set forth in such notice or, if not such date is set forth therein, upon the date such notice shall be effective. If Administrative Agent delivers any such notice, the Majority Lenders shall have the right to appoint a successor Administrative Agent. If, within 30 days after the retiring Administrative Agent having given notice of resignation, no successor Administrative Agent has been appointed by the Majority Lenders that has accepted such appointment, then the retiring

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Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent from among the Lenders. Each appointment under this **Section 12.09(a)** shall be subject to the prior consent of Borrower, which may not be unreasonably withheld but shall not be required during the continuance of an Event of Default.

(b) Effective immediately upon its resignation, (i) the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents, (ii) the Lenders shall assume and perform all of the duties of Administrative Agent until a successor Administrative Agent shall have accepted a valid appointment hereunder, (iii) the retiring Administrative Agent and its Related Persons shall no longer have the benefit of any provision of any Loan Document other than with respect to any actions taken or omitted to be taken while such retiring Administrative Agent was, or because such Administrative Agent had been, validly acting as Administrative Agent under the Loan Documents and (iv) subject to its rights under **Section 12.03**, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents. Effective immediately upon its acceptance of a valid appointment as Administrative Agent, a successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Administrative Agent under the Loan Documents.

12.10 Release of Collateral or Guarantors. Each Lender hereby consents to the release and hereby directs Administrative Agent to release (or, in the case of **Section 12.10(b)(ii)**, release or subordinate) the following:

(a) any Subsidiary of Borrower from its guaranty of any Obligation of any Obligor if all of the Equity Interests in such Subsidiary owned by any Obligor or any of its Subsidiaries are disposed of in an Asset Sale permitted under the Loan Documents (including pursuant to a waiver or consent), to the extent that, after giving effect to such Asset Sale, such Subsidiary would not be required to guaranty any Obligations pursuant to **Section 8.12**; and

(b) any Lien held by Administrative Agent for the benefit of the Secured Parties against (i) any Collateral that is disposed of by an Obligor in an Asset Sale permitted by the Loan Documents (including pursuant to a valid waiver or consent), to the extent all Liens required to be granted in such Collateral pursuant to **Section 8.12** after giving effect to such Asset Sale have been granted, (ii) any property subject to a Lien described in **Section 9.02(d)** and (iii) all of the Collateral and all Obligors, upon (A) termination of the Commitments, (B) payment and satisfaction in full of all Loans and all other Obligations (other than Warrant Obligations) that Administrative Agent has been notified in writing are then due and payable, (C) deposit of cash collateral with respect to all contingent Obligations (other than Warrant Obligations), in amounts and on terms and conditions and with parties satisfactory to the Administrative Agent and each Indemnitee that is owed such Obligations (other than Warrant Obligations) and (D) to the extent requested by Administrative Agent, receipt by the Secured Parties of liability releases from the Obligors each in form and substance acceptable to Administrative Agent.

Each Lender hereby directs Administrative Agent, and Administrative Agent hereby agrees, upon receipt of reasonable advance notice from Borrower, to execute and

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deliver or file such documents and to perform other actions reasonably necessary to release the guaranties and Liens when and as directed in this **Section 12.10**.

12.11 Additional Secured Parties. The benefit of the provisions of the Loan Documents directly relating to the Collateral or any Lien granted thereunder shall extend to and be available to any Secured Party that is not a Lender as long as, by accepting such benefits, such Secured Party agrees, as among Administrative Agent and all other Secured Parties, that such Secured Party is bound by (and, if requested by Administrative Agent, shall confirm such agreement in a writing in form and substance acceptable to Administrative Agent) this **Section 12** and the decisions and actions of Administrative Agent and the Majority Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders) to the same extent a Lender is bound; *provided*, *however*, that, notwithstanding the foregoing, (a) such Secured Party shall be bound by **Section 12.08** only to the extent of liabilities, costs and expenses with respect to or otherwise relating to the Collateral held for the benefit of such Secured Party, in which case the obligations of such Secured Party thereunder shall not be limited by any concept of Proportionate Share or similar concept, (b) each of Administrative Agent and each Lender shall be entitled to act at its sole discretion, without regard to the interest of such Secured Party, regardless of whether any Obligation to such Secured Party thereafter remains outstanding, is deprived of the benefit of the Collateral, becomes unsecured or is otherwise affected or put in jeopardy thereby, and without any duty or liability to such Secured Party or any such Obligation and (c) such Secured Party shall not have any right to be notified of, consent to, direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or under any Loan Document.

SECTION 13
MISCELLANEOUS

13.01 No Waiver. No failure on the part of Administrative Agent or any Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

13.02 Notices. All notices, requests, instructions, directions and other communications provided for herein (including any modifications of, or waivers, requests or consents under, this Agreement) shall be given or made in writing (including by telecopy or electronic means) delivered, if to Borrower, another Obligor, Administrative Agent or any Lender, to its address specified on the signature pages hereto or its Guarantee Assumption Agreement, as the case may be, or at such other address as shall be designated by such party in a notice to the other parties. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given upon receipt of a legible copy thereof, in each case given or addressed as aforesaid. All such communications provided for herein by telecopy shall be confirmed in writing promptly after the delivery of such communication (it being understood that non-receipt of written confirmation of such communication shall not invalidate such communication).

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Notices and other communications sent to an e-mail shall be deemed received upon the receipt by the intended recipient at its e-mail address provided that, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

13.03 Expenses, Indemnification, Etc.

(a) **Expenses**. Borrower agrees to pay or reimburse (i) Administrative Agent and the Lenders for all of their reasonable out-of-pocket costs and expenses (including the reasonable fees and expenses of Reed Smith LLP, special counsel to Administrative Agent and the Lenders, and any sales, goods and services or other similar Taxes applicable thereto, and printing, reproduction, document delivery, communication and travel costs) in connection with (x) the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents and the making of the Loans (exclusive of post-closing costs), (y) post-closing costs and (z) the negotiation or preparation of any modification, supplement or waiver of any of the terms of this Agreement or any of the other Loan Documents (whether or not consummated) and (ii) Administrative Agent and the Lenders for all of their out-of-pocket costs and expenses (including the fees and expenses of legal counsel) in connection with any enforcement or collection proceedings resulting from the occurrence of an Event of Default; *provided, however,* that Borrower shall not be required to pay or reimburse any amounts pursuant to **Section 13.03(a)(i)(x)** in excess of the Expense Cap.

(b) **Indemnification**. Borrower hereby indemnifies Administrative Agent, each Lender, their respective Affiliates, and their respective directors, officers, employees, attorneys, agents, advisors and controlling parties (each, an "***Indemnified Party***") from and against, and agrees to hold them harmless against, any and all Claims and Losses of any kind (including reasonable fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to this Agreement or any of the other Loan Documents or the transactions contemplated hereby or thereby or any use made or proposed to be made with the proceeds of the Loans, and any claim, investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to any of the foregoing, whether or not any Indemnified Party is a party to an actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based in contract, tort or any other theory, and whether or not such investigation, litigation or proceeding is brought by Borrower, any of its shareholders or creditors, and whether or not the conditions precedent set forth in **Section 6** are satisfied or the other transactions contemplated by this Agreement are consummated, except to the extent such Claim or Loss is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. No Obligor shall assert any claim against any Indemnified Party, on any theory of liability, for consequential, indirect, special or punitive damages arising out of or otherwise relating to this Agreement or any of the other Loan Documents or any of the transactions contemplated hereby or thereby or the actual or proposed use of the proceeds of the Loans. Borrower, its Subsidiaries and Affiliates and their respective

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directors, officers, employees, attorneys, agents, advisors and controlling parties are each sometimes referred to in this Agreement as a "***Borrower Party***." No Lender shall assert any claim against any Borrower Party, on any theory of liability, for consequential, indirect, special or punitive damages arising out of or otherwise relating to this Agreement or any of the other Loan Documents or any of the transactions contemplated hereby or thereby or the actual or proposed use of the proceeds of the Loans. This Section 13.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

13.04 Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be modified or supplemented only by an instrument in writing signed by Borrower and the Majority Lenders (or Administrative Agent on behalf of such Majority Lenders); *provided however,* that:

(a) the consent of all of the Lenders shall be required to:

(i) amend, modify, discharge, terminate or waive any of the terms of this Agreement if such amendment, modification, discharge, termination or waiver would increase the amount of the Loans, reduce the fees payable hereunder, reduce interest rates or other amounts payable with respect to the Loans, extend any date fixed for payment of principal, interest or other amounts payable relating to the Loans or extend the repayment dates of the Loans;

(ii) amend the provisions of **Section 6**;

(iii) amend, modify, discharge, terminate or waive any Security Document if the effect is to release a material part of the Collateral subject thereto other than pursuant to the terms hereof or thereof; or

(iv) amend this **Section 13.04**; and

(b) no amendment, waiver or consent shall affect the rights or duties under any Loan Document of, or any payment to, Administrative Agent (or otherwise modify any provision of **Section 12** or the application thereof) unless in writing and signed by Administrative Agent in addition to any signature otherwise required.

Notwithstanding anything to the contrary herein, a Defaulting Lender shall not have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

13.05 Successors and Assigns.

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(a) **General**. The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder or under any of the other Loan Documents without the prior written consent of the Lenders. Any of the Lenders may assign or otherwise transfer any of their rights or obligations hereunder or under any of the other Loan Documents to an assignee (i) in accordance with the provisions of **Section 13.05(b)**, (ii) by way of participation in accordance with the provisions of **Section 13.05(e)** or (iii) by way of pledge or assignment of a security interest subject to the restrictions of **Section 13.05(g)**. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in **Section 13.05(e)** and, to the extent expressly contemplated hereby, the Indemnified Parties) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) **Assignments by Lenders**. Any of the Lenders may at any time assign to one or more (i) Eligible Transferees (or, if an Event of Default has occurred and is continuing, to any Person) or (ii) entities consented to in writing by Borrower all or a portion of their rights and obligations under this Agreement (including all or a portion of the Commitment and the Loans at the time owing to it); *provided, however,* that no such assignment shall be made to Borrower, an Affiliate of Borrower, or any employees or directors of Borrower at any time. Subject to the recording thereof by Administrative Agent pursuant to **Section 13.05(d)**, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of the Lenders under this Agreement and the other Loan Documents, and correspondingly the assigning Lender shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of a Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) and the other Loan Documents but shall continue to be entitled to the benefits of **Section 5** and **Section 13.03**. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this **Section 13.05(b)** shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with **Section 13.05(e)**.

(c) **Amendments to Loan Documents**. Each of Administrative Agent, the Lenders and the Obligors agrees to enter into such amendments to the Loan Documents, and such additional Security Documents and other instruments and agreements, in each case in form and substance reasonably acceptable to Administrative Agent, the Lenders and the Obligors, as shall reasonably be necessary to implement and give effect to any assignment made under this **Section 13.05**.

(d) **Register**. Administrative Agent, acting solely for this purpose as an agent of Borrower, shall maintain at one of its offices in the United States a register for the recordation of the name and address of any assignee of the Lenders and the Commitment and outstanding principal amount (and stated interest) of the Loans owing thereto (the "***Register***"). The entries in

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the Register shall be conclusive, absent manifest error, and Borrower shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as the "Lender" hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower, at any reasonable time and from time to time upon reasonable prior notice.

(e) **Participations**. Any of the Lenders may at any time, without the consent of, or notice to, Borrower, sell participations to any Person (other than a natural person or Borrower or any of Borrower's Affiliates or Subsidiaries) (each, a "***Participant***") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Commitment and/or the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrower shall continue to deal solely and directly with the Lenders in connection therewith.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that would (i) increase or extend the term of such Lender's Commitment, (ii) extend the date fixed for the payment of principal of or interest on the Loans or any portion of any fee hereunder payable to the Participant, (iii) reduce the amount of any such payment of principal, or (iv) reduce the rate at which interest is payable thereon to a level below the rate at which the Participant is entitled to receive such interest. Subject to **Section 13.05(f)**, Borrower agrees that each Participant shall be entitled to the benefits of **Section 5** (subject to the requirements and limitations therein, including the requirements under **Section 5.03(e)** (it being understood that the documentation required under **Section 5.03(e)** shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to **Section 13.05(b)**. To the extent permitted by law, each Participant also shall be entitled to the benefits of **Section 4.04(a)** as though it were the Lender.

(f) **Limitations on Rights of Participants**. A Participant shall not be entitled to receive any greater payment under **Section 5.01** or **5.03** than a Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with Borrower's prior written consent. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "***Participant Register***"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitment, loan, letter of credit or other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letters of credit or other obligation is in registered form under Section 5f.103-1(c) of the United

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States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(g) **Certain Pledges**. The Lenders may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and any other Loan Document to secure obligations of the Lenders, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Lenders from any of their obligations hereunder or substitute any such pledgee or assignee for the Lenders as a party hereto.

13.06 Survival. The obligations of the Obligors under **Sections 5.01**, **5.02**, **5.03**, **13.03**, **13.05**, **13.09**, **13.10**, **13.11**, **13.12**, **13.13**, **13.14**, **13.20** and **Section 14** (solely to the extent guaranteeing any of the obligations under the foregoing Sections) shall survive Payment In Full and, in the case of the Lenders' assignment of any interest in the Commitment or the Loans hereunder, shall survive, in the case of any event or circumstance that occurred prior to the effective date of such assignment, the making of such assignment, notwithstanding that the Lenders may cease to be "Lenders" hereunder. In addition, each representation and warranty made, or deemed to be made by a Notice of Borrowing, herein or pursuant hereto shall survive the making of such representation and warranty.

13.07 Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

13.08 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

13.09 Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the law of the State of New York, without regard to principles of conflicts of laws that would result in the application of the laws of any other jurisdiction; *provided* that Section 5-1401 of the New York General Obligations Law shall apply.

13.10 Jurisdiction, Service of Process and Venue.

(a) **Submission to Jurisdiction**. Each Obligor agrees that any suit, action or proceeding with respect to this Agreement or any other Loan Document to which it is a party or any judgment entered by any court in respect thereof may be brought initially in the federal or state courts in Houston, Texas or in the courts of its own corporate domicile and irrevocably submits to the non-exclusive jurisdiction of each such court for the purpose of any such suit, action, proceeding or judgment. This **Section 13.10(a)** is for the benefit of Administrative Agent and the Lenders only and, as a result, neither Administrative Agent nor any Lender shall be

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prevented from taking proceedings in any other courts with jurisdiction. To the extent allowed by applicable Laws, Administrative Agent and the Lenders may take concurrent proceedings in any number of jurisdictions.

(b) **Alternative Process**. Nothing herein shall in any way be deemed to limit the ability of Administrative Agent or the Lenders to serve any such process or summonses in any other manner permitted by applicable law.

(c) **Waiver of Venue, Etc**. Each Obligor irrevocably waives to the fullest extent permitted by law any objection that it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document and hereby further irrevocably waives to the fullest extent permitted by law any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. A final judgment (in respect of which time for all appeals has elapsed) in any such suit, action or proceeding shall be conclusive and may be enforced in any court to the jurisdiction of which such Obligor is or may be subject, by suit upon judgment.

13.11 Waiver of Jury Trial. EACH OBLIGOR AND EACH LENDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

13.12 Waiver of Immunity. To the extent that any Obligor may be or become entitled to claim for itself or its Property or revenues any immunity on the ground of sovereignty or the like from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment or execution of a judgment, and to the extent that in any such jurisdiction there may be attributed such an immunity (whether or not claimed), such Obligor hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity with respect to its obligations under this Agreement and the other Loan Documents.

13.13 Entire Agreement. This Agreement and the other Loan Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. EACH OBLIGOR ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT IN DECIDING TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR IN TAKING OR NOT TAKING ANY ACTION HEREUNDER OR THEREUNDER, IT HAS NOT RELIED, AND WILL NOT RELY, ON ANY STATEMENT, REPRESENTATION, WARRANTY, COVENANT, AGREEMENT OR UNDERSTANDING, WHETHER WRITTEN OR ORAL, OF OR WITH ADMINISTRATIVE AGENT OR THE LENDERS OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

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13.14 Severability. If any provision hereof is found by a court to be invalid or unenforceable, to the fullest extent permitted by applicable law the parties agree that such invalidity or unenforceability shall not impair the validity or enforceability of any other provision hereof.

13.15 No Fiduciary Relationship. Each Obligor acknowledges that Administrative Agent and the Lenders have no fiduciary relationship with, or fiduciary duty to, Borrower arising out of or in connection with this Agreement or the other Loan Documents, and the relationship between the Lenders and Borrower is solely that of creditor and debtor. This Agreement and the other Loan Documents do not create a joint venture among the parties.

13.16 Confidentiality. Administrative Agent and the Lenders agree to maintain the confidentiality of the Confidential Information (as defined in the Non-Disclosure Agreement) in accordance with the terms of that certain confidentiality agreement dated as of September 20, 2012 between Borrower and Capital Royalty L.P. (the "***Non-Disclosure Agreement***"). Any new Lender that becomes party to this Agreement hereby agrees to be bound by the terms of the Non-Disclosure Agreement. The parties to this Agreement shall prepare a mutually agreeable press release announcing the completion of this transaction on the first Borrowing Date.

13.17 USA PATRIOT Act. Administrative Agent and the Lenders hereby notify the Obligors that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "***Act***") or any Anti-Money Laundering Laws, they are required to obtain, verify and record information that identifies such Obligor, which information includes the name and address of such Obligor and other information that will allow such Lender to identify such Obligor in accordance with the Act or other Anti-Money Laundering Laws.

13.18 Maximum Rate of Interest. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (in each case, the "***Maximum Rate***"). If the Lenders shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans, and not to the payment of interest, or, if the excessive interest exceeds such unpaid principal, the amount exceeding the unpaid balance shall be refunded to the applicable Obligor. In determining whether the interest contracted for, charged, or received by the Lenders exceeds the Maximum Rate, the Lenders may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Indebtedness and other obligations of any Obligor hereunder, or (d) allocate interest between portions of such Indebtedness and other obligations under the Loan Documents to the end that no such portion shall bear interest at a rate greater than that permitted by applicable Law.

13.19 Certain Waivers.

(a) **Real Property Security Waivers**.

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(i) Each Obligor acknowledges that all or any portion of the Obligations (other than the Warrant Obligations) may now or hereafter be secured by a Lien or Liens upon real property evidenced by certain documents including deeds of trust and assignments of rents. The Secured Parties may, pursuant to the terms of said real property security documents and applicable law, foreclose under all or any portion of one or more of said Liens by means of judicial or nonjudicial sale or sales. Each Obligor agrees that the Secured Parties may exercise whatever rights and remedies they may have with respect to said real property security, all without affecting the liability of any Obligor under the Loan Documents, except to the extent the Secured Parties realize payment by such action or proceeding. No election to proceed in one form of action or against any party, or on any obligation shall constitute a waiver of any Secured Party's rights to proceed in any other form of action or against any Obligor or any other Person, or diminish the liability of any Obligor, or affect the right of the Secured Parties to proceed against any Obligor for any deficiency, except to the extent the Secured Parties realize payment by such action, notwithstanding the effect of such action upon any Obligor's rights of subrogation, reimbursement or indemnity, if any, against Obligor or any other Person.

(ii) To the extent permitted under applicable law, each Obligor hereby waives any rights and defenses that are or may become available to such Obligor by reason of Sections 2787 to 2855, inclusive, of the California Civil Code.

(iii) To the extent permitted under applicable law, each Obligor hereby waives all rights and defenses that such Obligor may have because the Obligations are or may be secured by real property. This means, among other things:

(A) the Secured Parties may collect from any Obligor without first foreclosing on any real or personal property collateral pledged by any other Obligor;

(B) If the Secured Parties foreclose on any real property collateral pledged by any Obligor:

(1) The amount of the Loans may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and

(2) the Secured Parties may collect from each Obligor even if the Secured Parties, by foreclosing on the real property collateral, have destroyed any right that such Obligor may have to collect from any other Obligor.

(3) To the extent permitted under applicable law, this is an unconditional and irrevocable waiver of any rights and defenses each Obligor may have because the Obligations are or may be secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure.

(iv) To the extent permitted under applicable law, each Obligor waives all rights and defenses arising out of an election of remedies by the Secured Parties, even though

that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed such Obligor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

(b) **Waiver of Marshaling**. WITHOUT LIMITING THE FOREGOING IN ANY WAY, EACH OBLIGOR HEREBY IRREVOCABLY WAIVES AND RELEASES, TO THE EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS IT MAY HAVE AT ANY TIME (WHETHER ARISING DIRECTLY OR INDIRECTLY, BY OPERATION OF LAW, CONTRACT OR OTHERWISE) TO REQUIRE THE MARSHALING OF ANY ASSETS OF ANY OBLIGOR, WHICH RIGHT OF MARSHALING MIGHT OTHERWISE ARISE FROM ANY PAYMENTS MADE OR OBLIGATIONS PERFORMED.

13.20 Tax Treatment. The parties hereto agree (a) that any contingency associated with the Loans is described in Treasury Regulations Section 1.1272-1(c) and/or Treasury Regulations Section 1.1275-2(h), and therefore no Loan is governed by the rules set out in Treasury Regulations Section 1.1275-4, (b) except for a Lender described in Sections 871(h)(3) or 881(c)(3) of the Code, absent a change in a Requirement of Law, all interest on the Loans is "portfolio interest" within the meaning of Sections 871(h) or 881(c) of the Code, and therefore is exempt from withholding tax under Sections 1441(c)(9) or 1442(a) of the Code, and (c) to adhere to this Section 13.20 for U.S. Federal income and any other applicable Tax purposes and not to take any action or file any Tax Return, report or declaration inconsistent herewith unless required by applicable Law.

13.21 Original Issue Discount. For purposes of Sections 1272, 1273 and 1275 of the Code, each Loan is being issued with original issue discount; please contact Thomas Bailey, Chief Financial Officer, 530 Fairview Avenue, N. Suite 2000, Seattle, WA 98109, telephone: (888) 358-6266 to obtain information regarding the issue price, the amount of original issue discount and the yield to maturity.

13.22 Amendment and Restatement of Original Loan Agreement. This Agreement amends, restates and supersedes the Original Loan Agreement in its entirety, except as provided in this Section. On and as of the date hereof, the rights and obligations of the parties evidenced by the Original Loan Agreement shall be evidenced by this Agreement and the other Loan Documents and the grant of security interest in the Collateral by the relevant Loan Parties under the Original Loan Agreement and the other "Loan Documents" (as defined in the Original Loan Agreement) shall continue under but as amended by this Agreement and the other Loan Documents, and shall not in any event be terminated, extinguished or annulled but shall hereafter be governed by this Agreement and the other Loan Documents. All references to the Original Loan Agreement in any Loan Document or other document or instrument delivered in connection therewith shall be deemed to refer to this Agreement and the provisions hereof. Nothing contained herein shall be construed as a novation of the "Obligations" outstanding under and as defined in the Original Loan Agreement, which shall remain in full force and effect, except as modified hereby.

SECTION 14
GUARANTEE

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

14.01 The Guarantee. The Subsidiary Guarantors hereby jointly and severally guarantee to the Secured Parties and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the principal of and interest on the Loans and all fees and other amounts from time to time owing to the Secured Parties by Borrower under this Agreement or under any other Loan Document and by any other Obligor under any of the Loan Documents, in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the "***Guaranteed Obligations***"). The Subsidiary Guarantors hereby further jointly and severally agree that if Borrower shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Subsidiary Guarantors will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal. For the avoidance of doubt and notwithstanding anything herein to the contrary, the Guaranteed Obligations shall not include any Warrant Obligations.

14.02 Obligations Unconditional; Subsidiary Guarantor Waivers. The obligations of the Subsidiary Guarantors under **Section 14.01** are absolute and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of Borrower under this Agreement or any other agreement or instrument referred to herein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this **Section 14.02** that the obligations of the Subsidiary Guarantors hereunder shall be absolute and unconditional, joint and several, under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Subsidiary Guarantors hereunder, which shall remain absolute and unconditional as described above, and each Subsidiary Guarantor hereby irrevocably waives any defenses to enforcement it may have (now or in the future) by reason of:

(a) any change in the time, including the time for any performance or compliance with, place or manner of payment of, or in any other term of, the Guaranteed Obligations or any other obligation of any Obligor under any Loan Document, or any rescission, waiver, amendment or other modification of any Loan Document or any other agreement, including any increase in the Guaranteed Obligations resulting from any extension of additional credit or otherwise;

(b) any of the acts mentioned in any of the provisions of this Agreement or any other agreement or instrument referred to herein shall be done or omitted;

(c) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under this Agreement or any other agreement or instrument referred to herein shall be

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waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(d) any taking, exchange, substitution, release, impairment or non-perfection of any Collateral, any taking, release, impairment, amendment, waiver or other modification of any guaranty, for the Guaranteed Obligations or any lien or security interest granted to, or in favor of, the Secured Parties as security for any of the Guaranteed Obligations shall fail to be perfected; and

(e) the failure of any other Person to execute or deliver this Agreement, any Loan Document or any other guaranty or agreement or the release or reduction of liability of any Obligor or other guarantor or surety with respect to the Guaranteed Obligations.

The Subsidiary Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that any Secured Party exhaust any right, power or remedy or proceed against Borrower under this Agreement or any other agreement or instrument referred to herein, or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

14.03 Reinstatement. The obligations of the Subsidiary Guarantors under this **Section 14** shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Subsidiary Guarantors jointly and severally agree that they will indemnify the Secured Parties on demand for all reasonable costs and expenses (including fees of counsel) incurred by the Lenders in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

14.04 Subrogation. The Subsidiary Guarantors hereby jointly and severally agree that until Payment In Full, they shall not exercise any right or remedy arising by reason of any performance by them of their guarantee in **Section 14.01**, whether by subrogation or otherwise, against Borrower or any other guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

14.05 Remedies. The Subsidiary Guarantors jointly and severally agree that, as between the Subsidiary Guarantors and the Secured Parties, the obligations of Borrower under this Agreement and under the other Loan Documents may be declared to be forthwith due and payable as provided in **Section 11** (and shall be deemed to have become automatically due and payable in the circumstances provided in **Section 11**) for purposes of **Section 14.01** notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by Borrower) shall forthwith become due and payable by the Subsidiary Guarantors for purposes of **Section 14.01**.

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14.06 Instrument for the Payment of Money. Each Subsidiary Guarantor hereby acknowledges that the guarantee in this **Section 14** constitutes an instrument for the payment of money, and consents and agrees that the Secured Parties, at their sole option, in the event of a dispute by such Subsidiary Guarantor in the payment of any moneys due hereunder, shall have the right to proceed by motion for summary judgment in lieu of complaint pursuant to N.Y. Civ. Prac. L&R § 3213.

14.07 Continuing Guarantee. The guarantee in this **Section 14** is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

14.08 Rights of Contribution. The Subsidiary Guarantors hereby agree, as between themselves, that if any Subsidiary Guarantor shall become an Excess Funding Guarantor (as defined below) by reason of the payment by such Subsidiary Guarantor of any Guaranteed Obligations, each other Subsidiary Guarantor shall, on demand of such Excess Funding Guarantor (but subject to the next sentence), pay to such Excess Funding Guarantor an amount equal to such Subsidiary Guarantor's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, debts and liabilities of such Excess Funding Guarantor) of the Excess Payment (as defined below) in respect of such Guaranteed Obligations. The payment obligation of a Subsidiary Guarantor to any Excess Funding Guarantor under this **Section 14.08** shall be subordinate and subject in right of payment to the prior payment in full of the obligations of such Subsidiary Guarantor under the other provisions of this **Section 14** and such Excess Funding Guarantor shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such obligations.

For purposes of this **Section 14.08**, (i) "***Excess Funding Guarantor***" means, in respect of any Guaranteed Obligations, a Subsidiary Guarantor that has paid an amount in excess of its Pro Rata Share of such Guaranteed Obligations, (ii) "***Excess Payment***" means, in respect of any Guaranteed Obligations, the amount paid by an Excess Funding Guarantor in excess of its Pro Rata Share of such Guaranteed Obligations and (iii) "***Pro Rata Share***" means, for any Subsidiary Guarantor, the ratio (expressed as a percentage) of (x) the amount by which the aggregate present fair saleable value of all properties of such Subsidiary Guarantor (excluding any shares of stock of any other Subsidiary Guarantor) exceeds the amount of all the debts and liabilities of such Subsidiary Guarantor (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of such Subsidiary Guarantor hereunder and any obligations of any other Subsidiary Guarantor that have been Guaranteed by such Subsidiary Guarantor) to (y) the amount by which the aggregate fair saleable value of all properties of all of the Subsidiary Guarantors exceeds the amount of all the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of Borrower and the Subsidiary Guarantors hereunder and under the other Loan Documents) of all of the Subsidiary Guarantors, determined (A) with respect to any Subsidiary Guarantor that is a party hereto on the first Borrowing Date, as of such Borrowing Date, and (B) with respect to any other Subsidiary Guarantor, as of the date such Subsidiary Guarantor becomes a Subsidiary Guarantor hereunder.

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14.09 General Limitation on Guarantee Obligations. In any action or proceeding involving any provincial, territorial or state corporate law, or any state or federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Subsidiary Guarantor under **Section 14.01** would otherwise, taking into account the provisions of **Section 14.08**, be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under **Section 14.01**, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by such Subsidiary Guarantor, any Secured Party or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

BORROWER:
NANOSTRING TECHNOLOGIES, INC.

By: /s/ K. Thomas Bailey
Name: K. Thomas Bailey
Title: Chief Financial Officer

Address for Notices:
530 Fairview Avenue, N.
Suite 2000
Seattle, WA 98109
Attn: Thomas Bailey
Tel.: [†]
Email: [†]

SUBSIDIARY GUARANTORS:
NANOSTRING TECHNOLOGIES INTERNATIONAL INC.

By: /s/ K. Thomas Bailey
Name: K. Thomas Bailey
Title: Chief Financial Officer

Address for Notices:
530 Fairview Avenue, N.
Suite 2000
Seattle, WA 98109
Attn: Thomas Bailey
Tel.: [†]
Email: [†]

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

ADMINISTRATIVE AGENT:

CRG SERVICING LLC

By: /s/ Nathan Hukill

Name: Nathan Hukill

Title: Authorized Signatory

Address for Notices:
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting
Tel.: [†]
Fax: [†]
Email: [†]

LENDERS:

CRG PARTNERS III L.P.

BY CRG PARTNERS III GP L.P., its General Partner

By CRG PARTNERS III GP LLC, its General Partner

By: /s/ Nathan Hukill

Name: Nathan Hukill

Title: Authorized Signatory

Address for Notices:
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting
Tel.: [†]
Fax: [†]
Email: [†]

CRG PARTNERS III - PARALLEL FUND "A" L.P.

BY CRG PARTNERS III - PARALLEL FUND "A" GP L.P., its General Partner

By CRG PARTNERS III - PARALLEL FUND "A" GP LLC, its General Partner

By: /s/ Nathan Hukill

Name: Nathan Hukill

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Title: Authorized Signatory

Address for Notices:
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting
Tel.: [†]
Fax: [†]
Email: [†]

CRG PARTNERS III - PARALLEL FUND "B" (CAYMAN) L.P.
BY CRG PARTNERS III (CAYMAN) GP L.P., its General Partner
By CRG PARTNERS III (CAYMAN) GP LLC, its General Partner

By: /s/ Nathan Hukill
Name: Nathan Hukill
Title: Authorized Signatory

Witness: /s/ Nicole Nesson
Name Nicole Nesson

Address for Notices:
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting
Tel.: [†]
Fax: [†]
Email: [†]

CRG PARTNERS III (CAYMAN) LEV AIV L.P.
BY CRG PARTNERS III (CAYMAN) GP L.P., its General Partner
By CRG PARTNERS III (CAYMAN) GP LLC, its General Partner

By: /s/ Nathan Hukill
Name: Nathan Hukill
Title: Authorized Signatory

Witness: /s/ Nicole Nesson
Name Nicole Nesson

Address for Notices:

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1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting
Tel.: [†]
Fax: [†]
Email: [†]

CRG PARTNERS III (CAYMAN) UNLEV AIV I L.P.
BY CRG PARTNERS III (CAYMAN) GP L.P., its General Partner
By CRG PARTNERS III (CAYMAN) GP LLC, its General Partner
By: /s/ Nathan Hukill
Name: Nathan Hukill
Title: Authorized Signatory

Witness: /s/ Nicole Nesson
Name Nicole Nesson

Address for Notices:
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting
Tel.: [†]
Fax: [†]
Email: [†]

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Schedule 1
to Term Loan Agreement

COMMITMENTS

Lender	Commitment	Proportionate Share
CRG Partners III L.P.	$15,640,798.06	15.64%
CRG Partners III – Parallel Fund "A" L.P.	$9,220,859.30	9.22%
CRG Partners III Parallel Fund "B" (Cayman) L.P.	$37,311,175.42	37.31%
CRG Partners III (Cayman) LEV AIV L.P.	$33,457,827.28	33.46%
CRG Partners III (Cayman) UNLEV AIV I L.P.	$4,369,339.95	4.37%
TOTAL	**$100,000,000**	**100%**

WARRANT SHARES

Lender	Number of Warrant Shares of Common Stock Outstanding		
	First Borrowing	**Second Borrowing**	**Third Borrowing**
CRG Partners III L.P.	53,425	TBD[1]	TBD[1]
CRG Partners III – Parallel Fund "A" L.P.	31,496	TBD[1]	TBD[1]
CRG Partners III Parallel Fund "B" (Cayman) L.P.	127,447	TBD[1]	TBD[1]
CRG Partners III (Cayman) LEV AIV L.P.	114,285	TBD[1]	TBD[1]
CRG Partners III (Cayman) UNLEV AIV I L.P.	14,925	TBD[1]	TBD[1]
Total percentage, of common stock of Borrower on a fully diluted basis (inclusive of Warrants granted on such date), to Lenders on stated date	0.9%	0.3%	0.3%

[1] To equal such Lender's Proportionate Share of the aggregate percentage set forth in the bottom row of such column for such Borrowing Date.

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Exhibit A
to Term Loan Agreement

FORM OF GUARANTEE ASSUMPTION AGREEMENT

GUARANTEE ASSUMPTION AGREEMENT dated as of [DATE] (this "***Agreement***") by [NAME OF ADDITIONAL SUBSIDIARY GUARANTOR], a [___] [___] (the "***Additional Subsidiary Guarantor***"), in favor of CRG SERVICING LLC, as administrative agent and collateral agent (the "***Administrative Agent***") for the benefit of the Secured Parties under that certain Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as amended, restated, supplemented or otherwise modified, renewed, refinanced or replaced, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), Administrative Agent, the lenders from time to time party thereto and the Subsidiary Guarantors from time to time party thereto. The terms defined in the Loan Agreement are herein used as therein defined.

Pursuant to **Section 8.12(a)** of the Loan Agreement, the Additional Subsidiary Guarantor hereby agrees to become a "Subsidiary Guarantor" for all purposes of the Loan Agreement, and a "Grantor" for all purposes of the Security Agreement. Without limiting the foregoing, the Additional Subsidiary Guarantor hereby, jointly and severally with the other Subsidiary Guarantors, guarantees to the Lenders and their successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of all Guaranteed Obligations (as defined in **Section 14.01** of the Loan Agreement) in the same manner and to the same extent as is provided in **Section 14** of the Loan Agreement. In addition, as of the date hereof, the Additional Subsidiary Guarantor hereby makes the representations and warranties set forth in **Sections 7.01**, **7.02**, **7.03**, **7.05(a)**, **7.06**, **7.07**, **7.08** and **7.18** of the Loan Agreement, and in **Section 2** of the Security Agreement, with respect to itself and its obligations under this Agreement and the other Loan Documents, as if each reference in such Sections to the Loan Documents included reference to this Agreement, such representations and warranties to be made as of the date hereof.

The Additional Subsidiary Guarantor hereby instructs its counsel to deliver the opinions referred to in **Section 8.12(a)** of the Loan Agreement to Administrative Agent.

IN WITNESS WHEREOF, the Additional Subsidiary Guarantor has caused this Agreement to be duly executed and delivered as of the day and year first above written.

[ADDITIONAL SUBSIDIARY GUARANTOR]

By: _____

Name

Title

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit B
to Term Loan Agreement

FORM OF NOTICE OF BORROWING

Date : [_____]

To: CRG Servicing LLC and the Lenders referred to below
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting

Re: Borrowing under Amended and Restated Term Loan Agreement

Ladies and Gentlemen:

The undersigned, NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), refers to the Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among Borrower, CRG Servicing LLC, as administrative agent and collateral agent (in such capacities, the "***Administrative Agent***"), and the lenders from time to time party thereto and the subsidiary guarantors from time to time party thereto. The terms defined in the Loan Agreement are herein used as therein defined.

Borrower hereby gives you notice irrevocably, pursuant to **Section 2.02** of the Loan Agreement, of the borrowing of the Loan specified herein:

1. The proposed Borrowing Date is [_____].

2. The amount of the proposed Borrowing is $[_____].

3. The payment instructions with respect to the funds to be made available to Borrower are as follows:

Bank name: [_____]
Bank Address: [_____]
Routing Number: [_____]
Account Number: [_____]
Swift Code: [_____]

Borrower hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed borrowing of the Loan, before and after giving effect thereto and to the application of the proceeds therefrom:

a) the representations and warranties made by Borrower in **Section 7** of the Loan Agreement shall be true on and as of the Borrowing Date and immediately after giving effect to

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the application of the proceeds of the Borrowing with the same force and effect as if made on and as of such date except that the representation regarding representations and warranties that refer to a specific earlier date shall be that they were true on such earlier date;

b) on and as of the Borrowing Date, there shall have occurred no Material Adverse Change since December 31, 2017; and

c) no Default exists or would result from such proposed Borrowing or the application of the proceeds thereof.

IN WITNESS WHEREOF, Borrower has caused this Notice of Borrowing to be duly executed and delivered as of the day and year first above written.

BORROWER:

NANOSTRING TECHNOLOGIES, INC.

By _____
Name:
Title:

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Exhibit C-1
to Term Loan Agreement

FORM OF U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), CRG Servicing LLC, as administrative agent and collateral agent (in such capacities, the "***Administrative Agent***"), and the lenders and the subsidiary guarantors from time to time party thereto. [_____] (the "***Foreign Lender***") is providing this certificate pursuant to **Section 5.03(e)(ii)(B)** of the Loan Agreement. The Foreign Lender hereby represents and warrants that:

1. The Foreign Lender is the sole record owner of the Loans (as well as any note(s) evidencing such Loans) in respect of which it is providing this certificate;

2. The Foreign Lender is not a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "***Code***"). In this regard, the Foreign Lender further represents and warrants that:

(a) The Foreign Lender is not subject to regulatory or other legal requirements as a bank in any jurisdiction; and

(b) The Foreign Lender has not been treated as a bank for purposes of any tax, securities law or other filing or submission made to any Governmental Authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements;

3. The Foreign Lender is not a 10-percent shareholder of Borrower within the meaning of Section 871(h)(3)(B) or Section 881(c)(3)(B) of the Code; and

4. The Foreign Lender is not a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code.

The undersigned has delivered to Borrower (directly or through Administrative Agent) a correct and complete certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

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Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed and delivered as of the date indicated below.

[NAME OF NON-U.S. LENDER]

By _____
Name:
Title:

Date: _____

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit C-2
to Term Loan Agreement

FORM OF U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), CRG Servicing LLC, as administrative agent and collateral agent (in such capacities, the "***Administrative Agent***"), and the lenders and the subsidiary guarantors from time to time party thereto. [_____] (the "***Foreign Participant***") is providing this certificate pursuant to **Section 5.03(e)(ii)(B)** of the Loan Agreement. The Foreign Participant hereby represents and warrants that:

1. The Foreign Participant is the sole record and beneficial owner of the participation in respect of which it is providing this certificate;

2. The Foreign Participant is not a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "***Code***"). In this regard, the Foreign Participant further represents and warrants that:

(a) The Foreign Participant is not subject to regulatory or other legal requirements as a bank in any jurisdiction; and

(b) The Foreign Participant has not been treated as a bank for purposes of any tax, securities law or other filing or submission made to any Governmental Authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements;

3. The Foreign Participant is not a 10-percent shareholder of Borrower within the meaning of Section 871(h)(3)(B) or Section 881(c)(3)(B) of the Code; and

4. The Foreign Participant is not a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a correct and complete certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed and delivered as of the date indicated below.

[NAME OF NON-U.S. PARTICIPANT]

By _____
Name:
Title:

Date: _____

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit C-3
to Term Loan Agreement

FORM OF U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), CRG Servicing LLC, as administrative agent and collateral agent (in such capacities, the "***Administrative Agent***"), and the lenders and the subsidiary guarantors from time to time party thereto. [_____] (the "***Foreign Participant***") is providing this certificate pursuant to **Section 5.03(e)(ii)(B)** of the Loan Agreement. The Foreign Participant hereby represents and warrants that:

1. The Foreign Participant is the sole record owner of the participation in respect of which it is providing this certificate;

2. The Foreign Participant's direct or indirect partners/members are the sole beneficial owners of the participation in respect of which it is providing this certificate;

3. Neither the Foreign Participant nor its direct or indirect partners/members is a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "***Code***"). In this regard, the Foreign Participant further represents and warrants that:

(a) neither the Foreign Participant nor its direct or indirect partners/members is subject to regulatory or other legal requirements as a bank in any jurisdiction; and

(b) neither the Foreign Participant nor its direct or indirect partners/members has been treated as a bank for purposes of any tax, securities law or other filing or submission made to any Governmental Authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements;

4. Neither the Foreign Participant nor its direct or indirect partners/members is a 10-percent shareholder of Borrower within the meaning of Section 871(h)(3)(B) or Section 881(c)(3)(B) of the Code; and

5. Neither the Foreign Participant nor its direct or indirect partners/members is a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a correct and complete IRS Form W-8IMY accompanied by one of the following forms for each of its partners/members that is claiming the portfolio interest exemption : (i) an IRS Form W-8BEN or W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E, as applicable, from each such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed and delivered as of the date indicated below.

[NAME OF NON-U.S. PARTICIPANT]

By _____
Name:
Title:

Date: _____

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit C-4
to Term Loan Agreement

FORM OF U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), CRG Servicing LLC, as administrative agent and collateral agent (in such capacities, the "***Administrative Agent***"), and the lenders and the subsidiary guarantors from time to time party thereto. [_____] (the "***Foreign Lender***") is providing this certificate pursuant to **Section 5.03(e)(ii)(B)** of the Loan Agreement. The Foreign Lender hereby represents and warrants that:

1. The Foreign Lender is the sole record owner of the Loans (as well as any note(s) evidencing such Loans) in respect of which it is providing this certificate;

2. The Foreign Lender's direct or indirect partners/members are the sole beneficial owners of the Loans (as well as any note(s) evidencing such Loans) in respect of which it is providing this certificate;

3. Neither the Foreign Lender nor its direct or indirect partners/members is a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "***Code***"). In this regard, the Foreign Lender further represents and warrants that:

(a) neither the Foreign Lender nor its direct or indirect partners/members is subject to regulatory or other legal requirements as a bank in any jurisdiction; and

(b) neither the Foreign Lender nor its direct or indirect partners/members has been treated as a bank for purposes of any tax, securities law or other filing or submission made to any Governmental Authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements;

4. Neither the Foreign Lender nor its direct or indirect partners/members is a 10-percent shareholder of Borrower within the meaning of Section 871(h)(3)(B) or Section 881(c)(3)(B) of the Code; and

5. Neither the Foreign Lender nor its direct or indirect partners/members is a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code.

The undersigned has made available to Borrower (directly or through Administrative Agent) a correct and complete IRS Form W-8IMY accompanied by one of the following forms for each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by an

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

IRS Form W-8BEN or W-8BEN-E, as applicable, from each such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed and delivered as of the date indicated below.

[NAME OF NON-U.S. LENDER]

By _____
Name:
Title:

Date: _____

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit D
to Term Loan Agreement

FORM OF COMPLIANCE CERTIFICATE

[DATE]

This certificate is delivered pursuant to **Section 8.01(c)** of, and in connection with the consummation of the transactions contemplated in, the Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), CRG Servicing LLC, as administrative agent and collateral agent (in such capacities, the "***Administrative Agent***"), and the lenders and the subsidiary guarantors from time to time party thereto. Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Loan Agreement.

The undersigned, a duly authorized Responsible Officer of Borrower having the name and title set forth below under his signature, hereby certifies, on behalf of Borrower for the benefit of the Secured Parties and pursuant to **Section 8.01(c)** of the Loan Agreement that such Responsible Officer of Borrower is familiar with the Loan Agreement and that, in accordance with each of the following sections of the Loan Agreement, each of the following is true on the date hereof, both before and after giving effect to any Loan to be made on or before the date hereof:

In accordance with Section **8.01**[**(a)/(b)**] of the Loan Agreement, attached hereto as **Annex A** are the financial statements for the [fiscal quarter/fiscal year] ended [_____] required to be delivered pursuant to **Section 8.01**[**(a)/(b)**] of the Loan Agreement. Such financial statements fairly present in all material respects the consolidated financial position, results of operations and cash flow of Borrower and its Subsidiaries as at the dates indicated therein and for the periods indicated therein in accordance with GAAP [(subject to the absence of footnote disclosure and normal year-end audit adjustments)][2]

Attached hereto as **Annex B** are the calculations used to determine compliance with each financial covenant contained in **Section 10** of the Loan Agreement.

No Default or Event of Default is continuing as of the date hereof[, except as provided for on **Annex C** attached hereto, with respect to each of which Borrower proposes to take the actions set forth on **Annex C**].

The representations and warranties made by Borrower in **Section 7** of the Loan Agreement are true on and as of the date hereof, with the same force and effect as if made on and as of the date hereof (except that the representation regarding representations and warranties that refer to a specific earlier date shall be that they were true on such earlier date)[, except as provided for on **Annex D** attached hereto, with respect to each of which Borrower proposes to take the actions set forth on **Annex D**].

_____

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

[2] Insert language in brackets only for quarterly certifications.

[Attached hereto as **Annex E** are updates to **Schedules 7.05(b)(i)**, **7.05(b)(iii)**, **7.05(c)**, **7.14** and **7.16** to the Disclosure Letter.]

IN WITNESS WHEREOF, the undersigned has executed this certificate on the date first written above.

NANOSTRING TECHNOLOGIES, INC.

By _____
Name:
Title:

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Annex A to Compliance Certificate

FINANCIAL STATEMENTS

[see attached]

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Annex B to Compliance Certificate

CALCULATIONS OF FINANCIAL COVENANT COMPLIANCE

•	**Section 10.01: Minimum Liquidity**	
A.	Amount of unencumbered (other than by Liens described in **Sections 9.02(a)**, **9.02(c)** (*provided* that there is no default under the documentation governing the Permitted Priority Debt) and **9.02(j)**) cash and Permitted Cash Equivalent Investments (which for greater certainty shall not include any undrawn credit lines), in each case, to the extent held in an account over which the Lenders have a perfected security interest as of the date of this certificate:	$_____
B.	The greater of:	$_____
	(1) $2,000,000 and	
	(2) to the extent Borrower has incurred Permitted Priority Debt, the minimum cash balance required of Borrower by Borrower's Permitted Priority Debt creditors	
	Was Liquidity at all times during the period greater than Line IB?:	*Yes: In compliance; No: Not in compliance*
II.	**Section 10.02(a)-(e): Minimum Revenue—Subsequent Periods**	
A.	Revenues during the twelve-month period beginning on January 1, 2019	$_____
	Is line II.A equal to or greater than $[†]?	*Yes: In compliance; No: Not in compliance*[3]
B.	Revenues during the twelve-month period beginning on January 1, 2020	$_____
	Is line II.B equal to or greater than $[†]?	*Yes: In compliance; No: Not in compliance*[4]
C.	Revenues during the twelve-month period beginning on January 1, 2021	$_____
	Is line II.C equal to or greater than $[†]?	*Yes: In compliance; No: Not in compliance*
D.	Revenues during the twelve-month period beginning on January 1, 2022	$_____

[3] Include bracketed entry only on the Compliance Certificate to be delivered within 90 days of the end of 2019 pursuant to Section 8.01(c) of the Loan Agreement.

[4] Include bracketed entry only on the Compliance Certificate to be delivered within 90 days of the end of 2020 pursuant to Section 8.01(c) of the Loan Agreement.

[5] Include bracketed entry only on the Compliance Certificate to be delivered within 90 days of the end of 2021 pursuant to Section 8.01(c) of the Loan Agreement.

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

	Is line II.D equal to or greater than $[†]?	*Yes: In compliance; No: Not in compliance*[6]
E.	Revenues during the twelve-month period beginning on January 1, 2023	$_____
	Is line II.E equal to or greater than $[†]?	*Yes: In compliance; No: Not in compliance*[7]

[6] Include bracketed entry only on the Compliance Certificate to be delivered within 90 days of the end of 2022 pursuant to Section 8.01(c) of the Loan Agreement.

[7] Include bracketed entry only on the Compliance Certificate to be delivered within 90 days of the end of 2023 pursuant to Section 8.01(c) of the Loan Agreement.]

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Annex C
to Compliance Certificate

EVENTS OF DEFAULT

[Not applicable.]

[If applicable, state events and describe proposed remedial actions].

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Annex D
to Compliance Certificate

REPRESENTATIONS AND WARRANTIES

[Not applicable.]

[If applicable, state representations and describe proposed remedial actions].

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Annex E
to Compliance Certificate

UPDATES TO DISCLOSURE LETTER

[Schedule 7.05(b)(i) - Certain Intellectual Property
Schedule 7.05(b)(ii) - Intellectual Property Exceptions
Schedule 7.05(c) - Material Intellectual Property
Schedule 7.14- Material Agreements
Schedule 7.16 - Real Property]

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit E
to Term Loan Agreement

OPINION REQUEST

The opinions of legal counsel to Borrower and each other Obligor should address the following matters (capitalized terms used but not defined herein have the meanings given to them in the Agreement):

1. Power and authority (Section 7.01)
2. Valid existence/good standing (Section 7.01)
3. Due authorization (Section 7.02)
4. Due execution & delivery (Section 7.02)
5. Enforceability (Section 7.02)
6. No consents/conflicts (Section 7.03)
7. Investment company (Section 7.10(a))
8. Board regulations T, U & X (Section 7.10(b))
9. Legal, valid and enforceable security interest (Section 7.18)
10. Perfection of security interest (UCC) (Section 7.18)

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit F
to Term Loan Agreement

FORM OF LANDLORD CONSENT

THIS LANDLORD CONSENT (the "***Agreement***") is made and entered into as of October 12, 2018 by and among CRG Servicing LLC, as administrative agent and collateral agent for the "Secured Parties" as defined in the Loan Agreement referred to below (in such capacities, "***Administrative Agent***"), [INSERT NAME OF BORROWER or GUARANTOR], a Delaware corporation ("***Debtor***"), and [INSERT NAME OF LANDLORD], a [Delaware] [limited liability company] ("***Landlord***").

WHEREAS, Debtor has entered into an Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation, as borrower, Administrative Agent, the lenders from time to time party thereto and the subsidiary guarantors from time to time party thereto, and an Amended and Restated Security Agreement (together with the Loan Agreement, the "***Agreements***"), pursuant to which the Secured Parties have been granted a security interest in all of Debtor's personal property, including, but not limited to, inventory, equipment and trade fixtures (hereinafter "***Personal Property***;" for purposes of clarity, in no event shall Personal Property include any rents or other amounts payable to Landlord now or in the future); and

WHEREAS, Landlord is the owner of the real property located at [_____] (the "***Premises***"); and

WHEREAS, Landlord and Debtor have entered into that certain Lease dated [_____][, as amended by [_____] dated [_____]] ([collectively,] the "***Lease***"); and

WHEREAS, certain of the Personal Property has or may become affixed to or be located on, wholly or in part, the Premises.

NOW, THEREFORE, in consideration of any loans or other financial accommodation extended by the Secured Parties to Debtor at any time, and other good and valuable consideration, the parties agree as follows:

1. Landlord subordinates to Administrative Agent (for the benefit of the Secured Parties) all security interests or other interests or rights Landlord may now or hereafter have in, or to any of the Personal Property, whether for rent or otherwise, while Debtor is indebted to the Secured Parties.

2. The Personal Property may be installed in or located on the Premises and is not and shall not be deemed a fixture or part of the real estate and shall at all times be considered personal property.

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

3. Administrative Agent or its representatives may enter upon the Premises during normal business hours, and upon not less than two business days' advance notice to Landlord, to inspect the Personal Property.

4. Upon the occurrence and during the continuance of an Event of Default under the Agreements, Administrative Agent or its representatives, at Administrative Agent's option, upon written notice delivered to Landlord not less than ten (10) business days in advance, may enter the Premises during normal business hours for the purpose of repossessing, removing or otherwise dealing with said Personal Property; *provided* that neither Administrative Agent nor Secured Parties shall be permitted to operate the business of Debtor on the Premises or sell, auction or otherwise dispose of any Personal Property at the Premises (or the building in which the Premises is located) or advertise any of the foregoing; and such license shall continue, from the date Administrative Agent enters the Premises for as long as Administrative Agent reasonably deems necessary but not to exceed a period of ten (10) days. During the period Administrative Agent occupies the Premises, it shall pay to Landlord the rent provided under the Lease relating to the Premises, prorated on a per diem basis to be determined on a thirty (30) day month, without incurring any other obligations of Debtor.

5. Administrative Agent shall pay to Landlord any costs for damage to the Premises or the building in which the Premises is located in removing or otherwise dealing with said Personal Property pursuant to paragraph 4 above, and shall indemnify and hold harmless Landlord from and against (i) all claims, disputes and expenses, including reasonable attorneys' fees, suffered or incurred by Landlord arising from Administrative Agent's exercise of any of its rights hereunder, and (ii) any injury to third persons, caused by actions of Administrative Agent pursuant to this consent.

6. Landlord agrees to give notice to Administrative Agent in writing by certified mail, facsimile or email of Landlord's intent to exercise its remedies in response to any default by Debtor of any of the provisions of the Lease, to:

CRG Servicing LLC
1000 Main Street, Suite 2500
Houston, TX 77002
Attention: Portfolio Reporting
Fax: 713.209.7351
Email: notices@crglp.com

7. Landlord shall have no obligation to preserve or protect the Personal Property or take any action in connection therewith, and Administrative Agent waives all claims they may now or hereafter have against Landlord in connection with the Personal Property.

8. This consent shall terminate and be of no further force or effect (except for those provisions that expressly survive the expiration or termination hereof) upon the earlier of (i) the date on which all indebtedness secured by the Personal Property indefeasibly is paid in full (other than inchoate indemnification obligations for which no claim has been made) and (ii) the date on which the Lease is terminated or expires.

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

9. All notices required to be given hereunder shall be effectively given only if given in writing and shall be deemed to have been validly served, given, or delivered: (i) upon the earlier of actual receipt and three (3) business days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (ii) one (1) business day after deposit with a reputable overnight courier with all charges prepaid; or (iii) when delivered, if hand delivered by messenger, in each case addressed to the party entitled to receive the same at the applicable address set forth on the applicable signature page of this agreement or at such other address as may be specified for such purpose by notice given as herein provided.

10. Nothing contained herein shall be construed to amend the Lease, and the Lease remains unchanged and in full force and effect.

11. This consent shall be construed and interpreted in accordance with and governed by the laws of the State of [_____].

12. This consent may not be changed or terminated orally and is binding upon and shall inure to the benefit of Landlord, Administrative Agent, Secured Parties and Debtor and the heirs, personal representatives, successors and assigns of Landlord, Administrative Agent, Secured Parties and Debtor.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

LANDLORD:

[_____]

By _____
Name:
Title:

ADMINISTRATIVE AGENT:

CRG SERVICING LLC

By _____
Name:
Title:

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Address for Notices:

1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting
Tel.: 713.209.7350
Fax: 713.209.7351
Email: notices@crglp.com

Acknowledged and Agreed:
[INSERT NAME OF BORROWER OR GUARANTOR]

By _____
Name:
Title:

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit G
to Term Loan Agreement

TERMS OF SUBORDINATION

All obligations with respect to Permitted Subordinated Debt, including the payment of principal of and interest on, the redemption price or the fundamental change purchase price of, and all other fees, reimbursements, and expenses of Permitted Subordinated Debt will be subordinated to the prior payment in full of the Obligations, in cash or other payment satisfactory to the holders of the Obligations, including Obligations created, incurred, assumed or guaranteed after the date of the Permitted Subordinated Debt, other than and solely with respect to obligations of the Permitted Subordinated Debt that are secured by a pledge of an interest escrow account and the assets therein, which shall hold no more than the cash interest due in respect of the next three years on the outstanding principal amount of such Permitted Subordinated Debt, solely to the extent of the assets therein and proceeds thereof.

The holders of the Obligations will be entitled to receive payment in full, in cash or other payment satisfactory to the holders of the Obligations, of all obligations due in respect of such Obligations (including interest after the commencement of any bankruptcy proceeding at the rate specified in the Agreement) before the holders of Permitted Subordinated Debt will be entitled to receive any payments in respect of the obligations under Permitted Subordinated Debt, including any payment of principal of and interest on, the redemption price or the fundamental change purchase price of, or all other fees, reimbursements, and expenses of Permitted Subordinated Debt, in the event of any distribution to Borrower's creditors:

- in a liquidation or dissolution of Borrower;
- in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to Borrower or Borrower's property;
- in an assignment for the benefit of creditors;
- in any marshaling of Borrower's assets and liabilities; or
- in each case other than with respect to obligations of the Permitted Subordinated Debt that are secured by a pledge of the interest escrow account described above and the assets therein, solely to the extent of the assets therein and proceeds thereof.

Borrower also may not make any payment or distribution in respect of the Permitted Subordinated Debt, and may not acquire any Permitted Subordinated Debt for cash or property, if:

- a payment default on any of the Obligations occurs and is continuing; or
- any other default occurs and is continuing on the Obligations that permits holders of the Obligations to accelerate its maturity and an appropriate notice of such default (a

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

"Payment Blockage Notice") from Borrower or a representative of such holders is recieved;

- provided, however, that the foregoing shall not prevent the holders of Permitted Subordinated Debt from receiving payments from the interest escrow account.

- Borrower may resume payments on and distributions in respect of the Permitted Subordinated Debt, and may acquire the Permitted Subordinated Debt, upon the earlier of:

- in the case of a payment default, upon the date on which such default is cured or waived; and

- in the case of a nonpayment default, upon the earliest of (i) the date on which such default is cured or waived, (ii) 91 days after the date the Obligations are paid in full, (iii) 179 days after the date on which the applicable payment blockage notice is received, or (iv) the date the Payment Blockage Notice is rescinded.

If any holder of the Permitted Subordinated Debt or a representative thereof receives any payment of any obligations in respect of the Permitted Subordinated Debt when the payment is prohibited by these subordination provisions, the holder or a representative thereof, as the case may be, will hold the payment in trust for the benefit of the holders of the Obligations. Upon the proper written request of the holders of the Obligations, the trustee or the holder, as the case may be, will deliver the amounts in trust to the holders of the Obligations or their proper representative.

Borrower must promptly notify holders of the Obligations if payment on the Permitted Subordinated Debt is accelerated because of an event of default under the Permitted Subordinated Debt.

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit H
to Term Loan Agreement

FORM OF INTERCREDITOR AGREEMENT

This Intercreditor Agreement, dated as of [_____] (this "***Agreement***"), is made between CRG Servicing LLC, a Delaware limited liability company, as Administrative Agent, and [INSERT NAME OF A/R LENDER], a [_____] ("***[A/R Lender]***").

RECITALS

A. NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), has entered into the A/R Facility Agreement (as defined below) with [A/R Lender], which, along with any other obligations owing to [A/R Lender] by Borrower, is secured by certain property of Borrower [and the other Obligors (as defined below)].

B. Borrower [has][and the other Obligors have] entered into that certain Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "***CRG Credit Agreement***"), with certain lenders and CRG Servicing LLC, a Delaware limited liability company, as administrative agent and collateral agent for such lenders (in such capacities and together with its successors and assigns, "***CRG Agent***"), which is secured by certain property of Borrower [and the other Obligors].

C. To induce each of [A/R Lender] and the lenders under the CRG Credit Agreement to make and maintain the credit extensions under the A/R Facility Agreement and the CRG Credit Agreement, respectively, each of [A/R Lender] and CRG Agent, on behalf of the "Secured Parties" (as defined in the CRG Credit Agreement, the "***CRG Creditors***"; CRG Creditors, collectively with [A/R Lender], "***Creditors***" and each individually, a "***Creditor***"), is willing to enter into this Agreement to, among other things, subordinate certain of its liens on the terms and conditions herein set forth.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

13. **Definitions**. As used herein, the following terms have the following meanings:

"***A/R Facility Agreement***" means that certain [Credit Agreement], dated as of [_____], between [A/R Lender] and Borrower, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"***A/R Facility Documents***" means the A/R Facility Agreement and all [Loan Documents], each as defined in the A/R Facility Agreement.

"***A/R Facility Senior Collateral***" means (i) Borrower's accounts arising from the sale or lease of inventory or the provision of services, excluding IP/Equipment Accounts (collectively, "***Inventory/Service Accounts***"), (ii) Borrower's inventory, (iii) to the extent evidencing,

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governing, or securing Borrower's Inventory/Service Accounts or inventory, Borrower's payment intangibles, chattel paper, instruments and documents, (iv) to the extent held in a segregated deposit account that does not contain other cash, cash proceeds of Borrower's Inventory/Service Accounts and inventory, and (v) proceeds of insurance policies covering Borrower's Inventory/Service Accounts and inventory received with respect to such accounts and inventory; *provided* that, for purposes of clarification, notwithstanding the foregoing, in no event shall "A/R Facility Senior Collateral" include any right, title or interest of any Obligor in (A) any Intellectual Property or any licenses thereof, (B) any accounts or proceeds arising from the sale, transfer, licensing or other disposition of any Intellectual Property or licenses, or from the sale, transfer, lease or other disposition of equipment (collectively, "***IP/Equipment Accounts***"), (C) equipment, (D) to the extent evidencing, governing, securing or otherwise related to equipment, any general intangibles, chattel paper, instruments or documents or (E) proceeds of equipment or proceeds of insurance policies with respect to equipment.

"***Bankruptcy Code***" means the federal bankruptcy law of the United States as from time to time in effect, currently as Title 11 of the United States Code. Section references to current sections of the Bankruptcy Code shall refer to comparable sections of any revised version thereof if section numbering is changed.

"***Claim***" means, (i) in the case of [A/R Lender], any and all present and future "claims" (used in its broadest sense, as contemplated by and defined in Section 101(5) of the Bankruptcy Code, but without regard to whether such claim would be disallowed under the Bankruptcy Code) of [A/R Lender] now or hereafter arising or existing under or relating to the A/R Facility Documents (with the portion of [A/R Lender]'s Claim at any time consisting of the aggregate principal amount of indebtedness under the A/R Facility Documents, not to exceed the sum of (x) 80% of the face amount at such time of Borrower's non-delinquent accounts receivable Inventory/Service Accounts and (y) 50% of the fair market value of Borrower's eligible inventory at the time of any advance, whether joint, several, or joint and several, whether fixed or indeterminate, due or not yet due, contingent or non-contingent, matured or unmatured, liquidated or unliquidated, or disputed or undisputed, whether under a guaranty or a letter of credit, and whether arising under contract, in tort, by law, or otherwise, any interest or fees thereon (including interest or fees that accrue after the filing of a petition by or against any Obligor under the Bankruptcy Code, irrespective of whether allowable under the Bankruptcy Code), any costs of Enforcement Actions, including reasonable attorneys' fees and costs, and any prepayment or termination fees, and (ii) in the case of CRG Creditors, any and all present and future "claims" (used in its broadest sense, as contemplated by and defined in Section 101(5) of the Bankruptcy Code, but without regard to whether such claim would be disallowed under the Bankruptcy Code) of CRG Creditors now or hereafter arising or existing under or relating to the CRG Documents, whether joint, several, or joint and several, whether fixed or indeterminate, due or not yet due, contingent or non-contingent, matured or unmatured, liquidated or unliquidated, or disputed or undisputed, whether under a guaranty or a letter of credit, and whether arising under contract, in tort, by law, or otherwise, any interest or fees thereon (including interest or fees that accrue after the filing of a petition by or against any Obligor under the Bankruptcy Code, irrespective of whether allowable under the Bankruptcy Code), any costs of Enforcement Actions, including reasonable attorneys' fees and costs, and any prepayment or termination fees.

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"***Collateral***" means all real or personal property of any Obligor in which any Creditor now or hereafter has a security interest.

"***Common Collateral***" means all Collateral in which both [A/R Lender] and CRG Agent have a security interest.

"***CRG Documents***" means all documentation related to the CRG Credit Agreement and all Loan Documents (as defined in the CRG Credit Agreement), including security or pledge agreements and all other related agreements.

"***CRG Senior Collateral***" means all Collateral in which CRG Agent has a security interest, other than the A/R Facility Senior Collateral, including, for the avoidance of doubt and without limitation, any additional Collateral in which CRG Agent may have a security interest following the commencement of or in connection with any Insolvency Proceeding, including without limitation Collateral subject to any CRG Agent security interests, superpriority claims, or other rights arising under Sections 507(b) and 552 of the Bankruptcy Code.

"***Credit Documents***" means, collectively, the CRG Documents and the A/R Facility Documents.

"***Enforcement Action***" means, with respect to any Creditor and with respect to any Claim of such Creditor or any item of Collateral in which such Creditor has or claims a security interest, lien, or right of offset, (i) any action, whether judicial or nonjudicial, to repossess, collect, offset, recoup, give notification to third parties with respect to, sell, dispose of, foreclose upon, give notice of sale, disposition, or foreclosure with respect to, or obtain equitable or injunctive relief with respect to, such Claim or Collateral, (ii) any action in connection with any Insolvency Proceeding to protect, defend, enforce or assert rights with respect to such Claim or Collateral, including without limitation filing and defending any proof of claim, opposing or joining in the opposition of any sale of assets or confirmation of a plan of reorganization, or opposing or joining in the opposition of any proposed debtor-in-possession loan or use of cash collateral, and (iii) the filing of, or the joining in the filing of, an involuntary bankruptcy or insolvency proceeding against any Obligor.

"***Intellectual Property***" means, collectively, all copyrights, copyright registrations and applications for copyright registrations, including all renewals and extensions thereof, all rights to recover for past, present or future infringements thereof and all other rights whatsoever accruing thereunder or pertaining thereto (collectively, "***Copyrights***"), all patents and patent applications, including the inventions and improvements described and claimed therein together with the reissues, divisions, continuations, renewals, extensions and continuations in part thereof, all damages and payments for past or future infringements thereof and rights to sue therefor, and all rights corresponding thereto throughout the world and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect thereto (collectively, "***Patents***"), and all trade names, trademarks and service marks, logos, trademark and service mark registrations, and applications for trademark and service mark registrations, including all renewals of trademark and service mark registrations, all rights to recover for all past, present and future infringements thereof and all rights to sue therefor, and all rights corresponding

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thereto throughout the world (collectively, "***Trademarks***"), together, in each case, with the product lines and goodwill of the business connected with the use of, and symbolized by, each such trade name, trademark and service mark, together with (a) all inventions, processes, production methods, proprietary information, know-how and trade secrets; (b) all licenses or user or other agreements granted to any Obligor with respect to any of the foregoing, in each case whether now or hereafter owned or used; (c) all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs; (d) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured; (e) all accounting information and all media in which or on which any information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (f) all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by any Obligor; and (g) all causes of action, claims and warranties now or hereafter owned or acquired by any Obligor in respect of any of the items listed above.

"***Junior Collateral***" means, (i) in the case of [A/R Lender], all Common Collateral consisting of CRG Senior Collateral and (ii) in the case of CRG Creditors, all Common Collateral consisting of A/R Facility Senior Collateral.

"***Obligor***" means Borrower, each subsidiary thereof and each other person or entity that provides a guaranty of, or collateral for, any Claim of any Creditor.

"***Proceeds Sweep Period***" means the period beginning on the later to occur of (i) the occurrence of an event of default under any Creditor's Credit Documents and (ii) receipt by the other Creditor of written notice from such Creditor of such event of default, and ending on the date on which such event of default shall have been waived in writing by the Creditor issuing such notice.

"***Senior Collateral***" means, (i) in the case of [A/R Lender], all A/R Facility Senior Collateral and (ii) in the case of CRG Creditors, all CRG Senior Collateral.

"***UCC***" means the Uniform Commercial Code of any applicable jurisdiction and, if the applicable jurisdiction shall not have any Uniform Commercial Code, the Uniform Commercial Code as in effect in the State of New York. The following terms have the meanings given to them in the applicable UCC: "account", "chattel paper", "commodity account", "deposit account", "document", "equipment", "general intangible", "instrument", "inventory", "proceeds" and "securities account".

14. **Lien Subordination**. Notwithstanding the respective dates of attachment or perfection of the security interests of CRG Creditors and the security interests of [A/R Lender], or any contrary provision of the UCC, or any applicable law or decision, or the provisions of the Credit Documents, and irrespective of whether [A/R Lender] or any CRG Creditor holds possession of all or any part of the Collateral, (i) all now existing and hereafter arising security interests of [A/

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R Lender] in any A/R Facility Senior Collateral shall at all times be senior to the security interests of CRG Creditors in such A/R Facility Senior Collateral, and (ii) all now existing and hereafter arising security interests of CRG Creditors in any CRG Senior Collateral shall at all times be senior to any interests, including the security interests of [A/R Lender] in such CRG Senior Collateral. Notwithstanding the foregoing, [A/R Lender] agrees and acknowledges that it shall not receive, and [neither Borrower nor any Obligor shall grant][Borrower shall not grant], any security interest to [A/R Lender] in the CRG Senior Collateral.

(a) Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors:

(i) acknowledges and consents to (A) [Borrower][each Obligor] granting to the other Creditor a security interest in the Common Collateral of such other Creditor, (B) the other Creditor filing any and all financing statements and other documents as reasonably deemed necessary by the other Creditor in order to perfect its security interest in its Common Collateral, and (C) [Borrower's][each Obligor's] entry into the Credit Documents to which the other Creditor is a party.

(ii) acknowledges, agrees and covenants, notwithstanding **Section 2(c)** but subject to **Section 5**, that it shall not contest, challenge or dispute the validity, attachment, perfection, priority or enforceability of the other Creditor's security interest in the Common Collateral, or the validity, priority or enforceability of the other Creditor's Claim. For the avoidance of doubt and notwithstanding anything in this Agreement to the contrary, [A/R Lender] shall not file or join in any motion or pleading in connection with any Insolvency Proceeding or take any other action seeking to recharacterize any Intellectual Property, the proceeds thereof, or any other CRG Senior Collateral or proceeds thereof as A/R Facility Senior Collateral.

(b) Subject to **Section 2(b)(ii)**, the priorities provided for herein with respect to security interests and liens are applicable only to the extent that such security interests and liens are enforceable, perfected and have not been avoided; if a security interest or lien is judicially determined to be unenforceable or unperfected or is judicially avoided with respect to one or more Claims or any part thereof, the priorities provided for herein shall not be available to such security interest or lien to the extent that it is avoided or determined to be unenforceable. Nothing in this **Section 2(c)** affects the operation of any turnover of payment provisions hereof, or of any other agreements among any of the parties hereto.

15. **Distribution of Proceeds of Common Collateral**. During each Proceeds Sweep Period, all proceeds including proceeds of any sale, exchange, collection, or other disposition of:

(i) A/R Facility Senior Collateral shall be distributed first, to [A/R Lender], in an amount up to the amount of [A/R Lender]'s Claim; then, to CRG Agent, in an amount up to the amount of CRG Creditors' Claim;

(ii) CRG Senior Collateral shall be distributed first, to CRG Agent, in an amount up to the amount of CRG Creditors' Claim; then, to [A/R Lender], in an amount up to the amount of [A/R Lender]'s Claim.

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(b) In the event that, notwithstanding **Section 3(a)**, any Creditor shall during any Proceeds Sweep Period receive any payment, distribution, security or proceeds constituting its Junior Collateral prior to the indefeasible payment in full of the other set of Creditors' Claims and termination of all commitments of the other set of Creditors under their Credit Documents, such Creditor shall hold in trust, for such other Creditor, such payment, distribution, security or proceeds, and shall deliver to such other Creditor, in the form received (with any necessary endorsements or as a court of competent jurisdiction may otherwise direct) such payment, distribution, security or proceeds for application to the other set of Creditors' Claims in accordance with **Section 3(a)**.

(c) At all times other than during a Proceeds Sweep Period, all proceeds including proceeds of any sale, exchange, collection, or other disposition of Collateral shall be distributed or applied, as applicable, in accordance with the CRG Documents and the A/R Facility Documents.

(d) Except as expressly set forth herein, nothing in this **Section 3** shall obligate any Creditor (i) to sell, exchange, collect or otherwise dispose of Collateral at any time, or (ii) to take any action in violation of any stay imposed in connection with any Insolvency Proceeding, including without limitation the automatic stay in Section 362(a) of the Bankruptcy Code, nor shall any Creditor have any liability to the other arising from or in connection with such Creditor's failure to take such action.

16. **Subordination of Remedies**. Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors (such Person for purposes of this **Section 4**, the "***Junior Creditor***"), agrees, subject to **Section 5**, that, (i) unless and until all Claims of the other set of Creditors (for purposes of this **Section 4**, the "***Senior Creditor***") have been indefeasibly paid in full and all commitments of the Senior Creditor under its Credit Documents have been terminated, or (ii) until the expiration of a period of 180 days from the date of notice of default under the Senior Creditor's Credit Documents given by the Senior Creditor to the Junior Creditor, whichever is earlier, and whether or not any Insolvency Proceeding has been commenced by or against any Obligor, the Junior Creditor shall not, without the prior written consent of the Senior Creditor, enforce, or attempt to enforce, any rights or remedies under or with respect to any of such Junior Creditor's Junior Collateral, including causing or compelling the pledge or delivery of such Junior Collateral, any attachment of, levy upon, execution against, foreclosure upon or the taking of other action against or institution of other proceedings with respect to any such Junior Collateral, notifying any account debtors of any Obligor, asserting any claim or interest in any insurance with respect to such Junior Collateral, or exercising any rights under any lockbox agreement, account control agreement, landlord waiver or bailee's letter or similar agreement or arrangement with respect to such Junior Collateral, or institute or commence, or join with any person or entity in commencing, any action or proceeding with respect to such rights or remedies (including any action of foreclosure, enforcement, collection or execution and any Insolvency Proceeding involving any Obligor), except that notwithstanding the foregoing, at all times, including during a Proceeds Sweep Period, the Junior Creditor shall be able to exercise its rights under a lockbox agreement or an account control agreement with respect to any deposit account, securities account or commodity account constituting Collateral, including its rights to freeze such account

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or exercise any rights of offset; *provided* that any distribution or withdrawal from such account shall be applied in accordance with **Section 3(a)**.

17. **Insolvency Proceedings**. **Rights Continue**. In the event of any Obligor's insolvency, reorganization or any case, action or proceeding, commenced by or against such Obligor, under any bankruptcy or insolvency law or laws relating to the relief of debtors, including, without limitation, any voluntary or involuntary bankruptcy (including any case commenced under the Bankruptcy Code), insolvency, receivership, liquidation, dissolution, winding-up or other similar statutory or common law proceeding or arrangement involving any Obligor, the readjustment of its liabilities, any assignment for the benefit of its creditors, or any marshalling of its assets or liabilities (each, an "***Insolvency Proceeding***"), (i) this Agreement shall remain in full force and effect in accordance with Section 510(a) of the United States Bankruptcy Code, and (ii) the Collateral shall include, without limitation, all Collateral arising during or after any such Insolvency Proceeding (which Collateral shall be subject to the priorities set forth in this Agreement).

(a) **Proof of Claim, Sales and Plans**. At any meeting of creditors or in the event of any Insolvency Proceeding, each Creditor shall retain the right to vote, file a proof of claim and otherwise act with respect to its Claims (including the right to vote to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition, or extension (a "***Plan***")); *provided* that (i) no Creditor shall initiate, prosecute or participate in any claim or action in such Insolvency Proceeding directly or indirectly challenging the enforceability, validity, perfection or priority of the other set of Creditors' Claims, this Agreement, the Credit Documents, or any liens securing the other set of Creditors' Claims; and (ii) no Creditor shall propose any Plan or file or join in any motion or pleading in support of any motion or Plan or exercise any other voting rights unless such Plan provides for the treatment of the Creditors' claims in accordance with the terms of **Section 5(g)** and otherwise consistent with the terms of this Agreement, or that would otherwise impair the timely repayment of the other set of Creditors' Claims in accordance with its terms or impair or impede any rights of the other set of Creditors.

(b) **Finance and Sale Issues**. If any Obligor shall be subject to any Insolvency Proceeding and a Creditor shall desire to permit the use by such Obligor of cash collateral (as defined in Section 363(a) of the Bankruptcy Code, "***Cash Collateral***") constituting such Creditor's Senior Collateral or to permit any Obligor to obtain financing (including on a priming basis with respect to such Creditor's Senior Collateral), whether from such Creditor or any other third party under Section 362, 363 or 364 of the Bankruptcy Code or any other applicable law (each, a "***Post-Petition Financing***"), then the other set of Creditors shall not oppose or raise any objection to or contest (or join with or support any third party opposing, objecting to or contesting), such use of Cash Collateral or Post-Petition Financing and shall not request adequate protection or any other relief in connection therewith (except as specifically permitted under **Section 5(e)**); *provided, however,* that, notwithstanding the foregoing, each Creditor shall be entitled to oppose, raise objection to, or contest (or join with or support any third party opposing, objecting to, or contesting) any such use of Cash Collateral or Post-Petition Financing if such proposed use of Cash Collateral or Post-Petition Financing would result in any liens on such

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Creditor's Senior Collateral to be subordinated to or *pari passu* with such Cash Collateral or Post-Petition Financing.

(i) Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, agrees that it shall raise no objection to, and shall not oppose or contest (or join with or support any third party opposing, objecting to or contesting), a sale, revesting or other disposition of any Collateral constituting its Junior Collateral free and clear of its liens or other Claims, whether under Sections 363 or 1141 of the Bankruptcy Code or other applicable law, if the other set of Creditors has consented to such sale or disposition of such assets; *provided, however,* that, notwithstanding the foregoing and for the avoidance of doubt, any Creditor shall be entitled to oppose, raise objection to, or contest (or join with or support any third party opposing, objecting to, or contesting) any sale, revesting or other disposition of any Collateral constituting its Senior Collateral free and clear of its liens or other Claims.

(c) **Relief from the Automatic Stay**. Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, agrees that, until the other set of Creditors' Claims have been indefeasibly paid in full, such Creditor shall not seek relief, pursuant to Section 362(d) of the Bankruptcy Code or otherwise, from the automatic stay of Section 362(a) of the Bankruptcy Code or from any other stay in any Insolvency Proceeding in respect of its Junior Collateral without the prior written consent of such other Creditor.

(d) **Adequate Protection**. [A/R Lender] agrees that it shall not:

(i) oppose, object to or contest (or join with or support any third party opposing, objecting to or contesting) (A) any request by CRG Agent for adequate protection in any Insolvency Proceeding (or any granting of such request), or (B) any objection by CRG Agent to any motion, relief, action or proceeding based on such Senior Creditor claiming a lack of adequate protection; or

(ii) seek or accept any form of adequate protection under any of Sections 362, 363 and/or 364 of the Bankruptcy Code with respect to the Collateral, except to the extent that, in the sole discretion of CRG Agent, the receipt by [A/R Lender] of any such adequate protection would not reduce (or would not have the effect of reducing) or adversely affect the adequate protection that CRG Creditors otherwise would be entitled to receive, it being understood that, in any event, (y) no adequate protection shall be requested or accepted by [A/R Lender] unless CRG Agent is satisfied in its sole discretion with the adequate protection afforded to CRG Creditors, and (z) any such adequate protection is in the form of a replacement lien on the Obligors' assets, which lien shall be subordinated to the liens securing CRG Creditors' Claims (including any replacement liens granted in respect of CRG Creditors' Claims) and any Post-Petition Financing (and all obligations relating thereto) on the same basis as the other liens securing [A/R Lender]'s Claims are so subordinated to the liens securing CRG Creditors' Claims as set forth in this Agreement.

(e) **Post-Petition Interest**. Each Creditor shall not oppose or seek to challenge any claim by the other set of Creditors for allowance in any Insolvency Proceeding of Claims

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consisting of post-petition interest, fees or expenses; *provided* that the treatment of such Claims are consistent with the Creditors' relative priorities set forth in this Agreement.

(f) **Separate Class**. Without limiting anything to the contrary contained herein or in the Credit Documents, each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, acknowledges and agrees that (i) the grants of liens pursuant to the CRG Documents and the A/R Facility Documents constitute two separate and distinct grants of liens, and (ii) because of, among other things, their differing rights in the Collateral, each set of Creditors' Claims are fundamentally different from the other's Claims and must be separately classified in any Plan proposed or adopted in an Insolvency Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the respective Claims of the Creditors in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, acknowledges and agrees (x) that all distributions shall be made as if there were separate classes of senior and junior secured claims against the Obligors in respect of the Collateral, and (y) to turn over to the other Creditor amounts otherwise received or receivable by it in the manner described in **Section 3(b)** to the extent necessary to effectuate the intent of this sentence.

(g) **Waiver**. Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, waives any claim it may hereafter have against the other set of Creditors arising out of the election by such other set of Creditors of the application to the claims of such other set of Creditors of Section 1111(b)(2) of the Bankruptcy Code, and/or out of any Cash Collateral or Post-Petition Financing arrangement or out of any grant of a lien in connection with the Collateral in any Insolvency Proceeding.

18. **Notice of Default**. Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, shall give to the other prompt written notice of the occurrence of any default or event of default (which has not been promptly waived or cured) under any of its Credit Documents of which it has knowledge (and any subsequent cure or waiver thereof) and shall, simultaneously with giving any notice of default or acceleration to Borrower, provide to such other Creditor a copy of such notice of default. [A/R Lender] acknowledges and agrees that any event of default under the A/R Facility Documents shall be deemed to be an event of default under the CRG Documents. For the avoidance of doubt, nothing in this **Section 6** shall obligate any Creditor to provide any notice in violation of any stay imposed in connection with any Insolvency Proceeding, including without limitation the automatic stay in Section 362(a) of the Bankruptcy Code, nor shall any Creditor have any liability to the other arising from or in connection with such Creditor's failure to take such action.

19. **Release of Liens**. In the event of any private or public sale or other disposition, by or with the consent of [A/R Lender] and CRG Agent, on behalf of CRG Creditors (such Person, for purposes of this **Section 7**, the "***Senior Creditor***"), of all or any portion of such set of Creditors' Senior Collateral, CRG Agent, on behalf of CRG Creditors, and [A/R Lender], respectively (for purposes of this **Section 7**, the "***Junior Creditor***"), agrees that such sale or disposition shall be free and clear of such Junior Creditor's liens; *provided* that such sale or disposition is made in

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accordance with the UCC or applicable provisions of the Bankruptcy Code, including without limitation Sections 363(f) or 1141(c) of the Bankruptcy Code. The Junior Creditor agrees that, in connection with any such sale or other disposition, (i) the Senior Creditor is authorized to file any and all UCC and other applicable lien releases and/or terminations in respect of the liens held by the Junior Creditor in connection with such a sale or other disposition, and (ii) it shall execute any and all lien releases or other documents reasonably requested by the Senior Creditor in connection therewith.

20. **Attorney-In-Fact**. Until the CRG Creditors' Claims have been fully paid in cash and the CRG Creditors' arrangements to lend any funds to the Obligors have been terminated, [A/R Lender] irrevocably appoints CRG Agent as [A/R Lender]'s attorney-in-fact, and grants to CRG Agent a power of attorney with full power of substitution (which power of attorney is coupled with an interest), in the name of [A/R Lender] or in the name of CRG Agent, for the use and benefit of CRG Agent, without notice to [A/R Lender], to perform at CRG Agent's option the following acts in any bankruptcy, insolvency or similar proceeding involving Borrower:

(a) To file the appropriate claim or claims in respect of the [A/R Lender] Claims on behalf of [A/R Lender] if [A/R Lender] does not do so prior to 30 days before the expiration of the time to file claims in such proceeding and if CRG Agent elects, in its sole discretion, to file such claim or claims; and

(b) To accept or reject any plan of reorganization or arrangement on behalf of [A/R Lender] and to otherwise vote [A/R Lender]'s claims in respect of any [A/R Lender] Claim in any manner that CRG Agent deems appropriate for the enforcement of its rights hereunder.

21. **Agent for Perfection**. [A/R Lender] acknowledges that applicable provisions of the UCC may require, in order to properly perfect CRG Creditors' security interest in the Common Collateral securing the CRG Creditors' Claims, that CRG Agent possess certain of such Common Collateral, and may require the execution of control agreements in favor of CRG Agent concerning such Common Collateral. In order to help ensure that CRG Creditors' security interest in such Common Collateral is properly perfected (but subject to and without waiving the other provisions of this Agreement), [A/R Lender] agrees to hold both for itself and, solely for the purposes of perfection and without incurring any duties or obligations to CRG Creditors as a result thereof or with respect thereto, for the benefit of CRG Creditors, any such Common Collateral, and agrees that CRG Creditors' lien in such Common Collateral shall be deemed perfected in accordance with applicable law.

22. **Credit Documents**. Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, represents and warrants that it has provided to the other true, correct and complete copies of all Credit Documents which relate to its credit agreement.

(a) At any time and from time to time, without notice to the other set of Creditors, each Creditor may take such actions with respect to its Claims as such Creditor, in its sole discretion, may deem appropriate, including, without limitation, terminating advances under its Credit Documents, increasing the principal amount, extending the time of payment, increasing applicable interest to the default rate, renewing, compromising or otherwise amending the terms

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of any documents affecting its Claims and any Collateral therefor, and enforcing or failing to enforce any rights against Borrower or any other person, and no such action or inaction described in this sentence shall impair or otherwise affect such Creditor's rights hereunder; *provided, however,* that (i) no Creditor shall take any action that is inconsistent with the provisions of this Agreement, and (ii) [A/R Lender] shall not increase the portion of [A/R Lender]'s Claim consisting of principal to an amount in excess of $[_____] without the prior written consent of CRG Agent. Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, waives the benefits, if any, of any statutory or common law rule that may permit a subordinating creditor to assert any defenses of a surety or guarantor, or that may give the subordinating creditor the right to require a senior creditor to marshal assets, and each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, agrees that it shall not assert any such defenses or rights.

(b) Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, agrees that any other Creditor may release or refrain from enforcing its security interest in the Collateral, or permit the use or consumption of such Collateral by any Obligor free of the other Creditor's security interest, without incurring any liability to any other Creditor.

23. **Waiver of Right to Require Marshaling**. Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, expressly waives any right that it otherwise might have to require any other Creditor to marshal assets or to resort to Collateral in any particular order or manner, whether provided for by common law or statute. No Creditor shall be required to enforce any guaranty or any security interest or lien given by any person or entity as a condition precedent or concurrent to the taking of any Enforcement Action with respect to the Collateral.

24. **Representations and Warranties**. Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, represents and warrants to the other that:

(a) all action on the part of such Creditor, its officers, directors, partners, members and shareholders, as applicable, necessary for the authorization of this Agreement and the performance of all obligations of such Creditor hereunder has been taken;

(b) this Agreement constitutes the legal, valid and binding obligation of such Creditor, enforceable against such Creditor in accordance with its terms;

(c) the execution, delivery and performance of and compliance with this Agreement by such Creditor will not (i) result in any material violation or default of any term of any of such Creditor's charter, formation or other organizational documents (such as Articles or Certificate of Incorporation, bylaws, partnership agreement, operating agreement, etc.) or (ii) violate any material applicable law, rule or regulation.

25. **Disgorgement**. If, at any time after payment in full of the [A/R Lender] Claims any payments of the [A/R Lender] Claims must be disgorged by [A/R Lender] for any reason (including, without limitation, any Insolvency Proceeding), this Agreement and the relative rights and priorities set forth herein shall be reinstated as to all such disgorged payments as though such payments had not been made and CRG Creditors shall immediately pay over to [A/R Lender] all

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money or funds received or retained by CRG Creditors with respect to the CRG Creditors' Claims to the extent that such receipt or retention would have been prohibited hereunder.

(a) If, at any time after payment in full of the CRG Creditors' Claims any payments of the CRG Creditors' Claims must be disgorged by any CRG Creditor for any reason (including, without limitation, any Insolvency Proceeding), this Agreement and the relative rights and priorities set forth herein shall be reinstated as to all such disgorged payments as though such payments had not been made and [A/R Lender] shall immediately pay over to CRG Agent all money or funds received or retained by [A/R Lender] with respect to the [A/R Lender] Claims to the extent that such receipt or retention would have been prohibited hereunder.

26. **Successors and Assigns**. This Agreement shall bind any successors or assignees of each Creditor. This Agreement shall remain effective until all Claims are indefeasibly paid or otherwise satisfied in full and [A/R Lender] and the CRG Creditors have no commitment to extend credit under the Credit Documents. This Agreement is solely for the benefit of the Creditors and not for the benefit of Borrower or any other party. Each Creditor shall not sell, assign, pledge, dispose of or otherwise transfer all or any portion of its Claims or any of its Credit Documents or any interest in any Common Collateral unless, prior to the consummation of any such action, the transferee thereof shall execute and deliver to the other set of Creditors an agreement of such transferee to be bound hereby, or an agreement substantially identical to this Agreement providing for the continued subjection of such Claims, the interests of the transferee in the Collateral and the remedies of the transferee with respect thereto as provided herein with respect to the transferring Creditor and for the continued effectiveness of all of the other rights of the other Creditor arising under this Agreement, in each case in form satisfactory to the other set of Creditors.

27. **Further Assurances**. Each of [A/R Lender] and CRG Agent, on behalf of CRG Creditors, agrees to execute such documents and/or take such further action as the other Creditor may at any time or times reasonably request in order to carry out the provisions and intent of this Agreement, including, without limitation, ratifications and confirmations of this Agreement from time to time hereafter, as and when requested by the other Creditor.

28. **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

29. **Governing Law; Waiver of Jury Trial**. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the law of the State of New York without regard to principles of conflicts of laws that would result in the application of the laws of any other jurisdiction.

(a) EACH CREDITOR WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN.

30. **Entire Agreement**. This Agreement represents the entire agreement with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and commitments. Each

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Creditor is not relying on any representations by the other Creditor, Borrower or any other Obligor in entering into this Agreement, and each Creditor has kept and will continue to keep itself fully apprised of the financial and other condition of each Obligor. This Agreement may be amended only by written instrument signed by the Creditors.

31. **Relationship among Creditors**. The relationship among the Creditors is, and at all times shall remain solely that of creditors of Obligors. Creditors shall not under any circumstances be construed to be partners or joint venturers of one another; nor shall the Creditors under any circumstances be deemed to be in a relationship of confidence or trust or a fiduciary relationship with one another, or to owe any fiduciary duty to one another. Creditors do not undertake or assume any responsibility or duty to one another to select, review, inspect, supervise, pass judgment upon or otherwise inform each other of any matter in connection with any Obligor's property, any Collateral held by any Creditor or the operations of any Obligor. Each Creditor shall rely entirely on its own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by any Creditor in connection with such matters is solely for the protection of such Creditor.

32. **No Modification**. Notwithstanding anything contained herein, no provision of this Agreement shall be deemed to waive, amend, limit or otherwise modify any term or condition of the CRG Credit Agreement and the A/R Facility Documents.

33. **Severability**. Any provision of this Agreement which is illegal, invalid, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent such illegality, invalidity, prohibition or unenforceability without invalidating or impairing the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

34. **Notices**. All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be delivered or sent by first-class mail, postage prepaid, or by overnight courier or messenger service or by facsimile, message confirmed, and shall be deemed to be effective for purposes of this Agreement on the day that delivery is made or refused. Unless otherwise specified in a notice mailed or delivered in accordance with the foregoing sentence, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses and facsimile numbers indicated on the signature pages hereto.

IN WITNESS WHEREOF, the undersigned have executed this Intercreditor Agreement as of the date first above written.

[A/R Lender]:

[INSERT NAME OF A/R LENDER]

By _____
Name: [_____]
Title: [_____]

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Address for Notices:

[_____]
[_____]
[_____]
Tel: [_____]
Email: [_____]

CRG AGENT:

CRG SERVICING LLC

By _____
Name:
Title:

Address for Notices:
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: Portfolio Reporting
Tel.: 713.209.7350
Fax: 713.209.7351
Email: notices@crglp.com

Acknowledged and Agreed to:

BORROWER:

NANOSTRING TECHNOLOGIES, INC.

By:_____
Name: [_____]
Title: [_____]

Address for Notices:

[_____]
[_____]
Attn: [_____]
Tel.: [_____]

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Fax: [_____]
Email: [_____]]

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit I-1
to Term Loan Agreement

FORM OF DISCOUNTED PREPAYMENT OPTION NOTICE

Date : [_____]

Capital Royalty Partners II L.P. and the other Lenders
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: General Counsel

Re: Discounted Prepayment Option Notice

Ladies and Gentlemen:

This Discounted Prepayment Option Notice is delivered to you pursuant to Section 3.03(c)(ii) of that certain Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), the certain lenders and CRG Servicing LLC, a Delaware limited liability company, as administrative agent and collateral agent for such lenders (in such capacities and together with its successors and assigns, "***CRG Agent***"). Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Loan Agreement.

The Borrower hereby notifies each Lender that it is seeking:

1. to prepay the Loans at a discount in an aggregate principal amount of $[ ] (the "**Proposed Discounted Prepayment Amount**");

2. a percentage discount to the par value of the principal amount of Loans [greater than or equal to [ ]% of par value but less than or equal to [ ]% of par value][equal to [ ]% of par value] (the "**Discount Range**"); and

3. a Lender Participation Notice on or before [ ] , as determined pursuant to Section 3.03(c)(iii) of the Loan Agreement (the "**Acceptance Date**").

The Borrower expressly agrees that this Discounted Prepayment Option Notice is subject to the provisions of Section 3.03(c) of the Loan Agreement.

The Borrower hereby represents and warrants to the Lenders as follows:

1. No Default has occurred and is continuing or would result from the Borrower making the Discounted Voluntary Prepayment.

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

2. No Default has occurred with the six (6) months prior to the date of this Discounted Prepayment Option Notice.

3. Neither Borrower nor any of its Affiliates has any material non-public information ("MNPI") with respect to Borrower, its Subsidiaries or the Loans that either (a) has not been disclosed to the Lenders, or (b) if not disclosed to the Lenders, could reasonably be expected to have a material effect upon, or otherwise be material to (i) a Lender's decision to participate in a Discounted Voluntary Prepayment, or (ii) to the market price of the Loans.

4. Borrower was not in breach of Section 10.02 of the Loan Agreement during the most recently completed twelve (12) month period prior to the date of this Discounted Prepayment Option Notice.

5. Each of the other conditions to the Discounted Voluntary Prepayment contained in Section 3.03(c) of the Loan Agreement has been satisfied.

IN WITNESS WHEREOF, the undersigned has executed this Discounted Prepayment Option Notice as of the date first above written.

NANOSTRING TECHNOLOGIES, INC.

By: _____
Name:
Title:

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit I-2
to Term Loan Agreement

FORM OF LENDER PARTICIPATION NOTICE

Date : [_____]

NanoString Technologies, Inc.
530 Fairview Avenue North
Seattle, WA 98109
Attention: Chief Financial Officer

Capital Royalty Partners II L.P. and the other Lenders
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: General Counsel

Re: Lender Participation Notice

Ladies and Gentlemen

Reference is made to (a) that certain Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), the certain lenders and CRG Servicing LLC, a Delaware limited liability company, as administrative agent and collateral agent for such lenders (in such capacities and together with its successors and assigns, "***CRG Agent***"), and (b) that certain Discounted Prepayment Option Notice, dated [ ], 20[ ], from the Borrower (the "***Discounted Prepayment Option Notice***"). Capitalized terms used herein and not defined herein shall have the meaning ascribed to such terms in the Loan Agreement or the Discounted Prepayment Option Notice, as applicable.

The undersigned Lender hereby gives you notice, pursuant to Section 3.03(c)(iii) of the Loan Agreement, that it is willing to accept a Discounted Voluntary Prepayment on Loans held by such Lender:

1. _____ in a maximum aggregate principal amount of $[ ]

and

2. _____ at a percentage discount to par value of the principal amount of Loans equal to [ ]% of par value (the "Acceptable Discount").

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

The undersigned Lender expressly agrees that this offer is subject to the provisions of Section 3.03(c) of the Loan Agreement. Furthermore, conditioned upon the Applicable Discount determined pursuant to Section 3.03(c)(iii) of the Loan Agreement being a percentage of par value less than or equal to the Acceptable Discount, the undersigned Lender hereby expressly consents and agrees to a prepayment of its Loans pursuant to Section 3.03(c) of the Loan Agreement in an aggregate principal amount equal to the Offered Loans, as such principal amount may be reduced if the aggregate proceeds required to prepay Qualifying Loans (disregarding any interest payable in connection with such Qualifying Loans) would exceed the aggregate proceeds required to prepay the Proposed Discounted Prepayment Amount for the relevant Discounted Voluntary Prepayment, and acknowledges and agrees that such prepayment of its Loans will be allocated at par value.

IN WITNESS WHEREOF, the undersigned has executed this Lender Participation Notice as of the date first above written.

[LENDER]

By: _____
Name:
Title:

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit I-3
to Term Loan Agreement

FORM OF DISCOUNTED VOLUNTARY PREPAYMENT NOTICE

Date : [_____]

Capital Royalty Partners II L.P. and the other Lenders
1000 Main Street, Suite 2500
Houston, TX 77002
Attn: General Counsel

Re: Discounted Voluntary Prepayment Notice

Ladies and Gentlemen:

This Discounted Voluntary Prepayment Notice is delivered to you pursuant to Section 3.03(c)(v) of that certain Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***"), among NanoString Technologies, Inc., a Delaware corporation ("***Borrower***"), the certain lenders and CRG Servicing LLC, a Delaware limited liability company, as administrative agent and collateral agent for such lenders (in such capacities and together with its successors and assigns, "***CRG Agent***"), and the subsidiary guarantors from time to time party thereto. Capitalized terms used herein and not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

The Borrower hereby irrevocably notifies you that, pursuant to Section 3.03(c)(v) of the Loan Agreement, the Borrower will make a Discounted Voluntary Prepayment to each Qualifying Lender with Qualifying Loans, which shall be made:

1. on or before [ ], 20[ ] , as determined pursuant to Section 3.03(c)(v) of the Loan Agreement,

2. in the aggregate principal amount of $[ ] of Loans

3. at a percentage discount to the par value of the principal amount of the Loans equal to [ ]% of par value (the "Applicable Discount").

The Borrower expressly agrees that this Discounted Voluntary Prepayment Notice is irrevocable and is subject to the provisions of Section 3.03(c) of the Loan Agreement.

The Borrower hereby represents and warrants to the Lenders as follows:

1. No Default or Event of Default has occurred and is continuing or would result from the Borrower making the Discounted Voluntary Prepayment.

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

2. Neither Borrower nor any of its Affiliates has any material non-public information ("MNPI") with respect to Borrower, its Subsidiaries or the Loans that either (a) has not been disclosed to the Lenders, or (b) if not disclosed to the Lenders, could reasonably be expected to be have a material effect upon, or otherwise be material to (i) a Lender's decision to participate in a Discounted Voluntary Prepayment, or (ii) to the market price of the Loans.

3. Each of the other conditions to the Discounted Voluntary Prepayment contained in Section 3.03(c) of the Loan Agreement has been satisfied.

The Borrower agrees that if prior to the date of the Discounted Voluntary Prepayment, any representation or warranty made herein by it will not be true and correct as of the date of the Discounted Voluntary Prepayment as if then made, it will promptly notify the Lenders.

IN WITNESS WHEREOF, the undersigned has executed this Discounted Voluntary Prepayment Notice as of the date first above written.

NANOSTRING TECHNOLOGIES, INC.

By: _____
Name:
Title:

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit J
to Term Loan Agreement

FORM OF NON-DISTURBANCE AGREEMENT

THIS AGREEMENT, dated as of [INSERT DATE], by and among [INSERT NAME OF BORROWER OR OTHER GRANTOR] ("***Licensor***") and [INSERT NAME OF LICENSEE] ("***Licensee***"), as parties to the License Agreement (as defined below), and the Administrative Agent (as defined below) as the holder of the Security Interest (as defined below).

W I T N E S S E T H:

WHEREAS, Licensor and Licensee [are parties to/will enter into] that certain [License Agreement] [dated [as of/on or about] [INSERT DATE] (the "***License Agreement***"), providing for a collaboration, license, joint venture, partnership, royalty agreement or similar agreement or other research, development, manufacturing or other commercial exploitation arrangement with respect to certain intellectual property and other property owned or controlled by Licensor (the "***Licensed Property***") for the term and upon the conditions set forth therein; and

WHEREAS, Licensor has entered into that certain Amended and Restated Term Loan Agreement, dated as of October 12, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "***CRG Credit Agreement***"), with certain lenders and CRG Servicing LLC, a Delaware limited liability company, as administrative agent and collateral agent for such lenders (in such capacities and together with its successors and assigns, "***CRG Agent***"), pursuant to which Licensor has granted to the Secured Parties (as defined therein) a security interest in some or all of the Licensed Property (the "***Security Interest***"); and

WHEREAS, Licensee has requested that the Administrative Agent agree not to disturb any of Licensee's rights with respect to the Licensed Property granted under the License Agreement (the "***Licensee Rights***") in the event that upon an Event of Default (as such term is used in the Loan Documents), the Administrative Agent or any Secured Party takes possession of, sells, assigns, grants a license with respect to or otherwise exercises its rights and remedies under the Loan Documents with respect to all or any portion of the collateral constituting Licensed Property (in each case, a "***Foreclosure***").

NOW, THEREFORE, in consideration for the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the mutual benefits to accrue to the parties hereto, it is hereby declared, understood and agreed as follows:

1. The Administrative Agent, acting on its own behalf and on behalf of the other Secured Parties, acknowledges that it has received and reviewed a copy of the License Agreement attached hereto as **Exhibit A**. To the extent consent is required under the Loan Documents for Licensor to execute, deliver or perform under the License Agreement, the Administrative Agent, acting on its own behalf and on behalf of the other Secured Parties, consents to Licensor's execution, delivery and performance of the License Agreement attached hereto as **Exhibit A**, provided that such consent shall not extend to Licensor's execution, delivery and performance of

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

an amended License Agreement that (A) is materially different from the form attached hereto as Exhibit A, or (B) would constitute a breach or default under the Loan Documents. Licensee acknowledges that the Licensed Property and the License Agreement will constitute Collateral under the Security Agreement [and][,] consents to the Security Interest [, and consents to the transfer of the Licensed Property and the License Agreement in connection with any Foreclosure subject to the provisions of **Section 2** hereof].

2. In the event of a Foreclosure, it is agreed as follows:

(a) Any transfer of Licensor's rights in the Licensed Property or the License Agreement to Secured Parties or any other purchaser at a secured parties' sale or other disposition (any such transferee of the Licensed Property, a "***Successor Licensor***") shall be subject to and not free and clear of the Licensee Rights and none of the Licensee Rights shall be discharged, waived, modified, impaired or terminated solely as a result of such transfer of the Licensed Property, in each case subject to the terms of **Section 2(b)** and **Section 2(d)**.

(b) Provided that (i) the License Agreement is in full force and effect and (ii) Licensee is not in default or breach of the License Agreement in a manner that would permit the Licensor to terminate the License Rights, (x) neither Secured Parties nor any Successor Licensor will disturb, diminish or interfere with the Licensee Rights, including, without limitation, any sublicenses granted or permitted to be granted thereunder, and (y) the Administrative Agent, on behalf of itself and the other Secured Parties, undertakes that it shall notify any Successor Licensor of Licensee's rights to use the Licensed Property (including, if applicable, any rights to use Licensed Property on an exclusive basis) described in the License Agreement and cause the Successor Licensor to acknowledge the same.

(c) Subject solely to the limitations set forth in **Sections 2(a)** and **(b)**, the Secured Parties and any Successor Licensor shall have any rights of Licensor in the Licensed Property and the License Agreement to the extent such rights were transferred to Secured Parties or Successor Licensor by operation of the Foreclosure or applicable law.

(d) Notwithstanding the foregoing, except to the extent expressly undertaken in writing, neither Secured Parties nor any Successor Licensor who acquires an interest in the Licensed Property or the License Agreement as a result of any such Foreclosure or other enforcement action or proceeding (the date on which the Secured Parties, Successor Licensor, or such other party acquires such interest, hereinafter called the "***Acquisition Date***") shall be (i) liable for any act or omission of Licensor under the License Agreement or otherwise or for any damages arising as a result of a breach of the License Agreement by the Licensor (and Licensee shall have no right to offset against royalties due to the Successor Licensor under the License Agreement or any other defenses that Licensee would have against Licensor); (ii) liable for the return of any payments made by the Licensee to the Licensor under the License Agreement prior to the Acquisition Date; or (iii) required to perform or be liable for any affirmative obligations or covenants of the Licensor under the License Agreement, or liable for any of the representations or warranties of the Licensor under the License Agreement, or liable for any indemnities of the Licensor (other than, with respect to any Successor Licensor, any violation by the Successor

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Licensor of any exclusive rights of Licensee to use the Licensee Rights after the Acquisition Date).

3. This Agreement is for the express benefit of Licensee, any of its successors-in-interest, and any of its sublicensees under the License Agreement.

4. This Agreement may be executed in one or more counterparts, all of which when taken together shall constitute a single instrument.

5. This Agreement was prepared in the English language, which language shall govern the interpretation of, and any dispute regarding, the terms of this Agreement. This Agreement and all disputes arising out of or related to this Agreement or any breach hereof shall be governed by and construed under the laws of the State of New York, without giving effect to any choice of law principles that would require the application of the laws of a different state.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the day and year first above written.

[INSERT NAME OF LICENSEE], as Licensee

By _____
Name:
Title:

NANOSTRING TECHNOLOGIES, INC., as Licensor

By _____
Name:
Title:

CRG SERVICING LLC

By _____
Name:
Title:

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

EXHIBIT A
to Non-Disturbance Agreement

LICENSE AGREEMENT

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit 10.39

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of November 16, 2018 (the "**Effective Date**") between **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and **NANOSTRING TECHNOLOGIES, INC.**, a Delaware corporation ("**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank.

RECITALS

A. Bank and Borrower entered into that certain Loan and Security Agreement (as the same has been amended, modified, supplemented, renewed, or otherwise modified, from time to time, the "**Prior Loan Agreement**") dated as of January 5, 2018 (the "**Prior Loan Agreement Effective Date**").

B. Borrower has requested, and Bank has agreed to replace, amend and restate the Prior Loan Agreement in its entirety.

AGREEMENT

The parties hereby agree that the Prior Loan Agreement is hereby amended, restated, and replaced in its entirety as follows:

1. ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein.

2. LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.2 Revolving Line.

(a) Availability. Subject to the terms and conditions of this Agreement and to deduction of Reserves, Bank shall make Advances not exceeding the Availability Amount. Amounts borrowed under the Revolving Line may be repaid and, prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein.

(b) Termination; Repayment. The Revolving Line terminates on the Revolving Line Maturity Date or upon termination by Borrower subject to Section 12.1, when the principal amount of all Advances, the unpaid interest thereon, and all other Obligations relating to the Revolving Line shall be immediately due and payable, including the fees set forth in Section 2.5(d).

2.3 Overadvances. If, at any time, the outstanding principal amount of any Advances exceeds the lesser of either the Revolving Line or the Borrowing Base, Borrower shall immediately pay to Bank in cash the amount of such excess (such excess, the "**Overadvance**"). Without limiting Borrower's obligation to repay Bank any Overadvance, Borrower agrees to pay Bank interest on the outstanding amount of any Overadvance, on demand, at a per annum rate equal to the rate that is otherwise applicable to Advances plus five percent (5.0%).

2.4 Payment of Interest on the Credit Extensions.

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(a) Interest Rate. Subject to Section 2.4(b), the principal amount outstanding under the Revolving Line shall accrue interest at a floating per annum rate equal to the greater of (i) one half of one percent (0.50%) above the Prime Rate, and (ii) four and three quarters of one percent (4.75%), which interest shall be payable monthly in accordance with Section 2.4(d) below.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is four percent (4.0%) above the rate that is otherwise applicable thereto (the "**Default Rate**") unless Bank elects to impose a smaller increase in its sole discretion. Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.4(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(c) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(d) Payment; Interest Computation. Interest is payable monthly on the Payment Date of each month and shall be computed on the basis of a 360-day year for the actual number of days elapsed. In computing interest, (i) all payments received after 12:00 p.m. Pacific time on any day shall be deemed received at the opening of business on the next Business Day, and (ii) the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; provided, however, that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension.

2.5 Fees. Borrower shall pay to Bank:

(a) Intentionally Omitted.

(b) Amendment Fee and First Anniversary Fee. (i) A fully earned, non-refundable amendment fee of Eighty-Seven Thousand Five Hundred Dollars ($87,500) (the "**Amendment Fee**") is earned as of, and due and payable on, the Effective Date; and (ii) a fully earned, non-refundable anniversary fee of One Hundred Thousand Dollars ($100,000) (the "**First Anniversary Fee**") is earned as of the Effective Date and is due and payable on the earlier to occur of (i) the one (1) year anniversary of the Effective Date, (ii) the termination of this Agreement or (iii) the occurrence of an Event of Default;

(c) Second Anniversary Fee. A fully earned, non-refundable anniversary fee of One Hundred Thousand Dollars ($100,000) (the "**Second Anniversary Fee**", and together with the First Anniversary Fee, collectively, the "**Anniversary Fees**") is earned as of the Effective Date and is due and payable on the earlier to occur of (i) the two (2) year anniversary of the Effective Date, (ii) the termination of this Agreement or (iii) the occurrence of an Event of Default.

(d) Termination Fee. Upon termination of this Agreement or the termination of the Revolving Line for any reason prior to the Revolving Line Maturity Date, in addition to the payment of any other amounts then-owing, a termination fee in an amount equal to (1) Four Hundred Thousand Dollars ($400,000) if terminated on or before November 16, 2020, or (2) Two Hundred Thousand Dollars ($200,000) if terminated on or after November 16, 2020 and prior to the Revolving Line Maturity Date provided that no termination fee shall be charged if the credit facility hereunder is replaced with a new facility from Bank.

(e) Good Faith Deposit. Borrower has paid to Bank a deposit of Twenty-Five Thousand Dollars ($25,000) (the "**Good Faith Deposit**") to initiate Bank's due diligence review process. Any portion of the Good Faith Deposit not utilized to pay Bank Expenses through the Effective Date will be applied to the Amendment Fee.

(f) Bank Expenses. All Bank Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

(g) Fees Fully Earned. Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Bank's obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 2.5 pursuant to the terms of Section 2.6(c). Bank shall provide Borrower written notice of deductions made from the Designated Deposit Account pursuant to the terms of the clauses of this Section 2.5

2.6 Payments; Application of Payments; Debit of Accounts.

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(a) All payments to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) Bank has the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied. Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(c) Bank may debit any of Borrower's deposit accounts, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

2.7 Withholding. Payments received by Bank from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Bank, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Bank receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Bank with proof reasonably satisfactory to Bank indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.7 shall survive the termination of this Agreement.

3. CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension. Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed signatures to this Agreement;

(b) the completion of the Initial Audit;

(c) with respect to the initial Advance, a completed Borrowing Base Statement (and any schedules related thereto and including any other information requested by Bank with respect to Borrower's Accounts); and

(d) payment of the fees and Bank Expenses then due as specified in Section 2.5 hereof.

3.2 Conditions Precedent to all Credit Extensions. Bank's obligations to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) timely receipt of the Credit Extension request and any materials and documents required by Section 3.4;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the proposed Credit Extension, and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; and

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(c) Bank determines to its satisfaction that there has not been any Material Adverse Change.

3.3 Covenant to Deliver. Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

3.4 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance, Borrower (via an individual duly authorized by an Administrator) shall notify Bank (which notice shall be irrevocable) by electronic mail by 12:00 p.m. Pacific time on the Funding Date of the Advance. Such notice shall be made by Borrower through Bank's online banking program, provided, however, if Borrower is not utilizing Bank's online banking program, then such notice shall be in a written format acceptable to Bank that is executed by an Authorized Signer. Bank shall have received satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request Advances. In connection with any such notification, Borrower must promptly deliver to Bank by electronic mail or through Bank's online banking program such reports and information, including without limitation, sales journals, cash receipts journals, accounts receivable aging reports, as Bank may request in its sole discretion. Bank shall credit proceeds of an Advance to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from an Authorized Signer or without instructions if the Advances are necessary to meet Obligations which have become due.

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations (other than inchoate indemnity obligations), a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Bank's Lien in this Agreement).

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations and Bank Services obligations that are fully cash collateralized as set forth in this Section 4.1) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at the sole cost and expense of Borrower, promptly terminate the security interest granted herein and release its Liens in the Collateral and all rights therein shall revert to Borrower. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then at least one hundred five percent (105.0%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least one hundred ten percent (110.0%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit.

4.2 Priority of Security Interest. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Bank's Lien under this Agreement and subject to the CRG Intercreditor Agreement).

4.3 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral in violation of this Agreement, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority. Borrower is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing

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in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower, entitled "Perfection Certificate" (the "**Perfection Certificate**"). Borrower represents and warrants to Bank that (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and complete in all material respects (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date to the extent permitted by one or more specific provisions in this Agreement). Bank hereby agrees that the Perfection Certificate shall be deemed to be updated to reflect information provided in any notice delivered by Borrower to Bank as required pursuant to Section 6.2(i) or Section 7.2 below.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect or are being obtained pursuant to Section 6.1(b)), or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral. Borrower has good title to, rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. Borrower has no Collateral Accounts at or with any bank or financial institution other than Bank or Bank's Affiliates except for the Collateral Accounts described in the Perfection Certificate delivered to Bank in connection herewith and which Borrower has taken such actions as requested by Bank to give Bank a perfected security interest therein, pursuant to the terms of Section 6.8(b) (and upon delivery of such notice the Perfection Certificate will be deemed to be updated with the information contained in such notice). The Accounts are bona fide, existing obligations of the Account Debtors.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 7.2.

All Inventory is in all material respects of good and marketable quality, free from material defects.

Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for licenses granted to its customers in the ordinary course of business, (b) over-the-counter software that is commercially available to the public, and (c) material Intellectual Property licensed to Borrower and noted on the Perfection Certificate (as may be updated from time to time pursuant to Section 6.8(b)). Each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business.

Except as noted on the Perfection Certificate, Borrower is not a party to, nor is it bound by, any Restricted License.

5.3 Accounts Receivable.

(a) For each Account with respect to which Advances are requested, on the date each Advance is requested and made, such Account shall be an Eligible Account.

(b) All statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing the Eligible Accounts are and shall be true and correct and all such invoices, instruments and other documents, and all of Borrower's Books are genuine and in all respects what they purport to be. All sales and other transactions underlying or giving rise to each Eligible Account shall comply in all material respects with all applicable laws and

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governmental rules and regulations. Borrower has no knowledge of any actual or imminent Insolvency Proceeding of any Account Debtor whose accounts are Eligible Accounts in any Borrowing Base Statement. To the best of Borrower's knowledge, all signatures and endorsements on all documents, instruments, and agreements relating to all Eligible Accounts are genuine, and all such documents, instruments and agreements are legally enforceable in accordance with their terms.

(c) For any item of Inventory consisting of Eligible Inventory in any Borrowing Base Report, such Inventory (i) consists of finished goods, in good, new, and salable condition, which is not perishable, returned, consigned, obsolete, not sellable, damaged, or defective, and is not comprised of demonstrative or custom inventory, works in progress, packaging or shipping materials, or supplies; (ii) meets all applicable governmental standards in all material respects; (iii) has been manufactured in compliance with the Fair Labor Standards Act; (iv) is not subject to any Liens, except the first priority Liens granted or in favor of Bank under this Agreement or any of the other Loan Documents and Permitted Liens; and (v) is located in the United States at the locations identified by Borrower in the Perfection Certificate where it maintains Inventory (or at any location permitted under Section 7.2).

5.4 Litigation. Except as may be disclosed to Bank pursuant to Section 6.2(i), there are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries involving more than, individually or in the aggregate, Five Hundred Thousand Dollars ($500,000).

5.5 Financial Statements; Financial Condition. All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank by submission to the Financial Statement Repository or otherwise submitted to Bank fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations as of the dates and for the periods presented (subject to year-end adjustments and the absence of footnotes). There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to the Financial Statement Repository or otherwise submitted to Bank.

5.6 Solvency. The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities as they mature; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.7 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower (a) has complied in all material respects with all Requirements of Law, and (b) has not violated any Requirements of Law the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted, except where failure to obtain or make such consents, declarations, filings or notices could not reasonably be expected to have a material adverse effect on Borrower's business.

5.8 Subsidiaries; Investments. Borrower does not own any stock, partnership, or other ownership interest or other equity securities except for Permitted Investments.

5.9 Tax Returns and Payments; Pension Contributions. Borrower has timely filed all required tax returns and reports or extensions thereof, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except (a) to the extent such taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Fifty Thousand Dollars ($50,000).

To the extent Borrower defers payment of any contested taxes, Borrower shall (i) notify Bank in writing of the commencement of, and any material development in, the proceedings, and (ii) post bonds or take any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien." Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower in excess of Fifty Thousand Dollars ($50,000). Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be

expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.10 Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements and not for personal, family, household or agricultural purposes.

5.11 Full Disclosure. No written representation, warranty or other statement of Borrower in any report, certificate, or written statement submitted to the Financial Statement Repository or otherwise submitted to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written reports, written certificates, and written statements submitted to the Financial Statement Repository or otherwise submitted to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the written reports, written certificates, or written statements not misleading when made (it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.12 Definition of "Knowledge." For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer.

6. AFFIRMATIVE COVENANTS

Borrower shall do all of the following:

6.1 Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject, except to the extent noncompliance with which could not reasonably be expected to have a material adverse effect on Borrower's business.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in all of the Collateral. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

6.2 Financial Statements, Reports. Provide Bank with the following by submitting to the Financial Statement Repository or otherwise submitting to Bank:

(a) a Borrowing Base Statement accompanied by a detailed accounts receivable ledger (and any schedules related thereto and including any other information requested by Bank with respect to Borrower's Accounts) (i) with each request for an Advance, (ii) no later than Friday of each week when a Streamline Period is not in effect and any Advances are outstanding, (iii) within thirty (30) days after the end of each month when a Streamline Period is in effect and any Advances are outstanding, and (iv) within forty-five (45) days after the end of each fiscal quarter of Borrower when no Advances are outstanding;

(b) within forty-five (45) days after the end of each fiscal quarter of Borrower, (A) accounts receivable agings, aged by invoice date, (B) accounts payable agings, aged by invoice date, and (C) if any Advances are outstanding, reconciliations of accounts receivable agings (aged by invoice date), general ledger, detailed accounts receivable ledger, and detailed listing of Account Debtors, and (D) monthly perpetual inventory reports for Inventory valued on a first-in, first-out basis at the lower of cost or market (in accordance with GAAP) or such other inventory reports as are requested by Bank in its good faith business judgment;

(c) as soon as available, but no later than forty-five (45) days after the end of each fiscal quarter of Borrower (except for the fourth (4^{th}) fiscal quarter of each fiscal year), a consolidated balance sheet and income statement covering Borrower's consolidated operations for such fiscal in form consistent with such reports filed with the SEC (the "**Quarterly Financial Statements**");

(d) within forty-five (45) days after the end of each fiscal quarter of Borrower and together with the Quarterly Financial Statements, a completed Compliance Statement, confirming that, as of the end of such fiscal quarter, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants set forth in this Agreement and such other information as Bank may reasonably request;

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(e) within sixty (60) days after the end of each fiscal year of Borrower, and contemporaneously with any updates or amendments thereto, (A) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the upcoming fiscal year of Borrower, and (B) annual financial projections for the subsequent fiscal year, in each case as approved by the Board, together with any related business forecasts presented together with such annual financial projections (for example, Borrower shall deliver its operating budget and financial projections for its fiscal year ending December 31, 2018 within 60 days after the last day of its fiscal year ending December 31, 2017);

(f) as soon as available, and in any event within ninety (90) days following the end of Borrower's fiscal year, annual consolidated financial statements covering Borrower's consolidated operations for such fiscal in form consistent with such reports filed with the SEC;

(g) prompt written notice of any changes to the beneficial ownership information set out in Item 13 of the Perfection Certificate. Borrower understands and acknowledges that Bank relies on such true, accurate and up-to-date beneficial ownership information to meet Bank's regulatory obligations to obtain, verify and record information about the beneficial owners of its legal entity customers;

(h) within five (5) days of filing, copies of all periodic and other reports, proxy statements and other materials filed by Borrower and/or any Guarantor with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents on Borrower's website on the internet at Borrower's website address, or provides a link or other access thereto to an email account specified by Bank;

(i) within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt;

(j) prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, Five Hundred Thousand Dollars ($500,000) or more;

(k) together with the next Compliance Statement to be delivered after the closing of any Permitted Commercialization Arrangement for which the value of the cash and tangible property Investments by Borrower (valued at cost) would exceed Two Million Five Hundred Thousand Dollars ($2,500,000), executed copies of the transaction documents for such Permitted Commercialization Arrangement; and

(l) promptly, from time to time, such other information regarding Borrower or compliance with the terms of any Loan Documents as reasonably requested by Bank.

Any submission by Borrower of a Compliance Statement, a Borrowing Base Statement or any other financial statement submitted to the Financial Statement Repository pursuant to this Section 6.2 or otherwise submitted to Bank shall be deemed to be a representation by Borrower that (i) as of the date of such Compliance Statement, Borrowing Base Statement or other financial statement, the information and calculations set forth therein are true, accurate and correct, (ii) as of the end of the compliance period set forth in such submission, Borrower is in complete compliance with all required covenants except as noted in such Compliance Statement, Borrowing Base Statement or other financial statement, as applicable, (iii) as of the date of such submission, no Events of Default have occurred or are continuing, (iv) all representations and warranties other than any representations or warranties that are made as of a specific date in Section 5 remain true and correct in all material respects as of the date of such submission except as noted in such Compliance Statement, Borrowing Base Statement or other financial statement, as applicable, (v) as of the date of such submission, Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9, and (vi) as of the date of such submission, no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank.

6.3 Accounts Receivable.

(a) Schedules and Documents Relating to Accounts. Borrower shall deliver to Bank transaction reports and schedules of collections, as provided in Section 6.2, on Bank's standard forms; provided, however, that Borrower's failure to execute and deliver the same shall not affect or limit Bank's Lien and other rights in all of Borrower's Accounts, nor shall Bank's failure to advance or lend against a specific Account affect or limit Bank's Lien and other rights therein. If reasonably requested by Bank, Borrower shall furnish Bank with copies (or, at Bank's request, originals) of all contracts, orders, invoices,

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and other similar documents, and all shipping instructions, delivery receipts, bills of lading, and other evidence of delivery, for any goods the sale or disposition of which gave rise to such Accounts. In addition, Borrower shall deliver to Bank, on its reasonable request, the originals of all instruments, chattel paper, security agreements, guarantees and other documents and property evidencing or securing any Accounts, in the same form as received, with all necessary indorsements, and copies of all credit memos.

(b) Disputes. Borrower shall promptly notify Bank of all disputes or claims relating to Accounts in excess of Five Hundred Thousand Dollars ($500,000). Borrower may forgive (completely or partially), compromise, or settle any Account for less than payment in full, or agree to do any of the foregoing so long as (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, in arm's-length transactions, and reports the same in excess of Fifty Thousand Dollars ($50,000) to Bank in the regular reports provided to Bank; (ii) no Event of Default has occurred and is continuing; and (iii) after taking into account all such discounts, settlements and forgiveness, the total outstanding Advances will not exceed the lesser of the Revolving Line or the Borrowing Base.

(c) Collection of Accounts. Borrower shall direct Account Debtors to deliver or transmit all proceeds of Accounts into a lockbox account, or such other "blocked account" as specified by Bank (either such account, the "**Cash Collateral Account**"). Whether or not an Event of Default has occurred and is continuing, Borrower shall immediately deliver all payments on and proceeds of Accounts to the Cash Collateral Account. Subject to Bank's right to maintain a reserve pursuant to Section 6.3(d), all amounts received in the Cash Collateral Account shall be (i) when a Streamline Period is not in effect, applied to immediately reduce the Obligations under the Revolving Line (unless Bank, in its sole discretion, at times when an Event of Default exists, elects not to so apply such amounts), or (ii) when a Streamline Period is in effect, transferred on a daily basis to Borrower's operating account with Bank. Borrower hereby authorizes Bank to transfer to the Cash Collateral Account any amounts that Bank reasonably determines are proceeds of the Accounts (provided that Bank is under no obligation to do so and this allowance shall in no event relieve Borrower of its obligations hereunder).

(d) Reserves. Notwithstanding any terms in this Agreement to the contrary, at times when an Event of Default exists, Bank may hold any proceeds of the Accounts and any amounts in the Cash Collateral Account that are not applied to the Obligations pursuant to Section 6.3(c) above (including amounts otherwise required to be transferred to Borrower's operating account with Bank when a Streamline Period is in effect) as a reserve to be applied to any Obligations regardless of whether such Obligations are then due and payable.

(e) Returns. Provided no Event of Default has occurred and is continuing, if any Account Debtor returns any Inventory to Borrower, Borrower shall promptly (i) determine the reason for such return, (ii) issue a credit memorandum to the Account Debtor in the appropriate amount, and (iii) for returns in excess of Five Hundred Thousand Dollars ($500,000), provide a copy of such credit memorandum to Bank, upon request from Bank. In the event any attempted return occurs after the occurrence and during the continuance of any Event of Default, Borrower shall hold the returned Inventory in trust for Bank, and immediately notify Bank of the return of the Inventory.

(f) Verifications; Confirmations; Credit Quality; Notifications. Bank may, from time to time, (i) verify and confirm directly with the respective Account Debtors the validity, amount and other matters relating to the Accounts, either in the name of Borrower or Bank or such other name as Bank may choose, and notify any Account Debtor of Bank's security interest in such Account after consultation and notice to Borrower (unless an Event of Default is continuing) and/or (ii) conduct a credit check of any Account Debtor to approve any such Account Debtor's credit.

(g) No Liability. Bank shall not be responsible or liable for any shortage or discrepancy in, damage to, or loss or destruction of, any goods, the sale or other disposition of which gives rise to an Account, or for any error, act, omission, or delay of any kind occurring in the settlement, failure to settle, collection or failure to collect any Account, or for settling any Account in good faith for less than the full amount thereof, nor shall Bank be deemed to be responsible for any of Borrower's obligations under any contract or agreement giving rise to an Account. Nothing herein shall, however, relieve Bank from liability for its own gross negligence or willful misconduct.

6.4 Remittance of Proceeds. Except as otherwise provided in Section 6.3(c), deliver, in kind, all proceeds arising from the disposition of any Collateral to Bank in the original form in which received by Borrower not later than the following Business Day after receipt by Borrower, to be applied to the Obligations (a) prior to an Event of Default, pursuant to the terms of Section 6.3(c) hereof, and (b) after the occurrence and during the continuance of an Event of Default, pursuant to the terms of Section 9.4 hereof; provided that, if no Event of Default has occurred and is continuing, Borrower shall not be obligated to remit to Bank the proceeds of any Collateral. Nothing in this Section 6.4 limits the restrictions on disposition of Collateral set forth elsewhere in this Agreement.

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6.5 Taxes; Pensions. Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports (or extensions thereof) and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower and each of its Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.9 hereof, and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.6 Access to Collateral; Books and Records. At reasonable times, on three (3) Business Days' notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to inspect the Collateral and the right to audit and copy Borrower's Books. The foregoing inspections and audits shall be conducted no more often than once every twelve (12) months (or more frequently as Bank in its sole discretion determines that conditions warrant) unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The foregoing inspections and audits shall be conducted at Borrower's expense and the charge therefor shall be One Thousand Dollars ($1,000) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule an audit more than eight (8) days in advance, and Borrower cancels or seeks to or reschedules the audit with less than eight (8) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of Two Thousand Dollars ($2,000) plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling. Borrower hereby acknowledges that the Initial Audit will be conducted prior to the initial Advance but not later than ninety (90) days after the Effective Date. In addition, Bank reserves the right, in its good faith business judgment as conditions warrant, to conduct an independent third party appraisal of Borrower's Inventory at Borrower's sole cost and expense.

6.7 Insurance.

(a) Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as a lender loss payee. All liability policies shall show, or have endorsements showing, Bank as an additional insured. Bank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(b) Ensure that proceeds payable under any property policy with respect to Collateral are, at Bank's option, payable to Bank on account of the Obligations. Notwithstanding the foregoing, (i) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy with respect to casualties to Collateral of up to Five Hundred Thousand Dollars ($500,000) in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (A) shall be of equal or like value as the replaced or repaired Collateral and (B) shall be deemed Collateral in which Bank has been granted a first priority security interest, and (ii) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be payable to Bank on account of the Obligations.

(c) At Bank's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 6.7 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank twenty (20) days (ten (10) days for non-payment of premium) prior written notice before any such policy or policies shall be canceled. If Borrower fails to obtain insurance as required under this Section 6.7 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.7, and take any action under the policies Bank deems prudent.

6.8 Accounts.

(a) Maintain with Bank and Bank's Affiliates (i) the Cash Collateral Account and (ii) its primary banking relationship, including, without limitation, operating and other deposit accounts, and securities/investment accounts, cash management, asset management, letters of credit and corporate credit cards. Notwithstanding the foregoing, Borrower may maintain corporate credit cards with American Express as permitted under clause (e) of the definition of Permitted Indebtedness and Excluded Accounts. Any Guarantor shall maintain all depository, operating and securities/investment accounts with Bank and Bank's Affiliates.

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(b) In addition to and without limiting the restrictions in clause (a), Borrower shall provide Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder which Control Agreement may not be terminated without the prior written consent of Bank. The provisions of the previous sentence shall not apply to Excluded Accounts.

6.9 Financial Covenants. Maintain:

(a) Minimum Liquidity. At all times, Liquidity of greater than Two Million Dollars ($2,000,000).

(b) Minimum Revenue. Tested as of the last day of each fiscal year of Borrower for the trailing twelve (12) month period then ended, minimum revenue (determined in accordance with GAAP) of at least the following amounts:

Fiscal Year Ending	**Minimum Revenue**
December 31, 2019	$[†]
December 31, 2020	$[†]

Notwithstanding anything to the contrary contained in this **Section 6.9**, in the event that Borrower fails to comply with the covenants contained in **Section 6.9 (a)** and **(b)** (such covenants for such applicable periods being the "**Specified Financial Covenants**"), Borrower shall have the right at any time in the twelve (12) months prior to, or within ninety (90) days of, the end of the respective calendar year:

(i) to issue additional shares of equity interests of Borrower in exchange for cash (the "**Equity Cure Right**"), or

(ii) to borrow Permitted Cure Debt (the "**Subordinated Debt Cure Right**" and, collectively with the Equity Cure Right, the "**Cure Right**"),

in an amount equal to the revenue required in section 6.9(b) less Borrower's annual revenue (the "**Cure Amount**"). The cash therefrom immediately shall be contributed as equity or subordinated debt, as applicable, to Borrower, and upon the receipt by Borrower of the Cure Amount pursuant to the exercise of such Cure Right, such Cure Amount shall be deemed to constitute revenue of Borrower for purposes of the Specified Financial Covenants and the Specified Financial Covenants shall be recalculated for all purposes under the Loan Documents. If, after giving effect to the foregoing recalculation, Borrower shall then be in compliance with the requirements of the Specified Financial Covenants, Borrower shall be deemed to have satisfied the requirements of the Specified Financial Covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach of the Specified Financial Covenants that had occurred, the related Default and Event of Default, shall be deemed cured without any further action of Borrower or Bank for all purposes under the Loan Documents (the "**Financial Covenant Cure**"). Notwithstanding the foregoing, upon the violation of any Specified Financial Covenants (regardless of the occurrence of any Financial Covenant Cure), (x) Bank shall no longer be obligated to fund additional Credit Extensions hereunder and (y) any Streamline Period shall immediately terminate and Borrower shall not be eligible to enter into a subsequent Streamline Period until Bank otherwise consents in writing.

6.10 Protection of Intellectual Property Rights. Use commercially reasonable efforts to protect, defend and maintain the validity and enforceability of its Intellectual Property material to Borrower's business; (a) promptly advise Bank in writing of material infringements or any other event that could reasonably be expected to materially and adversely affect the value of its Intellectual Property material to Borrower's business; and (b) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent.

6.11 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower.

6.12 Online Banking.

(a) Utilize Bank's online banking platform for all matters requested by Bank which shall include, without limitation (and without request by Bank for the following matters), uploading information pertaining to Accounts and Account Debtors, requesting approval for exceptions, requesting Credit Extensions, and uploading financial statements and

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other reports required to be delivered by this Agreement (including, without limitation, those described in Section 6.2 of this Agreement).

(b) Comply with the terms of Bank's Online Banking Agreement as in effect from time to time and ensure that all persons utilizing Bank's online banking platform are duly authorized to do so by an Administrator. Bank shall be entitled to assume the authenticity, accuracy and completeness on any information, instruction or request for a Credit Extension submitted via Bank's online banking platform and to further assume that any submissions or requests made via Bank's online banking platform have been duly authorized by an Administrator.

6.13 Formation or Acquisition of Subsidiaries; Immaterial Subsidiaries. Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that (x) Borrower or any Guarantor forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date or (y) any Immaterial Subsidiary ceases to be an Immaterial Subsidiary, then at Bank's option, Borrower and such Guarantor shall (a) cause such new Subsidiary (other than an Immaterial Subsidiary) or such Subsidiary that ceased to be an Immaterial Subsidiary to provide to Bank a joinder to this Agreement to become a co-borrower or Guarantor hereunder, together with such appropriate financing statements and/or Control Agreements, all in form and substance reasonably satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary (other than an Immaterial Subsidiary) or former Immaterial Subsidiary to the extent such assets would constitute Collateral if owned by Borrower), (b) provide to Bank all other documentation in form and substance reasonably satisfactory to Bank, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.13 shall be a Loan Document; provided, however, that solely in the circumstance in which Borrower or any Guarantor creates or acquires a Foreign Subsidiary, such Foreign Subsidiary shall not be required to guarantee the Obligations of Borrower under the Loan Documents and shall not be required to grant a continuing pledge and security interest in and to the assets of such Foreign Subsidiary that would constitute Collateral if owned by Borrower, if (i) Borrower demonstrates to the reasonable satisfaction of Bank that such Foreign Subsidiary becoming a co-Borrower or providing such guarantee or pledge and security interest would create an adverse tax consequence to Borrower or Guarantor under the U.S. Internal Revenue Code or (ii) such Foreign Subsidiary is an Immaterial Subsidiary.

6.14 Further Assurances. Execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement. Deliver to Bank, within five (5) days after the same are sent or received, copies of all material correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

7. NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent:

7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of Borrower's use or transfer of money or Cash Equivalents in the ordinary course of its business for the payment of ordinary course business expenses in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (e) tangible property transfers to a Permitted Commercialization Arrangement Vehicle but subject to the monetary limit in clause (l) of the defined term "Permitted Investments"; (f) transfers of Property by any Loan Party to any other Loan Party; (g) placements of specialized equipment for manufacturing, with a fair market value not to exceed the sum of Three Million Dollars ($3,000,000) in the aggregate, with foreign or domestic contract manufacturers where Borrower retains title to such equipment; (h) subject to Section 6.3(b) of this Agreement, dispositions consisting of the sale, transfer, assignment or other disposition of unpaid and overdue accounts receivable in connection with the collection, compromise or settlement thereof in the ordinary course of business and not as part of a financing transaction, provided that (i) no Event of Default nor any Overadvance is continuing nor would result therefrom, and (ii) such accounts receivable shall be excluded from the Borrowing Base; (i) dispositions of property that is not Collateral to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such disposition are applied to the purchase price of such replacement property within one hundred eighty (180) days; (j) subject to Section 6.7 of this Agreement, dispositions resulting from casualty events; (k) non-exclusive licenses of Borrower's and its Subsidiaries' Intellectual Property; (l) licenses for the use of the Intellectual Property of Borrower or its Subsidiaries (but not to any of

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Borrower's other Affiliates, except for a Permitted Commercialization Arrangement Vehicle) that are approved by the Board and which would not result in a legal transfer of title of the licensed property but that may be exclusive (i) in respects other than territory (such as field of use or scope) and (ii) as to territory, only as to discrete areas outside of the United States; provided that any such license of such Intellectual Property covering the Product may be exclusive only as to territory and only as to discrete areas outside of the United States; (m) exclusive and non-exclusive licenses covering nCounter Elements or diagnostic gene content other than for nCounter-based Prosigna™ Breast Cancer Prognostic Gene Signature Assay; (n) any transaction permitted under Section 7.3; and (o) the disposition of other property in aggregate amount not to exceed Five Hundred Thousand Dollars ($500,000) in any single year.

7.2 Changes in Business, Management, Control, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related thereto; (b) liquidate or dissolve; or (c) permit or suffer any Change in Control.

Borrower shall not, without at least ten (10) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Five Hundred Thousand Dollars ($500,000) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Five Hundred Thousand Dollars ($500,000) to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate, (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower intends to deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Five Hundred Thousand Dollars ($500,000) to a bailee in the United States, and Bank and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will cause such bailee to execute and deliver a bailee agreement in form and substance reasonably satisfactory to Bank within sixty (60) days after the delivery of Collateral thereto (or such later date as agreed to by Bank).

7.3 Mergers or Acquisitions. Without Bank's prior written consent which shall not be unreasonably withheld, merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any Subsidiary), except (a) any Subsidiary may merge or consolidate with or into any Borrower or any Guarantor; (b) any Subsidiary may sell, lease, transfer, or otherwise dispose of any or all of its property to any Borrower or any Guarantor; and (c) Borrower and its Subsidiaries may enter into Permitted Commercialization Arrangements. A Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens and Transfers permitted by Section 7.1, permit any Collateral not to be subject to the first priority security interest granted herein, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Liens" herein and other than under the CRG Loan Agreement.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.8(b) hereof.

7.7 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock except that (i) Borrower may declare and pay dividends with respect to its capital stock payable solely in additional shares of its common stock; (ii) Borrower may purchase, redeem, retire, or otherwise acquire shares of its capital stock or other equity interests with the proceeds received from a substantially concurrent issue of new shares of its capital stock or other equity interests; (iii) for payments pursuant to employee stock plans, which payments must be approved by the Board comprised of disinterested members; (iv) for the payment of dividends by any Guarantor to Borrower or to any other Guarantor; (v) any Subsidiary may make a payment or distribution to any Borrower or any other Guarantor, and (vi) any Subsidiary that is not a Guarantor may make a payment or distribution to Borrower or any other Subsidiary; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

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7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person; provided that the foregoing restriction shall not apply to the following: (a) transactions between or among Loan Parties; (b) transactions consented to by Bank, which consent shall not be unreasonably withheld, which increase the tax efficiency of Borrower and its Subsidiaries as a whole that are undertaken between Borrower and its Subsidiaries in good faith based on advice of external legal counsel and that comply with arm's length principles pursuant to Section 482 of the Code and regulations thereunder; (c) the transactions disclosed to Bank in writing prior to the Prior Loan Agreement Effective Date; (d) transactions permitted under clauses (j) and (k) of the defined term "Permitted Indebtedness," Section 7.3(a), clauses (a), (f) (g) and (j) of the defined term "Permitted Investments", and Sections 7.7(a)(i), (iii) and (iv); and (e) transactions under Permitted Commercialization Arrangements, but only if such transactions have first been approved by a majority of the board members of the Board, exclusive of any interested board members, exercising their reasonable business judgment and fiduciary duties to Borrower, and, only so long as Borrower is a Publicly Reporting Company.

7.9 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Bank except as permitted under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject.

7.10 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to (a) meet the minimum funding requirements of ERISA, (b) prevent a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur, or (c) comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Revolving Line Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 0, or 6.12 or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

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8.3 Material Adverse Change. A Material Adverse Change occurs;

8.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary) in excess of Five Hundred Thousand Dollars ($500,000), or (ii) a notice of lien or levy is filed against any of Borrower's assets by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business;

8.5 Insolvency. (a) Borrower or any of its Subsidiaries is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and is not dismissed or stayed within forty-five (45) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is, under any agreement to which Borrower or any Guarantor is a party with a third party or parties, (a) any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of One Million Dollars ($1,000,000) after any applicable grace or cure period; or (b) any breach or default by Borrower or Guarantor, the result of which could have a material adverse effect on Borrower's or any Guarantor's business; provided, however, that the Event of Default under this Section 8.6 caused by the occurrence of a breach or default under such other agreement shall be cured or waived for purposes of this Agreement upon Bank receiving written notice from the party asserting such breach or default of such cure or waiver of the breach or default under such other agreement, if at the time of such cure or waiver under such other agreement (x) Bank has not declared an Event of Default under this Agreement and exercised any rights with respect thereto; (y) any such cure or waiver does not result in an Event of Default under any other provision of this Agreement or any Loan Document; and (z) in connection with any such cure or waiver under such other agreement, the terms of any agreement with such third party are not modified or amended in any manner which could in the good faith business judgment of Bank be materially less advantageous to Borrower or any Guarantor;

8.7 Judgments; Penalties. One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least One Million Dollars ($1,000,000) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower by any Governmental Authority, and the same are not, within ten (10) days after the entry, assessment or issuance thereof, discharged, satisfied, or paid, or after execution thereof, stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the satisfaction, payment, discharge, stay, or bonding of such fine, penalty, judgment, order or decree);

8.8 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt. Any document, instrument, or agreement evidencing any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement or any applicable subordination or intercreditor agreement;

8.10 Guaranty. (a) Any guaranty of any Obligations terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any guaranty of the Obligations; (c) any circumstance described in Sections 8.3, 8.4, 8.5, 8.6, 8.7, or 8.8 of this Agreement occurs with respect to any Guarantor, (d) the death, liquidation, winding up, or termination of existence of any Guarantor; or (e)(i) a material impairment in the perfection or priority of Bank's Lien in the collateral provided by Guarantor or in the value of such collateral or (ii) a material adverse change in the general affairs, management, results of operation, condition (financial or otherwise) or the prospect of repayment of the Obligations occurs with respect to any Guarantor;

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8.11 Governmental Approvals. Any material Governmental Approval shall have been (a) revoked, rescinded, suspended, modified in a material adverse manner or not renewed in the ordinary course for a full term or (b) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of such Governmental Approval or that could result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or non-renewal (i) causes, or could reasonably be expected to cause, a Material Adverse Change, or (ii) materially adversely affects the legal qualifications of Borrower to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to materially adversely affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction; or

8.12 Cross-Default with CRG Loan Documents. An event of default (as such term is defined in the CRG Loan Documents) shall occur and be continuing under the CRG Loan Documents and such event of default is not waived or cured within any applicable grace period provided therein; provided, however, that the Event of Default under this Section 8.12 caused by the occurrence of a breach or default under the CRG Loan Documents shall be cured or waived for purposes of this Agreement upon Bank receiving written notice from CRG of the breach or default under such other agreement, if at the time of such cure or waiver under the CRG Loan Documents (x) Bank has not declared an Event of Default under this Agreement and exercised any rights with respect thereto; (y) any such cure or waiver does not result in an Event of Default under any other provision of this Agreement or any Loan Document; and (z) in connection with any such cure or waiver under such other agreement, the terms of any CRG Loan Documents are not modified or amended in any manner which could in the good faith business judgment of Bank be materially less advantageous to Borrower or any Guarantor.

9. BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) demand that Borrower (i) deposit cash with Bank in an amount equal to at least (A) one hundred five percent (105.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in Dollars remaining undrawn, and (B) one hundred ten percent (110.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in a Foreign Currency remaining undrawn (plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(d) terminate any FX Contracts;

(e) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, and notify any Person owing Borrower money of Bank's security interest in such funds. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver the payments to Bank in the form received from the Account Debtor, with proper endorsements for deposit;

(f) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(g) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) amount held by Bank owing to or for the credit or the account of Borrower;

(h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or

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any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(i) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(j) demand and receive possession of Borrower's Books; and

(k) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 Power of Attorney. Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, exercisable following the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses); (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Bank's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and the Loan Documents have been terminated. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and the Loan Documents have been terminated.

9.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 6.7 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.4 Application of Payments and Proceeds. If an Event of Default has occurred and is continuing, Bank shall have the right to apply in any order any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations. Bank shall pay any surplus to Borrower by credit to the Designated Deposit Account or to other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

9.5 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Except as set forth in the preceding sentence, Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and

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Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10. NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower: NanoString Technologies, Inc.
530 Fairview Avenue N.
Seattle, Washington 98109
Attn: [†]
Email: [†]

If to Bank: Silicon Valley Bank
2400 Hanover St.
Palo Alto, California 94304
Attn: [†]
Email: [†]

11. CHOICE OF LAW, VENUE, JURY TRIAL WAIVER AND JUDICIAL REFERENCE

Except as otherwise expressly provided in any of the Loan Documents, California law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure

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Sections 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure Section 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

This Section 11 shall survive the termination of this Agreement.

12. GENERAL PROVISIONS

12.1 Termination Prior to Maturity Date; Survival. All covenants, representations and warranties made in this Agreement shall continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Revolving Line Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive notwithstanding this Agreement's termination.

12.2 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents.

12.3 Indemnification. Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank (each, an "**Indemnified Person**") harmless against: (i) all obligations, demands, claims, and liabilities (collectively, "**Claims**") claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (ii) all losses or expenses (including Bank Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Bank and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

This Section 12.3 shall survive until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run.

12.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.6 Correction of Loan Documents. Bank may correct patent errors and fill in any blanks in the Loan Documents consistent with the agreement of the parties.

12.7 Amendments in Writing; Waiver; Integration. No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject

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matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

12.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.9 Confidentiality. In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank's Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Bank, collectively, "**Bank Entities**"); (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, Bank shall use its best efforts to obtain any prospective transferee's or purchaser's agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. Confidential information does not include information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information.

Bank Entities may use anonymous forms of confidential information for aggregate datasets, for analyses or reporting, and for any other uses not expressly prohibited in writing by Borrower. The provisions of the immediately preceding sentence shall survive the termination of this Agreement.

12.10 Attorneys' Fees, Costs and Expenses. In any action or proceeding between Borrower and Bank arising out of or relating to the Loan Documents, the prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which it may be entitled.

12.11 Electronic Execution of Documents. The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.12 Right of Setoff. Borrower hereby grants to Bank a Lien and a right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a subsidiary of Bank) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may setoff the same or any part thereof and apply the same to any liability or Obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.13 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.14 Construction of Agreement. The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.15 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.16 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

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12.17 Transitional Arrangements. On the Effective Date, this Agreement shall amend, restate and supersede the Prior Loan Agreement in its entirety, except as provided in this Section. This Agreement is not intended to, and does not, novate the Prior Loan Agreement. On the Effective Date, the rights and obligations of the parties evidenced by the Prior Loan Agreement shall be evidenced by this Agreement and the other Loan Documents and the grant of security interest in the Collateral by the Borrower under the Prior Loan Agreement and the other "Loan Documents" (as defined in the Prior Loan Agreement) shall continue under this Agreement and the other Loan Documents, and such security interest and any other rights and obligations which by their express terms survive the termination of the Loan Documents shall not in any event be terminated, extinguished or annulled but shall hereafter be governed by this Agreement and the other Loan Documents. All references to the Prior Loan Agreement in any Loan Document or other document or instrument delivered in connection therewith shall be deemed to refer to this Agreement and the provisions hereof as amended, restated, or otherwise modified from time to time.

13. DEFINITIONS

13.1 Definitions. As used in the Loan Documents, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

"**Account**" is, as to any Person, any "**account**" of such Person as "account" is defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to such Person.

"**Account Debtor**" is any "**account debtor**" as defined in the Code with such additions to such term as may hereafter be made.

"**Administrator**" is an individual that is named:

(a) as an "Administrator" in the "SVB Online Services" form completed by Borrower with the authority to determine who will be authorized to use SVB Online Services (as defined in Bank's Online Banking Agreement as in effect from time to time) on behalf of Borrower; and

(b) as an Authorized Signer of Borrower in an approval by the Board.

"**Advance**" or "**Advances**" means a revolving credit loan (or revolving credit loans) under the Revolving Line.

"**Affiliate**" is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members. For purposes of the definition of Eligible Accounts, Affiliate shall include a Specified Affiliate.

"**Agreement**" is defined in the preamble hereof.

"**Anniversary Fees**" is defined in Section 2.5(c).

"**Authorized Signer**" is any individual listed in Borrower's Borrowing Resolution who is authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of Borrower.

"**Availability Amount**" is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base minus (b) the outstanding principal balance of any Advances.

"**Bank**" is defined in the preamble hereof.

"**Bank Entities**" is defined in Section 12.9.

"**Bank Expenses**" are all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower or any Guarantor.

"**Bank Services**" are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "**Bank Services Agreement**").

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"**Bank Services Agreement**" is defined in the definition of Bank Services.

"**Board**" is Borrower's board of directors.

"**Borrower**" is defined in the preamble hereof.

"**Borrower's Books**" are all Borrower's books and records including ledgers, federal and state tax returns, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Borrowing Base**" is (a) eighty percent (80%) of Eligible Accounts plus, solely if a Streamline Period is in effect, (b) the lesser of (i) fifty percent (50%) of the value of Borrower's Eligible Inventory (valued at the lower of cost or wholesale fair market value) or (ii) Four Million Dollars ($4,000,000) (provided that the aggregate amount in this clause (b) shall not comprise more than twenty-five percent (25%) of the Borrowing Base), each as determined by Bank from Borrower's most recent Borrowing Base Statement (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, Accounts that are paid and/or billed following the date of the Borrowing Base Statement); provided, however, that Bank has the right to decrease the foregoing percentage in its good faith business judgment to mitigate the impact of events, conditions, contingencies, or risks which may adversely affect the Collateral or its value. Upon the termination of a Streamline Period, Borrower shall repay outstanding Advances to the extent necessary to cure any Overadvance resulting from the removal of Inventory from the Borrowing Base.

"**Borrowing Base Statement**" is that certain report of the value of certain Collateral in the form specified by Bank to Borrower from time to time.

"**Borrowing Resolutions**" are, with respect to any Person, those resolutions adopted by such Person's board of directors (and, if required under the terms of such Person's Operating Documents, stockholders) and delivered by such Person to Bank approving the Loan Documents to which such Person is a party and the transactions contemplated thereby, together with a certificate executed by its secretary on behalf of such Person certifying (a) such Person has the authority to execute, deliver, and perform its obligations under each of the Loan Documents to which it is a party, (b) that set forth as a part of or attached as an exhibit to such certificate is a true, correct, and complete copy of the resolutions then in full force and effect authorizing and ratifying the execution, delivery, and performance by such Person of the Loan Documents to which it is a party, (c) the name(s) of the Person(s) authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of such Person, together with a sample of the true signature(s) of such Person(s), and (d) that Bank may conclusively rely on such certificate unless and until such Person shall have delivered to Bank a further certificate canceling or amending such prior certificate.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which Bank is closed.

"**Cash Collateral Account**" is defined in Section 6.3(c).

"**Cash Equivalents**" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.; (c) Bank's certificates of deposit issued maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

"**Change in Control**" means (a) at any time, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of 50% or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis as-converted to common stock) other than (i) by the sale of Borrower's equity securities in a follow-on offering of its equity securities or (ii) to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; or (b) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock of each subsidiary of Borrower free and clear of all Liens (except Liens created by this Agreement).

"**Claims**" is defined in Section 12.3.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term

is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A.

"**Collateral Account**" is any Deposit Account, Securities Account, or Commodity Account.

"**Commodity Account**" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"**Compliance Statement**" is that certain statement in the form attached hereto as Exhibit B.

"**Contingent Obligation**" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

"**Copyrights**" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"**Cost-Plus Arrangements**" means cost-plus arrangements among Borrower and/or its Subsidiaries in the ordinary course of business pursuant to which Borrower or one of its Subsidiaries pays Borrower or another Subsidiary for certain services (including research and development) for the cost of such services plus a reasonable mark-up.

"**Credit Extension**" is any Advance, any Overadvance, or any other extension of credit by Bank for Borrower's benefit.

"**CRG**" means, collectively, CRG Servicing and the CRG Lenders.

"**CRG Cash Collateral**" has the meaning set forth in the CRG Intercreditor Agreement.

"**CRG Indebtedness**" is Indebtedness of Borrower to the CRG Lenders under the CRG Loan Documents in the principal amount not to exceed One Hundred Million Dollars ($100,000,000).

"**CRG Intercreditor Agreement**" is that certain Intercreditor Agreement by and between Bank and CRG Servicing dated as of January 5, 2018, as amended.

"**CRG Lenders**" means the lenders party to the CRG Loan Agreement.

"**CRG Loan Agreement**" means that certain Amended and Restated Term Loan Agreement dated as of October 12, 2018 among Borrower and CRG, as may from time to time be amended, modified, supplemented, extended, renewed, restated or replaced.

"**CRG Loan Documents**" means the CRG Loan Agreement, that certain Security Agreement dated as of April 1, 2014 between Borrower and CRG Servicing, and any other agreement, document, promissory note, financing statement, or instrument executed by Borrower in favor of CRG pursuant to or in connection with the CRG Indebtedness, as the same may from time to time be amended, modified, supplemented, extended, renewed, restated or replaced.

"**CRG Senior Collateral**" has the meaning set forth in the CRG Intercreditor Agreement.

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"**CRG Servicing**" means CRG Servicing LLC, a Delaware limited liability company, as Administrative Agent for the CRG Lenders.

"**Currency**" is coined money and such other banknotes or other paper money as are authorized by law and circulate as a medium of exchange.

"**Default Rate**" is defined in Section 2.4(b).

"**Deferred Revenue**" is all amounts received or invoiced in advance of performance under contracts and not yet recognized as revenue.

"**Deposit Account**" is any "**deposit account**" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is the account number ending [†] (last three digits) maintained by Borrower with Bank (provided, however, if no such account number is included, then the Designated Deposit Account shall be any deposit account of Borrower maintained with Bank as chosen by Bank).

"**Dollars**," "**dollars**" or use of the sign "$" means only lawful money of the United States and not any other currency, regardless of whether that currency uses the "$" sign to denote its currency or may be readily converted into lawful money of the United States.

"**Dollar Equivalent**" is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

"**Effective Date**" is defined in the preamble hereof.

"**Eligible Accounts**" means Accounts owing to Borrower which arise in the ordinary course of Borrower's business that meet all Borrower's representations and warranties in Section 5.3, that have been, at the option of Bank, confirmed in accordance with Section 6.3(f) of this Agreement, and are due and owing from Account Debtors deemed creditworthy by Bank in its good faith business judgment. Bank reserves the right at any time after the Effective Date to adjust any of the criteria set forth below and to establish new criteria in its good faith business judgment. Unless Bank otherwise agrees in writing, Eligible Accounts shall not include:

(a) Accounts (i) for which the Account Debtor is Borrower's Affiliate, officer, employee, investor, or agent, or (ii) that are intercompany Accounts;

(b) Accounts that the Account Debtor has not paid within ninety (90) days (or up to one hundred twenty (120) days for Net 60 Plus Accounts) of invoice date regardless of invoice payment period terms;

(c) Accounts representing credit balances over ninety (90) days (or up to one hundred twenty (120) days for Net 60 Plus Accounts) from invoice date;

(d) Accounts owing from an Account Debtor if more than fifty percent (50%) of the dollar amount of Accounts owing from such Account Debtor have not been paid within ninety (90) days (or up to one hundred twenty (120) days for Net 60 Plus Accounts) of invoice date;

(e) [Intentionally omitted];

(f) Accounts billed from and/or payable to Borrower outside of the United States (sometimes called foreign invoiced accounts);

(g) Accounts in which Bank does not have a first priority, perfected security interest under all applicable laws;

(h) Accounts billed and/or payable in a Currency other than Dollars outstanding to the extent the aggregate amount of Advances made against such Accounts exceeds thirty-five percent (35%) of the aggregate outstanding Advances;

(i) Accounts owing from an Account Debtor to the extent that Borrower is indebted or obligated in any manner to the Account Debtor (as creditor, lessor, supplier or otherwise - sometimes called "contra" accounts, accounts payable, customer deposits or credit accounts);

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(j) Accounts with or in respect of accruals for marketing allowances, incentive rebates, price protection, cooperative advertising and other similar marketing credits, unless otherwise approved by Bank in writing;

(k) Accounts owing from an Account Debtor which is a United States government entity or any department, agency, or instrumentality thereof unless Borrower has assigned its payment rights to Bank and the assignment has been acknowledged under the Federal Assignment of Claims Act of 1940, as amended;

(l) Accounts with customer deposits and/or with respect to which Borrower has received an upfront payment, to the extent of such customer deposit and/or upfront payment;

(m) Accounts for demonstration or promotional equipment, or in which goods are consigned, or sold on a "sale guaranteed", "sale or return", "sale on approval", or other terms if Account Debtor's payment may be conditional;

(n) Accounts owing from an Account Debtor where goods or services have not yet been rendered to the Account Debtor (sometimes called memo billings or pre-billings);

(o) Accounts subject to contractual arrangements between Borrower and an Account Debtor where payments shall be scheduled or due according to completion or fulfillment requirements (sometimes called contracts accounts receivable, progress billings, milestone billings, or fulfillment contracts);

(p) Accounts owing from an Account Debtor the amount of which may be subject to withholding based on the Account Debtor's satisfaction of Borrower's complete performance (but only to the extent of the amount withheld; sometimes called retainage billings);

(q) Accounts subject to trust provisions, subrogation rights of a bonding company, or a statutory trust;

(r) Accounts owing from an Account Debtor that has been invoiced for goods that have not been shipped to the Account Debtor unless Bank, Borrower, and the Account Debtor have entered into an agreement acceptable to Bank wherein the Account Debtor acknowledges that (i) it has title to and has ownership of the goods wherever located, (ii) a bona fide sale of the goods has occurred, and (iii) it owes payment for such goods in accordance with invoices from Borrower (sometimes called "bill and hold" accounts);

(s) Accounts for which the Account Debtor has not been invoiced;

(t) Accounts that represent non-trade receivables or that are derived by means other than in the ordinary course of Borrower's business;

(u) Accounts for which Borrower has permitted Account Debtor's payment terms to extend beyond one hundred twenty (120) days from invoice date;

(v) Accounts arising from chargebacks, debit memos or other payment deductions taken by an Account Debtor;

(w) Accounts arising from product returns and/or exchanges (sometimes called "warranty" or "RMA" accounts);

(x) Accounts in which the Account Debtor disputes liability or makes any claim (but only up to the disputed or claimed amount), or if the Account Debtor is subject to an Insolvency Proceeding (whether voluntary or involuntary), or becomes insolvent, or goes out of business;

(y) Accounts owing from an Account Debtor with respect to which Borrower has received Deferred Revenue (but only to the extent of such Deferred Revenue) other than Accounts owing for extended maintenance contracts or that are non-refundable according to contract terms;

(z) Accounts owing from an Account Debtor, whose total obligations to Borrower exceed twenty percent (20%) of all Accounts, for the amounts that exceed that percentage, unless Bank approves in writing; and

(aa) Accounts for which Bank in its good faith business judgment determines collection to be doubtful, including, without limitation, accounts represented by "refreshed" or "recycled" invoices.

"**Eligible Inventory**" means Inventory that meets all of Borrower's representations and warranties in Section 5.3 and is otherwise acceptable to Bank in all respects.

"**Equipment**" is all "**equipment**" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

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"**Equivalent Amount**" means, with respect to an amount denominated in one currency, the amount in another currency that would be purchased by the amount in the first currency determined by reference to the Exchange Rate at the time of determination.

"**ERISA**" is the Employee Retirement Income Security Act of 1974, and its regulations.

"**Event of Default**" is defined in Section 8.

"**Exchange Act**" is the Securities Exchange Act of 1934, as amended.

"**Exchange Rate**" means the rate at which any currency (the "**Pre-Exchange Currency**") may be exchanged into another currency (the "**Post-Exchange Currency**"), as quoted in the Wall Street Journal print edition on such day (or, if such day is not a day on which the Wall Street Journal is published, the immediately preceding day on which the Wall Street Journal was published). In the event that such rate does not appear in the Wall Street Journal print edition, the "Exchange Rate" with respect to exchanging such Pre-Exchange Currency into such Post-Exchange Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by Borrower and Bank or, in the absence of such agreement, such Exchange Rate shall instead be determined by Bank by any reasonable method as they deem applicable to determine such rate, and such determination shall be conclusive absent manifest error.

"**Excluded Accounts**" means (a) any Deposit Account of that is used by Borrower solely as a payroll account for the employees of Borrower or its Subsidiaries or the funds in which consist solely of funds held by Borrower in trust for any director, officer or employee of the Borrower or any employee benefit plan maintained by Borrower or funds representing deferred compensation for the directors and employees of Borrower, (b) Deposit Accounts and Securities Accounts of Borrower's Foreign Subsidiaries held in jurisdictions outside the United States, except to the extent the value of all such accounts in this subclause (b) shall exceed Two Million Dollars ($2,000,000) in the aggregate, in which case such accounts in any individual jurisdiction that exceed One Million Dollars ($1,000,000) shall not be "Excluded Accounts", and (c) trust accounts holding assets that are pledged or otherwise encumbered pursuant to Permitted Liens.

"**Financial Statement Repository**" is each of (a) Bank's e-mail address L43flc@svb.com, or such other means of collecting information approved and designated by Bank after providing notice thereof to Borrower from time to time and (b) Bank's online banking platform as described in Section 6.12.

"**Foreign Currency**" means lawful money of a country other than the United States.

"**Foreign Subsidiary**" is a Subsidiary that is not an entity organized under the laws of the United States or any territory thereof.

"**Funding Date**" is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"**General Intangibles**" is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Good Faith Deposit**" is defined in Section 2.5(e).

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Guarantor**" is any Person providing a Guaranty in favor of Bank.

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"**Guaranty**" is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"**Hedging Agreement**" means any interest rate exchange agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"**Immaterial Subsidiary**" means, as of any date of determination, any direct or indirect Subsidiary of a Borrower that has been designated by such Borrower to Bank in writing as an "Immaterial Subsidiary" including NanoString Technologies International, Inc., a company formed under the laws of the State of Delaware; provided that at no time shall the assets of such Subsidiary (excluding the value of any intercompany Accounts) exceed One Million Dollars ($1,000,000).

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations and (d) Contingent Obligations. For purposes of clarification, operating lease obligations shall not be deemed to be "Indebtedness" hereunder.

"**Indemnified Person**" is defined in Section 12.3.

"**Initial Audit**" is Bank's inspection of Borrower's Accounts, the Collateral, and Borrower's Books, with results satisfactory to Bank in its sole and absolute discretion.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"**Intellectual Property**" means, with respect to any Person, all of such Person's right, title, and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;

(c) any and all source code;

(d) any and all design rights which may be available to such Person;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"**Inventory**" is all "**inventory**" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"**Key Person**" is Borrower's Chief Executive Officer, who is Brad Gray as of the Effective Date.

"**Letter of Credit**" is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Liquidity**" is, at any time, the sum of the aggregate amount of unrestricted and unencumbered (except Liens in favor of Bank and CRG) cash and Cash Equivalents held at such time by Borrower in Deposit Accounts or Securities Accounts maintained with Bank or its Affiliates (which for the sake of clarity shall exclude any such amounts constituting CRG Senior Collateral or which are otherwise pledged or secure obligations to Persons other than Bank).

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"**Loan Documents**" are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, any Bank Services Agreement, the CRG Intercreditor Agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement by Borrower and/or any Guarantor with or for the benefit of Bank, all as amended, restated, or otherwise modified.

"**Loan Party**" or "**Loan Parties**" means, individually or collectively, Borrower and each of its Subsidiaries that is a Guarantor, if any, to the extent such Guarantor has (a) executed and delivered to Bank a security agreement in form and substance reasonably satisfactory to Bank pursuant to which such Guarantor has granted Bank a first priority perfected Lien in the types of assets substantially similar to the Collateral to secure the Obligations, free and clear of all Liens other than Permitted Liens; (b) delivered to Bank such appropriate Control Agreements in form and substance reasonably satisfactory to Bank if and to the extent required under Section 6.8(b); and (c) provided to Bank all other documentation in form and substance satisfactory to Bank, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above.

"**Material Adverse Change**" is (a) a material impairment in the perfection or priority of Bank's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

"**nCounter Elements**" means general purpose reagents containing generic reporter probes and capture probes that customers can combine with independently sourced oligonucleotides to create their own customized reagents.

"**Net 60 Plus Accounts**" means any Accounts for which the net amount thereof is due in full more than sixty (60) days after the invoice date.

"**Obligations**" are Borrower's obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the Termination Fee, the Anniversary Fees, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents, or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents.

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Overadvance**" is defined in Section 2.3.

"**Patents**" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Payment Date**" is the last calendar day of each month.

"**Perfection Certificate**" is defined in Section 5.1.

"**Permitted Commercialization Arrangement**" means such commercialization, research and development, co-marketing and other collaborative arrangements, including joint ventures, whether or not such arrangements provide for licenses to Patents, Trademarks, Copyrights or other Intellectual Property rights of Borrower, with Persons (including a Permitted Commercialization Arrangement Vehicle) with a primary line of business in the development, commercialization or manufacture of medical, diagnostic or pharmaceutical products or devices; provided that any such licenses and arrangements must be bona fide arms'-length transfers of the right to use such Intellectual Property that do not have the economic substance of a sale and Borrower retains legal ownership of such Intellectual Property.

"**Permitted Commercialization Arrangement Vehicle**" means an entity, which may be a joint venture enterprise, engaged in the business of a Permitted Commercialization Arrangement and in which Borrower or its Subsidiaries have substantial representation in the governing body of such entity.

"**Permitted Cure Debt**" means Indebtedness incurred in connection with the exercise of the Subordinated Debt Cure Right and (i) that is governed by documentation containing representations, warranties, covenants and events of default no more burdensome or restrictive than those contained in the Loan Documents unless such terms are also offered to Bank hereunder, (ii) that has a maturity date later than the Revolving Line Maturity Date, (iii) in respect of which no cash payments of principal or interest are required prior to the Revolving Line Maturity Date, and (iv) in respect of which the holders have agreed in favor of Borrower and Bank (A) that such Indebtedness is unsecured, and (B) to terms of subordination acceptable to Bank pursuant

to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into among Bank and such holders. Neither CRG nor its affiliates shall be permitted to be holders of such Permitted Cure Debt for purposes of this Agreement without Bank's prior written consent.

"**Permitted Indebtedness**" is:

(a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Prior Loan Agreement Effective Date which is shown on the Perfection Certificate;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) unsecured Indebtedness pursuant to corporate credit cards (other than with Bank) in an aggregate principal amount outstanding not to exceed One Million Dollars ($1,000,000);

(f) the CRG Indebtedness provided that the aggregate principal amount outstanding does not exceed the amount permitted in the CRG Intercreditor Agreement;

(g) Indebtedness among the Borrowers and its Subsidiaries to the extent the same is permitted as a Permitted Investment pursuant to clauses (e) and (f) of the definition thereof;

(h) accounts payable and purchasing card balances owing to trade creditors for goods and services and current operating liabilities (not the result of the borrowing of money) incurred in the ordinary course of Borrower's or its Subsidiary's business in accordance with customary terms and paid within the specified time, unless contested in good faith by appropriate proceedings and reserved for in accordance with GAAP;

(i) Indebtedness consisting of guarantees resulting from endorsement of negotiable instruments for collection by Borrower or any Subsidiary in the ordinary course of business;

(j) Indebtedness (i) of Loan Parties to each other; (ii) of any Subsidiary not a Guarantor to any other Subsidiary not a Guarantor; and (iii) of a Loan Party to a Subsidiary that is not a Guarantor incurred in the ordinary course of business in an aggregate amount in any fiscal year not to exceed Two Million Five Hundred Thousand Dollars ($2,500,000) (or the Equivalent Amount in other currencies) plus Indebtedness pursuant to Cost-Plus Arrangements;

(k) Guarantees (i) by a Loan Party of Indebtedness of another Loan Party and (ii) by any Subsidiary not a Guarantor of Indebtedness of any other Subsidiary not a Guarantor;

(l) normal course of business equipment financing, provided that (i) at the time of incurrence thereof, the outstanding principal amount of such Indebtedness or the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person as of such date in accordance with GAAP, shall not exceed Five Million Dollars ($5,000,000) (or the Equivalent Amount in other currencies), and (ii) if secured, the collateral therefor consists solely of the assets being financed, the products and proceeds thereof and books and records related thereto;

(m) contingent return obligations consistent with market practice in respect of unspent advances to Borrower or its Subsidiaries by a third-party entity (each such entity a "**Research Partner**") whereby such funds and any interest thereon are used to pay costs and expenses for the research performed and expenses incurred in compliance with agreements between Borrower or its Subsidiaries and such Research Partner;

(n) advance or deposits from customers or vendors received in the ordinary course of business and held with a deposit bank insured by the Federal Deposit Insurance Corporation;

(o) other unsecured Indebtedness in an aggregate principal amount not to exceed One Million Dollars ($1,000,000) at any time outstanding;

(p) workers' compensation claims, payment obligations in connection with health disability or other types of social security benefits, unemployment or other insurance obligations, reclamation and statutory obligations, in each case incurred in the ordinary course of Borrower's or its Subsidiary's business;

(q) Indebtedness of Foreign Subsidiaries in respect of any agreement providing for treasury, depositary, cash management services, including in connection with any automated clearing house transfers of funds or any similar

transactions, securities settlements, foreign exchange contracts, assumed settlement, netting services, overdraft protections and other cash management, intercompany cash pooling and similar arrangements, in each case in the ordinary course of business;

(r) Indebtedness of Foreign Subsidiaries with respect to letters of credit outstanding, provided that at any time in any given calendar year, the outstanding principal amount of such Indebtedness shall not exceed Five Hundred Thousand Dollars ($500,000) at any time outstanding;

(s) Indebtedness (other than for borrowed money) that may be deemed to exist pursuant to any (i) warranty or contractual service obligations or take-or-pay obligations contained in supply or similar agreements, in each case incurred in the ordinary course of business, or (ii) or performance or surety bonds or similar obligations incurred in the ordinary course of business provided the aggregate outstanding amount of such Indebtedness described in this subclause (ii) does not exceed Five Hundred Thousand Dollars ($500,000) at any time;

(t) Indebtedness consisting of the bona fide financing of insurance premiums or self-insurance obligations (which must be commercially reasonable and consistent with insurance practices generally), in each case to the extent, (x) in the ordinary course of business, (y) such financing arrangement has been approved in writing by Bank and (y) the aggregate outstanding amount thereof does not exceed Five Hundred Thousand Dollars ($500,000) at any time; and

(u) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (t) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"**Permitted Investments**" are:

(a) Investments shown on the Perfection Certificate and existing on the Prior Loan Agreement Effective Date;

(b) Investments consisting of Cash Equivalents;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower or a Subsidiary;

(d) Investments consisting of deposit and securities accounts in which Bank has a perfected security interest except as otherwise permitted by Section 6.8(b);

(e) extensions of credit in the nature of accounts receivable or notes receivable arising from the sales or leases of goods or services in the ordinary course of business;

(f) Investments by Borrower or Loan Parties in Loan Parties;

(g) Investments by Borrower or Loan Parties in Subsidiaries that are not Loan Parties in an aggregate amount at any time (net of payments for inventory and equipment, any intercompany loan repayments and returns of cash, inventory and equipment, whether made by cash payment or by offset of amounts owed by Borrower or such Loan Party to such Subsidiary) not to exceed Two Million Five Hundred Thousand Dollars ($2,500,000) (or the Equivalent Amount in other currencies) in any fiscal year plus any Investments pursuant to Cost-Plus Arrangements, it being understood that transfers of inventory and equipment in the ordinary course of business will be counted against the foregoing limits at an amount no less than the GAAP value of such asset (which shall not be less than cost or depreciated value); provided that any such offset in respect of payment for services shall not exceed an amount that is consistent with the application of arm's length principles under Section 482 of the Code and regulations thereunder;

(h) Hedging Agreements entered into in the ordinary course of Borrower's financial planning solely to hedge currency risks (and not for speculative purposes) and in an aggregate net exposure amount for all such Hedging Agreements not in excess of Two Million Dollars ($2,000,000) (or the Equivalent Amount in other currencies);

(i) Investments consisting of security deposits with utilities, landlords and other like Persons made in the ordinary course of business not to exceed One Million Dollars ($1,000,000) outstanding at any time;

(j) employee loans, travel advances and guarantees in accordance with Borrower's usual and customary practices with respect thereto (if permitted by applicable law) which in the aggregate shall not exceed One Million Dollars ($1,000,000) outstanding at any time (or the Equivalent Amount in other currencies);

(k) Investments received in connection with any Insolvency Proceedings in respect of any customers, suppliers or clients and in settlement of delinquent obligations of, and other disputes with, customers, suppliers or clients;

(l) Investments (excluding non-exclusive licenses of Intellectual Property and exclusive (with respect to jurisdiction only) licenses of Intellectual Property outside of the U.S.) as part of a Permitted Commercialization Arrangement, provided that the value of the cash and tangible property components of such Investment (valued at cost) shall not in any fiscal year exceed Five Million Dollars ($5,000,000) (or such greater amount approved by Bank, such approval not to be unreasonably withheld), provided the portion of such limit not used in any fiscal year shall not be available in any succeeding fiscal year;

(m) Investments permitted by Borrower's investment policy as in effect as of the date of this Agreement, with such changes thereto as shall be approved by Borrower's Board of Directors with the consent of Bank, which consent shall not be unreasonably withheld; and

(n) other Investments not to exceed Five Hundred Thousand Dollars ($500,000) in the aggregate (i) outstanding at any time and (ii) in any fiscal year.

"**Permitted Liens**" are:

(a) Liens securing Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents;

(b) Liens existing on the Prior Loan Agreement Effective Date which are shown on the Perfection Certificate or arising under this Agreement or the other Loan Documents;

(c) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on Borrower's Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(d) Liens (i) securing Indebtedness permitted under clause (l) of the defined term "Permitted Indebtedness," or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(e) Liens in favor of CRG Servicing securing the CRG Indebtedness permitted under clause (f) of the definition of "Permitted Indebtedness" and subject to the CRG Intercreditor Agreement

(f) Liens that are possessory in nature and imposed by law which were incurred in the ordinary course of business, including (but not limited to) carriers', warehousemen's and mechanics' liens, liens relating to leasehold improvements and other similar liens arising in the ordinary course of business and which (x) do not in the aggregate materially detract from the value of the Property subject thereto or materially impair the use thereof in the operations of the business of such Person or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the Property subject to such liens and for which adequate reserves have been made if required in accordance with GAAP;

(g) Liens, pledges or deposits made in connection with and to secure payment of workers' compensation, unemployment insurance or other similar social security legislation in the ordinary course of business (other than Liens imposed by ERISA);

(h) servitudes, easements, rights of way, restrictions and other similar encumbrances on real Property imposed by applicable Laws and encumbrances consisting of zoning or building restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any of the Loan Parties;

(i) with respect to any real Property, (A) (i) such defects or encroachments as might be revealed by an up-to-date survey of such real Property; (ii) the reservations, limitations, provisos and conditions expressed in the original grant, deed or patent of such property by the original owner of such real Property pursuant to applicable Laws; and (iii) rights of expropriation, access or user or any similar right conferred or reserved by or in applicable Laws, which, in the aggregate for (i), (ii) and (iii), are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any of the Loan Parties, and (B) leases or subleases granted in the ordinary course of business;

(j) bankers' liens, rights of setoff and similar Liens incurred on Excluded Accounts made in the ordinary course of business;

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(k) non-exclusive licenses or sublicenses, leases or subleases of property (other than real Property or Intellectual Property) granted in the ordinary course of Borrower's business, if the leases, subleases, licenses and sublicenses do not prohibit any Loan Party from granting Bank a security interest in such property;

(l) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default;

(m) cash collateral arrangements made with respect to letters of credit permitted by clause (r) of the defined term "Permitted Indebtedness" but not exceeding the amount of the Indebtedness permitted by clause (r) of the defined term "Permitted Indebtedness";

(n) Liens on assets which are Transferred in accordance with clause (e) of Section 7.1 of this Agreement;

(o) Liens consisting of the Transfers permitted under clauses (k), (l) and (m) of Section 7.1 of this Agreement; and

(p) Liens the creation of which did not involve Borrower's or its Subsidiaries' consensual participation or involvement encumbering assets not to exceed Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate in any fiscal year.

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Prime Rate**" is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement; and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Bank, the "Prime Rate" shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"**Prior Loan Agreement Effective Date**" is defined in the Recitals.

"**Product**" means the principal version in the market of (a) the nCounter® Analysis System and its essential components, or (b) the nCounter-based Prosigna™ Breast Cancer Prognostic Gene Signature Assay, and each of their respective commercially available successors.

"**Property**" of any Person means any property or assets, or interest therein, of such Person.

"**Publicly Reporting Company**" means an issuer generally subject to the public reporting requirements of the Securities and Exchange Act of 1934.

"**Quarterly Financial Statements**" is defined in Section 6.2(c).

"**Registered Organization**" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"**Requirement of Law**" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Reserves**" means, as of any date of determination, such amounts as Bank may from time to time establish and revise in its good faith business judgment, reducing the amount of Advances and other financial accommodations which would otherwise be available to Borrower (a) to reflect events, conditions, contingencies or risks which, as determined by Bank in its good faith business judgment, do or may adversely affect (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets, business or prospects of Borrower or any Guarantor, or (iii) the security interests and other rights of Bank in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Bank's reasonable belief that any collateral report or financial information furnished by or on behalf of Borrower or any Guarantor to Bank is or may have been incomplete, inaccurate or

misleading in any material respect; or (c) in respect of any state of facts which Bank determines constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default.

"**Responsible Officer**" is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

"**Restricted License**" is any material license or other agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property, or (b) for which a default under or termination of could interfere with Bank's right to sell any Collateral.

"**Revolving Line**" is an aggregate amount equal to Twenty Million Dollars ($20,000,000).

"**Revolving Line Maturity Date**" is November 16, 2021.

"**SEC**" shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

"**Securities Account**" is any "**securities account**" as defined in the Code with such additions to such term as may hereafter be made.

"**Specified Affiliate**" is any Person (a) more than ten percent (10.0%) of whose aggregate issued and outstanding equity or ownership securities or interests, voting, non-voting or both, are owned or held directly or indirectly, beneficially or of record, by Borrower, and/or (ii) whose equity or ownership securities or interests representing more than ten percent (10.0%) of such Person's total outstanding combined voting power are owned or held directly or indirectly, beneficially or of record, by Borrower.

"**Streamline Period**" is, on and after the Effective Date, provided no Event of Default has occurred and is continuing, the period (a) commencing on the first day of the month following the day that Borrower provides to Bank a written report that Borrower has, for each consecutive day in the immediately preceding month, maintained Liquidity, as determined by Bank in its discretion, in an amount at all times greater than or equal to Twenty-Five Million Dollars ($25,000,000) (the "**Streamline Balance**"); and (b) terminating on the earlier to occur of (i) the occurrence of an Event of Default, and (ii) the first day thereafter in which Borrower fails to maintain the Streamline Balance, as determined by Bank in its reasonable discretion. Upon the termination of a Streamline Period, Borrower must maintain the Streamline Balance each consecutive day for one (1) month as determined by Bank in its discretion, prior to entering into a subsequent Streamline Period. Each Streamline Period, and each such Streamline Period shall commence on the first day of the monthly period following the date Bank determines, in its reasonable discretion, that the Streamline Balance has been achieved.

"**Subordinated Debt**" is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

"**Subsidiary**" is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower.

"**Trademarks**" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

"**Transfer**" is defined in Section 7.1.

[Signature page follows.]

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:
NANOSTRING TECHNOLOGIES, INC.

By:	/s/ R. Bradley Gray
Name:	R. Bradley Gray
Title:	President and Chief Executive Officer

BANK:
SILICON VALLEY BANK

By:	/s/ Shawn Parry
Name:	Shawn Parry
Title:	Director

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

EXHIBIT A - COLLATERAL DESCRIPTION

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

(i) Accounts (other than IP/Equipment Accounts (as defined below)), (ii) Inventory, (iii) cash, Cash Equivalents, short and long term investments (but excluding, for the avoidance of doubt, any other marketable equity securities in a Subsidiary of Borrower or owned by Borrower as part of a joint venture), all bank accounts including, without limitation, all operating accounts, depository accounts, savings accounts, and investment accounts, and all property contained therein, (iv) all Proceeds of all of the foregoing, and (v) all Borrower's Books relating to the foregoing Collateral; provided however, the Collateral shall not include the following: (A) any right, title or interest of Borrower in any Intellectual Property or any licenses thereof, (B) any Accounts or proceeds arising from the sale, transfer, license or other disposition of any Intellectual Property (or licenses thereto), except for Product Sale Licenses, or from the sale, transfer, lease or other disposition of equipment (collectively, "**IP/Equipment Accounts**"), (C) equipment, (D) to the extent evidencing, governing, securing or otherwise related to Equipment, any general intangibles, chattel paper, instruments or documents, (E) proceeds of the foregoing clauses (A) through (D) and the proceeds of insurance policies with respect thereof, (F) CRG Cash Collateral, or (G) Excluded Accounts.

Notwithstanding the foregoing, the Collateral does not include any property or assets of Borrower solely to the extent that (i) such property or assets constitute CRG Senior Collateral and are securing the obligations Borrower under the CRG Loan Agreement and (ii) the CRG Loan Agreement has not been terminated.

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

EXHIBIT B
COMPLIANCE STATEMENT

TO: SILICON VALLEY BANK Date: _____

FROM: NANOSTRING TECHNOLOGIES, INC.

Under the terms and conditions of the Amended and Restated Loan and Security Agreement between Borrower and Bank (the "**Agreement**"), Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below. Attached are the required documents evidencing such compliance, setting forth calculations prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenants	Required	Complies
Quarterly financial statements with Compliance Statement	Quarterly within 45 days (other than 4th quarter)	Yes No
Annual financial statements (4th quarter)	FYE within 90 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
A/R & A/P Agings, detailed accounts receivable ledger and detailed listing of Account Debtors	Quarterly within 45 days	Yes No
Inventory Report	Quarterly within 45 days	Yes No
Board approved projections	FYE within 30 days and as amended/updated	Yes No
Borrowing Base Statements (including detailed accounts receivable ledger)	(i) Weekly if Streamline Period not in Effect and Advances outstanding, (ii) monthly within 30 days if Streamline Period in effect and Advances outstanding, and (iii) quarterly within 45 days if no Advances outstanding	Yes No

Streamline Period		
Liquidity	**Streamline Period**	**Applies**
Liquidity ≥ $25,000,000	Yes	Yes No
Liquidity < $25,000,000	No	Yes No

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Financial Covenant	Required	Actual	Complies
Maintain as indicated:			
Minimum Liquidity	Greater than $2,000,000	$_____	Yes No
Minimum Revenue (trailing 12 month)			
December 31, 2019	$ [†]	$_____	Yes No
December 31, 2020	$ [†]	$_____	Yes No

Except as noted below, (i) as of the date of this Compliance Statement, the information and calculations set forth therein are true, accurate and correct, (ii) as of the end of the compliance period set forth in this submission, Borrower is in complete compliance with all required covenants except as noted in such Compliance Statement, (iii) as of the date of this submission, no Events of Default have occurred or are continuing, (iv) all representations and warranties other than any representations or warranties that are made as of a specific date in Section 5 remain true and correct in all material respects as of the date of this submission except as noted below, (v) as of the date of this submission, Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9, and (vi) as of the date of this submission, no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank. (If no exceptions exist, state "No exceptions to note.")

Has Borrower entered into any Permitted Commercialization Arrangement with Investments exceeding $2,500,000 in the most recent quarter? ____. If so, attach copies of the applicable transaction documents.

[†] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED SEPARATELY WITH THE COMMISSION

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-189883, 333-194844, 333-202768, 333-210210, 333-216584, 333-222567, and 333-222568) and Form S-3 (No. 333-220255) of NanoString Technologies, Inc. of our report dated March 11, 2019 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Seattle, Washington
March 11, 2019

Exhibit 31.1

CERTIFICATIONS

I, R. Bradley Gray, certify that:

1. I have reviewed this Annual Report on Form 10-K of NanoString Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

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

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2019

/s/ R. Bradley Gray

R. Bradley Gray
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, K. Thomas Bailey, certify that:

1. I have reviewed this Annual Report on Form 10-K of NanoString Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

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

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2019

/s/ K. Thomas Bailey

K. Thomas Bailey
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

NANOSTRING TECHNOLOGIES, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of NanoString Technologies, Inc. (the "Company") on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, R. Bradley Gray, President and Chief Executive Officer *(Principal Executive Officer)* of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ R. Bradley Gray

R. Bradley Gray
President and Chief Executive Officer
(Principal Executive Officer)

Date: March 11, 2019

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of NanoString Technologies, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

NANOSTRING TECHNOLOGIES, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of NanoString Technologies, Inc. (the "Company") on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, K. Thomas Bailey, Chief Financial Officer *(Principal Financial and Accounting Officer)* of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ K. Thomas Bailey

K. Thomas Bailey
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 11, 2019

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of NanoString Technologies, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.