

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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 001-36680

HubSpot, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-2632791
(I.R.S. Employer
Identification No.)

25 First Street, 2nd Floor
Cambridge, Massachusetts, 02141
(Address of principal executive offices)

(888) 482-7768

(Registrant's telephone number, including area code)

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

Title of each class

Common Stock, par value \$0.001 per share

Name of each exchange on which registered

New York Stock Exchange

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 whether 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 and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 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.

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The aggregate market value of common stock held by non-affiliates of the registrant, based on the closing price of the registrant's common stock on June 30, 2016, as reported by the New York Stock Exchange on such date was approximately \$1,314,133,000. Shares of the registrant's common stock held by each executive officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

On February 10, 2017, the registrant had 36,159,380 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2017 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K. Such Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part of this Form 10-K.

HUBSPOT, INC.
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws, and these statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross margin and operating expenses;
- maintaining and expanding our customer base and increasing our average subscription revenue per customer;
- the impact of competition in our industry and innovation by our competitors;
- our anticipated growth and expectations regarding our ability to manage our future growth;
- our predictions about industry and market trends;
- our ability to anticipate and address the evolution of technology and the technological needs of our customers, to roll-out upgrades to our existing software platform and to develop new and enhanced applications to meet the needs of our customers;
- our ability to maintain our brand and inbound marketing thought leadership position;
- the impact of our corporate culture and our ability to attract, hire and retain necessary qualified employees to expand our operations;
- the anticipated effect on our business of litigation to which we are or may become a party;
- our ability to successfully acquire and integrate companies and assets; and
- our ability to stay abreast of new or modified laws and regulations that currently apply or become applicable to our business both in the United States and internationally.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

ITEM 1. BUSINESS

Overview

We provide a cloud-based marketing and sales software platform that enables businesses to deliver an inbound experience. An inbound marketing and sales experience attracts, engages and delights customers by being more relevant, more helpful, more personalized and less interruptive than traditional marketing and sales tactics. Our software platform features integrated applications to help businesses attract visitors to their websites, convert visitors into leads, close leads into customers and delight customers so that they become promoters of those businesses. These integrated applications include social media, search engine optimization, blogging, website content management, marketing automation, email, sales productivity, CRM, analytics and reporting.

People have transformed how they consume information, research products and services, make purchasing decisions and share their views and experiences. Today, customers are blocking out the tactics from the traditional marketing and sales playbook, such as cold calls, unsolicited emails and disruptive advertisements. Customers are taking more control of the purchasing process by using technology, including search engines and social media, to research products and services. To compete effectively, we believe businesses need to deliver an inbound experience by adopting new strategies and technologies to attract, engage and delight customers.

We designed our all-in-one platform from the ground up to enable businesses to provide an inbound experience to their prospects and customers. At the core of our platform is a single inbound database for each business that captures its customer activity throughout the customer lifecycle. Our platform uses our centralized inbound database to empower businesses to create more personalized interactions with customers, such as personalized emails, personalized social media alerts, personalized websites and targeted alerts for sales people. We provide a comprehensive set of integrated applications on our platform, which offers businesses ease of use, power and simplicity. We designed and built our platform to serve a large number of customers of any size with demanding use cases.

While our platform can scale to the enterprise, we focus on selling to mid-market businesses, which we define as businesses that have between 10 and 2,000 employees, because we believe we have significant competitive advantages attracting and serving them. We efficiently reach these businesses at scale through our proven inbound go-to-market approach and more than 3,500 agency partners worldwide. Our platform is particularly suited to serving the needs of mid-market B2B companies. These mid-market businesses seek an integrated, easy to implement and easy to use solution to reach customers and compete with organizations that have larger marketing and sales budgets. As of December 31, 2016, we had 23,226 marketing customers of varying sizes in more than 90 countries, representing almost every industry.

We have a leading brand in the cloud-based inbound marketing and sales software industry. Our brand recognition comes from our thought leadership, including our blogs, which average more than 4.4 million visits each month, and our commitment to innovation. Our founders, Brian Halligan and Dharmesh Shah, wrote the best-selling marketing book *Inbound Marketing: Get Found Using Google, Social Media and Blogs*. We also have one of the largest social media followings in our industry and our INBOUND conference is one of the largest inbound industry events, with over 19,000 registered attendees in 2016.

We sell our platform on a subscription basis. Our total revenue increased to \$271.0 million in 2016, from \$181.9 million in 2015, and from \$115.9 million in 2014, representing year-over-year increases of 49% in 2016 and 57% in 2015. We had net losses of \$45.6 million in 2016, \$46.1 million in 2015, and \$48.2 million in 2014.

Industry Background***The Traditional Business Playbook is Broken***

Traditionally, most businesses have followed the same marketing and sales playbook to generate leads, close sales and provide support to their customers; a playbook that uses the same interruptive and generic marketing tactics used for years. Today, however, customers are increasingly selecting their own communication channels and expecting personalized experiences. They are blocking out traditional marketing and sales tactics, such as cold calls, unsolicited emails and disruptive advertisements, and instead, they are using search engines and social media to research products and services before they contact a vendor. Customers are increasingly taking more control of the purchasing process and influencing the purchasing behavior of others.

Customers are blocking out traditional marketing and sales tactics. Customers are ignoring traditional marketing and sales tactics, often by using technology to block them out. For example:

- There are over 220 million phone numbers that have been placed on the U.S. Do Not Call registry.
- 91% of people have unsubscribed from email marketing lists.
- Email services and spam filters are increasingly enabling customers to filter out and de-prioritize promotional messages.
- Online advertising has limited engagement. According to DoubleClick, as of November 2015, overall 3-month average industry click-through rates on display ads is only 0.2%.

Customers are taking control of the purchasing process. Customers can now get the information they need on their own terms. Using search engines, social media and websites, customers can research vendors and actively seek recommendations from members of their social networks. As a result, customers no longer need to talk to a salesperson until they have completed most of their purchasing decision. This limits the amount of influence businesses can have on purchase decisions when using the traditional business playbook.

Customers are influencing the purchasing behaviors of others. Customers are relying less on the promotional material from businesses and instead using online reviews and input from other purchasers to make their purchasing decision. Such social behavior is self-reinforcing: social buyers themselves are social sellers who influence others' purchasing decisions.

Businesses Need a New Playbook—The Inbound Experience

Businesses need a more effective way to attract, engage and delight customers who have access to an abundance of information and an ability to block traditional marketing and sales tactics. To do this, businesses need to deliver an inbound experience, which enables them to be more helpful, more relevant and less interruptive to their customers.

To deliver an inbound experience, businesses need to transform how they market, sell and serve customers.

- **Marketing** : Businesses need to attract potential customers by maximizing search engine rankings, having an engaging social media presence, and creating and distributing useful and relevant content. Businesses need to personalize their customer interactions on websites, in social media and in emails to engage customers.
- **Sales** : Businesses need to build relationships with potential customers and become their trusted advisors. They must learn about and react to the signals being sent by customers through websites, social media and emails, to provide personalized and helpful responses.
- **Service** : Businesses need to delight their customers and inspire them to become vocal promoters by exceeding their expectations. Every customer has a stronger, more public voice today through blogs and social media, underscoring the importance of positive reviews and referrals in building a quality brand.

Existing Applications are Not Adequate for an Integrated Inbound Experience

Today, businesses often use a variety of point applications for their marketing and sales efforts, including advertising, marketing automation, content management, blogging, social media management, analytics, sales productivity and CRM. Most of these point applications were not designed to deliver an inbound experience. Typically, they do not provide a central view of all customer interactions across channels, are difficult and expensive to implement and use together, and make it hard to measure results. We believe that these existing point applications were not designed with the platform, architecture and functionality necessary to deliver a seamless integrated inbound experience.

Not Designed for an Inbound Experience. Traditional marketing applications rely on advertising and cold calling for lead generation instead of inbound methods. These applications are not designed to personalize and optimize every interaction with customers on websites, in social media and by email across devices, and do not typically allow sales and service teams to see the signals their prospects are sending in real time.

No Centralized Inbound Database of Customer Interactions. Businesses typically need to use one point application for website content management, a different point application for blogging, another point application for social media management, another point application for email and marketing automation, another point application for content personalization, another point application for analytics, another point application for sales management and CRM, and yet another point application to alert salespeople of key customer signals in real time. This disparate collection of point applications makes it difficult to get a 360-degree view of a customer's interactions and use that data to provide a better customer experience and drive a more effective marketing and sales process.

Difficult and Expensive to Implement and Use. Using a collection of disparate point applications means a separate implementation process for each. Often businesses will need to use outside consultants or hire new employees with specific technical expertise to implement and use these different applications, resulting in significant additional costs. This collection of disparate point applications also requires that businesses manage a variety of different log-ins and user interfaces, as well as get support from different vendors, often just to do something the business sees as one process, such as running a marketing campaign. While ease of implementation and use are important for businesses of all sizes, they are critical for mid-market businesses.

Hard to Measure Results. Because all the customer touchpoints through the marketing, sales and service processes are typically stored in different disconnected point applications, it is very difficult to get a 360-degree view of a customer's interactions and measure the effectiveness of marketing and sales programs. Businesses will often purchase yet another application to try to measure results across their multiple applications, adding even more expense and complexity to an already complex collection of different point applications.

Market Opportunity

We believe there is a large market opportunity created by the fundamental transformation in marketing and sales. Businesses of nearly all sizes and in nearly all industries can benefit from delivering an inbound experience to attract, engage and delight their customers. We focus on selling our platform to mid-market businesses. As of December 31, 2016, we had 23,226 marketing customers, and our average subscription revenue per customer for the year ended December 31, 2016 was \$12,197. According to AMI Partners, in 2014, there were 1.6 million of these mid-market businesses with a website presence in the United States and Canada and 1.4 million in Europe. According to a January 2014 study by Mintigo of 186,500 U.S.-based B2B companies of varying sizes, only 3% of those companies had implemented any of the most common marketing automation applications.

We believe our platform addresses several segments of existing marketing, sales and services software and that spending in each of these segments will increasingly shift to platforms that enable an inbound experience. According to a May 2014 report by IDC, worldwide spending on CRM applications, including marketing automation, sales automation, customer service and contact center, is expected to grow to \$31.7 billion in 2018.

Advantages of Our Solution

We provide a cloud-based, all-in-one inbound marketing and sales software platform that helps businesses attract, engage and delight customers throughout the customer lifecycle. Our platform features a central inbound database of customer interactions and integrated applications to help businesses attract visitors to their websites, convert visitors into leads, close leads into customers and delight customers so they become promoters of those businesses.

Designed for an Inbound Experience. Our platform was architected from the ground up to enable businesses to transform their marketing and sales playbook to meet the demands of today's customers. Our platform includes integrated applications to help businesses efficiently attract more customers through search engine optimization, social media, blogging and other useful content. In addition, our platform is designed to help businesses personalize and optimize interactions with their customers through websites, landing pages, social media and emails, and across devices.

Ease of Use of All-In-One Platform. We provide a set of integrated applications on a common platform, which offers businesses ease of use and simplicity. Our platform has one login, one user interface, one inbound database and one number to call for support: 888-HUBSPOT. Our platform is designed to be used by people without technical training, does not require an expert or technical system administrator and was built to make it easy to get started. Because of its ease of use and integration, our platform enables businesses to focus on attracting, engaging and delighting customers, instead of spending time and money coordinating their marketing and sales efforts across multiple point applications.

Power of All-In-One Platform. At the core of our platform is a single inbound database for each business that captures its customer activity throughout the customer lifecycle. For example, our platform creates a unified timeline incorporating all the interactions with a particular person. If a business's customer visits its website, comments on its blog, opens an email it sent, interacts with the business on Twitter, watches one of its videos, fills out a form, or is marked as a sales opportunity by its salesperson, all of that activity is centrally managed and presented on the timeline for that contact and is available for use across our applications. Our platform also makes it easy to use the customer data to empower more personalized interactions with the customer, such as personalized social media alerts, personalized content on a business's website, personalized emails and targeted alerts to its sales people.

Clear ROI for Customers. Our platform delivers proven and measurable results for our customers. Our customers often experience significant increases in the volume of traffic to their websites, the volume of inbound leads and the rate of converting leads into customers.

Scalability. Our platform was designed and built to serve a large number of customers of any size and with demanding use cases. Our platform currently processes billions of data points each week, and we use leading global cloud infrastructure providers and our own automation technology to dynamically allocate capacity to handle processing workloads of all sizes. We have built our platform on modern technologies, including HBase and Hadoop, which we believe are more scalable than traditional database technologies. Our scalability gives us flexibility for future growth and enables us to service a large variety of businesses of different sizes across different industries.

Extendable and Open Architecture. Our platform features a variety of open APIs that allows easy integration of our platform with other applications. We enable our customers to connect our platform to their other applications, including CRM and ecommerce applications. By connecting third-party applications, our customers can leverage our centralized inbound database to perform additional functions and analysis.

Our Competitive Strengths

We believe that our market leadership position is based on the following key strengths:

Leading Platform. We have designed and built a world-class, inbound marketing and sales software platform. We believe our customers choose our platform over others because of its powerful, integrated and easy to use applications. Independent customer reviews and ratings of our platform compared to other applications show that we have high customer satisfaction.

Market Leadership and Strong Brand. We are a recognized thought leader in the cloud-based inbound marketing and sales software industry with a leading brand. Our founders, Brian Halligan and Dharmesh Shah, wrote the best-selling marketing book *Inbound Marketing: Get Found Using Google, Social Media and Blogs*. More than 90,000 copies have been sold and it is available in nine languages. There are more than 150 self-organized HubSpot user groups. We also have over 2.3 million followers and fans among Twitter, Facebook, LinkedIn and Instagram as of December 31, 2016, including approximately 150,000 members of LinkedIn who belong to our inbound marketers group. Our INBOUND conference is one of the largest inbound industry conference events with attendance increasing from 1,100 in 2011 to over 19,000 registered attendees in 2016. We believe that it is inherently hard to replicate the number of websites that link to us, the volume of useful content we have published, our large social media following, the breadth of our search engine rankings and our overall brand strength because these assets cannot be easily purchased or built.

Large and Growing Agency Partner Program. More than 3,500 agencies partner with us for the value of our platform to their business including being able to offer new inbound marketing and sales services to their clients which can grow their revenue per customer, attract new customers and increase the portion of their clients on a retainer relationship. We believe that the wide adoption of our platform in the marketing agency industry is evidence that we are becoming an industry standard. Marketing agency partners and customers referred to us by our marketing agency partners represented approximately 49% of our customers as of December 31, 2016, and approximately 40% of our revenue for the year ended December 31, 2016. These marketing agency partners help us to promote the vision of the inbound experience, efficiently reach new mid-market businesses at scale and provide our mutual customers with more diverse and higher-touch services.

Mid-Market Focus. We believe we have significant competitive advantages reaching mid-market businesses and efficiently reach this market at scale as a result of our proven inbound go-to-market approach and our agency partner channel. In 2016, over 85% of the new leads we generated and over 90% of our new customers were from inbound marketing and did not have any advertising costs associated with them. We believe our large inbound marketing footprint and agency partner program provide competitive advantages in reaching mid-market businesses.

Powerful Network Effects. We have built a large and growing ecosystem around our platform and company. We have built what we believe is the largest engaged audience in our industry, which now comprises more than 6 million people between visitors to our blogs, Twitter followers, Facebook fans, LinkedIn connections. We have attracted more than 3,500 marketing agency partners worldwide who promote our brand and extend our marketing and sales reach. Thousands of our customers integrate third-party applications with our platform using our built-in connectors and third-party developer partners. We have trained and currently certified more than 60,000 marketers on inbound marketing. Our annual INBOUND conference attracted more than 19,000 registered attendees in 2016. We believe this ecosystem drives more businesses and professionals to embrace the inbound playbook. As our engaged audience grows, more agencies partner with us, more third-party developers integrate their applications with our platform, and more professionals complete our certification programs, all of which drive more businesses to adopt our platform.

Our Growth Strategy

The key elements to our growth strategy are:

Grow Our U.S. Customer Base. The market for our platform is large and underserved. Mid-market businesses are particularly underserved by existing point application vendors and often lack sufficient resources to implement complex solutions. Our all-in-one platform allows mid-market businesses to efficiently adopt and execute an effective inbound marketing and sales strategy to help them expand and grow. We will continue to leverage our inbound go-to-market approach and our network of agency partners to keep growing our domestic business.

Increase Revenue from Existing Customers. With 23,226 marketing customers in more than 90 countries spanning many industries, we believe we have a significant opportunity to increase revenue from our existing customers. We plan to increase revenue from our existing customers by expanding their use of our platform, selling to other parts of their organizations, cross-selling our sales products to existing marketing customers and vice versa through touchless or low touch in product purchases, and upselling additional offerings and features. Our scalable pricing model allows us to capture more spend as our customers grow, increase the number of their customers and prospects managed on our platform, and require additional functionality available from our higher price tiers and add-ons, providing us with a substantial opportunity to increase the lifetime value of our customer relationships.

Keep Expanding Internationally. There is a significant opportunity for our inbound platform outside of the United States. As of December 31, 2016, approximately 31% of our marketing customers were located outside of the United States and these customers generated approximately 28% of our total revenue for the year ended December 31, 2016, and we sell to those foreign customers from our U.S., European, and Asia Pacific based operations. We intend to grow our presence in international markets through additional investments in local sales, marketing and professional service capabilities, as well as by leveraging our agency partner network. We opened our first international office in Dublin, Ireland focused on the European market in January 2013 and our second, third and fourth international offices focused on the Asia Pacific market in Sydney, Australia in August 2014, Singapore in October 2015, and Tokyo, Japan in July 2016. We have announced plans to open a fifth international office in Berlin, Germany in 2017. We already have significant website traffic from regions outside the United States and we believe that markets outside the United States represent a significant growth opportunity.

Continue to Innovate and Expand Our Platform. Mid-market businesses are increasingly realizing the value of having an integrated marketing, sales and service platform. We believe we are well positioned to capitalize on this opportunity by introducing new products and applications to extend the functionality of our platform. For example, in 2015, we launched two new add-ons to the marketing platform: HubSpot Reporting, which enables marketing and sales users to explore the data within their marketing platform using custom analytics and reports; and HubSpot Ads which was launched in partnership with Google and LinkedIn and enables customers to manage their ad spend from within the HubSpot product. We launched our freemium Marketing Free and Marketing Starter products (f/k/a LeadIn) in 2015, enabling customers to analyze their website traffic and generate more leads from their website. We also launched a new paid sales product in 2015, HubSpot Sales Pro (f/k/a Sidekick for Business), which is an expansion of our HubSpot Sales Free product and enables Sales reps to identify, connect, and engage with new leads. Finally, we added significant functionality to our core marketing, sales and CRM products throughout the year, launching updates that include a redesign of our core content management system, a new predictive lead scoring application, and a new integrations platform called HubSpot Connect.

Selectively Pursue Acquisitions. We plan to selectively pursue acquisitions of complementary businesses, technologies and teams that would allow us to add new features and functionalities to our platform and accelerate the pace of our innovation.

Our Products

All-in-one Marketing and Sales Platform

HubSpot's platform, also referred to as our growth stack, is a collection of integrated tools that gives businesses everything they need to attract, engage, close, and delight new customers in a unified suite of tools. Every tool in our growth stack (HubSpot Marketing, HubSpot Sales, and HubSpot CRM) is available in both free and paid tiers with gradually increasing levels of functionality that support the needs of our customers as they see success with our tools and their businesses grow.

At the core of our platform is a single inbound database of customer information. This allows a complete view of customer interactions across all of our integrated applications, giving our platform substantial power. This integration makes it possible to personalize every aspect of the customer web content, social media engagement and email messages across devices, including mobile. The integrated applications on our platform have a common user interface, are accessed through a single login and are based on our inbound database.

HubSpot Marketing

Our core product, HubSpot Marketing, is an all-in-one toolset for marketers to attract, engage, and nurture new leads towards sales readiness, and over the entire customer lifecycle. HubSpot Marketing is available in a free and several paid tiers, and can be used standalone, with HubSpot CRM, and/or any version of HubSpot Sales. The features of HubSpot Marketing are explained below.

Marketing Automation and Email. Businesses can execute, manage and analyze sophisticated email marketing campaigns and segment and personalize emails using sophisticated triggers such as viewing a video, completing a form, or interacting via social media. Features include:

- **Advanced Segmentation** — Use all the information in the inbound database to create highly segmented groups for more personalized and engaging email marketing.
- **Personalization** — Dynamically personalize the content of emails including the sender, images and text based on the information about the recipient in the inbound database.
- **Sophisticated Campaign Workflows** — Create sophisticated marketing automation workflows that continue to automatically engage leads by using, for example, time delays of various lengths and multiple follow up emails that are customized based on different user actions or behavior.
- **Lead Scoring** — Lead scoring in HubSpot uses machine learning to understand the quality of, and predict the likelihood that, a lead has potential to become a customer. Lead score in HubSpot takes hundreds of factors about a prospect into consideration such as visiting specific web pages, watching certain videos, opening certain emails, having a certain job title, or other custom data in the inbound database. Customers can define which leads are sent to the CRM system for sales engagement based on these criteria.
- **Analysis**— Measure email open rates, click-through rates and other email marketing metrics.

Content Optimization System (COS). Our COS applications are part content management system and part personalization engine, enabling businesses to create new and edit existing web content while also personalizing their websites for different visitors and optimizing their websites to convert more visitors into leads and customers. Features include:

- **Business Blogging** — Designed for lead generation, our blog includes “get-as-you-type” SEO tips for how to improve articles, built-in social media integration to automatically post new articles in social media, mobile optimization that automatically optimizes posts for smartphones and tablets, and integrated analytics that allow marketers to see the performance of each post and their blogging overall.
- **Website Pages** — A flexible system to build modern websites with responsive design, which means websites are dynamically optimized for desktops, laptops, tablets and smartphones without the need for maintaining different website versions for each device type.
- **Smart Content** — Display customized text, images or other content to customers to provide a personalized experience based on any information stored in the inbound database.
- **Landing Pages and Forms** — Easily build lead-capture forms and create landing pages with the ability to test and optimize different designs to improve conversion rates.
- **Calls-to-Action** — Create buttons and callouts that direct visitors to landing pages, with the ability to optimize click-through rates by testing different designs and messages.

Social Media. Our social media applications allow businesses to monitor, publish and track social media across Facebook, LinkedIn, Twitter and Google+, leveraging the personalized information about each contact stored in the inbound database. Features include:

- **Monitoring** — Monitor social media messages not just for keywords, but also using segmented lists created based on criteria in the inbound database such as active sales opportunities or customers who purchased in the last 30 days, and set alerts to be sent when new messages are posted meeting these criteria.
- **Publishing** — Schedule messages to be posted at any time in multiple Twitter accounts, as well as personal pages, business pages and groups on LinkedIn, Google+ and Facebook.
- **Analysis** — Measure which posts get the most engagement including the number of website visits, new contacts and new customers generated from each post.

Search Engine Optimization (SEO). Our SEO applications are tightly integrated into all of the content applications on our platform, making it easy to select the right keywords and optimize content to attract more visitors from search engines.

Features include:

- **Keywords** — Identify which search terms are used more frequently and are better opportunities, and track results on each keyword.
- **Page Performance** — Generate automated diagnostic reports about which web pages are not properly optimized, including instructions on what to fix and how to fix it.

CRM Sync. Businesses using a third party CRM system (e.g., Salesforce) can synchronize information from our inbound database with their CRM application, enabling seamless transition from marketing to sales. Our native and third-party CRM integration features include:

- **Bi-directional Syncing** — Changes in HubSpot and the CRM are automatically updated in the other system regardless of where the information originated.
- **Inclusion Lists** — Define which leads automatically sync to the CRM by setting conditions based on lead score or any other criteria in the inbound database.
- **Lead Intelligence** — Information from the contact timeline such as recent website visit or social media engagement is displayed in the CRM making it easy for sales to leverage the data in the inbound database.
- **Closed Loop Reporting** — Track which marketing activity was the original source of a new customer and measure in aggregate which campaigns are driving more or less sales.

Reporting and Analytics. Businesses can use our reporting and analytics functionality built into our platform to measure which activities are attracting the most new leads and customers, develop a deeper understanding of their customers and measure the effectiveness of campaigns across the customer lifecycle.

- **Sources** — Track website visitors, new leads and new customers according to how they first found a business, helping to measure the effectiveness of different marketing channels.
- **Competitors** — Track key inbound metrics against competition including the number of inbound links, social media followers and the relative website traffic.
- **Campaigns** — Create collections of different marketing and sales assets like blog posts, emails, landing pages and keywords and track them all in one place to measure the impact of a specific marketing and sales campaign.
- **Attribution** — Identify what marketing activity led to a key event in the marketing and sales process, such as conversion into a lead or a purchase, using various analytical models.
- **Events** — Track and analyze a variety of custom events such as video views or custom webpage interactions to understand the effect those actions have on lead generation and sales.
- **Revenue** — Report on the revenue generated by marketing and sales activity, including segmentation by deal stage, amount and close date.

HubSpot CRM

The second tool in the HubSpot Growth Stack, HubSpot CRM was introduced in 2014 as a free CRM system that businesses can track their interactions with contacts and companies, manage their sales activities and report on their pipeline and sales. HubSpot CRM is a free product that can be used standalone, or with any version of HubSpot Marketing and/or HubSpot Sales. Features of HubSpot CRM are explained below.

- **Contact Management** — Manage contact information for people and companies. Track the history of every interaction with those contacts.
- **Salesforce Automation** — Track active sales deals, store notes, track calls and meetings, and create tasks and reminders for follow-up with customers.
- **Pipeline Reporting** — Report on what deals are in what stage of the sales process with visibility for sales representatives and aggregate reporting for sales managers.

HubSpot Sales

The third tool in the HubSpot Growth Stack, HubSpot Sales was introduced in 2015 to enhance the productivity and effectiveness of sales representatives. Businesses can empower their teams with tools that deliver a personalized experience for prospects with less work for sales representatives. Sales professionals can track the signals being sent by potential customers, including email engagement and web-site visits, and easily discover new contacts and connections with other businesses. HubSpot Sales is available in both free and paid tiers that can be used with HubSpot CRM or a third party CRM system, and/or any version of HubSpot Marketing.

- **Email Engagement Notifications** — Get real-time alerts when email messages are opened or clicked by potential customers to know when they are engaged with messages.
- **Sequences** — Schedule a series of personalized emails to be sent to a prospect all at once to eliminate reminders and extensive task lists.
- **Meetings**— Expose a sales representative's calendar for prospects to book meetings at a time most convenient for them, without having to coordinate a preferred meeting time over email.
- **Calling**— Call prospects from HubSpot CRM, Outlook, or Gmail and have the call logged automatically within HubSpot CRM.
- **New Lead and Website Visit Alerts** — Receive real-time notifications of new leads assigned to a salesperson as well as notifications about when and where an existing lead visits a business's website to help salespeople more easily engage with potential customers.
- **Email Templates and CRM Tracking** — Use the email templates stored in salesforce.com or HubSpot CRM directly in Microsoft Outlook and Gmail. Log emails in a CRM so teams can deliver a better overall experience to prospects.
- **Contact Insights** — Learn about more contacts at a potential customer when visiting its website or sending an email, identify other connections to a potential customer and add new contacts to a CRM with one click.

Product Packaging

Pricing for HubSpot Marketing

HubSpot Marketing is priced based on product plans and number of contacts. There is one free and four paid plans, each of which includes key functionality of our core platform but also includes different applications to meet the needs of the various businesses we serve.

- **HubSpot Marketing Free** is a basic set of conversion tools that are designed to be an introduction to HubSpot's marketing functionality.
- **HubSpot Marketing Starter** is a \$50/month extension of HubSpot Marketing Free that adds basic email marketing functionality to HubSpot Marketing Free.
- **HubSpot Marketing Basic** is an entry level marketing suite that starts at \$2,400 per year. This plan includes our platform with applications such as blogging, landing pages, Social Inbox, email marketing, and analytics and reporting.
- **HubSpot Marketing Professional** is our plan for professional marketers starting at \$9,600 per year. This plan includes the platform with all the applications included in HubSpot Basic plus more advanced applications such as CRM integration, marketing automation, A/B testing, and content personalization.
- **HubSpot Marketing Enterprise** is an advanced plan for marketing teams starting at \$28,800 per year. This plan includes our platform with all the applications included in HubSpot Pro, plus more sophisticated applications such as predictive lead scoring, tracking custom events and advanced reporting capabilities.

Pricing for all plans is on a subscription basis and customers pay additional fees above the starting prices based on how many contacts will be stored and tracked in the inbound database. We generate additional revenue based on the purchase of additional subscriptions and applications and the number of account users, subdomains and website visits.

Add-Ons

We also sell applications that are not included in any of our above plans on an add-on basis.

- **Website** allows a business to build, edit and manage an entire website on our platform. Website has a per-month fee and requires HubSpot Marketing Basic, Pro, or Enterprise.

- **Ads** allows customers to create, manage, and optimize paid advertising campaigns across Facebook Ads, Google AdWords, and LinkedIn Sponsored Updates. HubSpot leverages data from the inbound database to easily display the return on investment of different campaigns, something that is traditionally difficult for B2B marketers to deduce. HubSpot also provides intelligent suggestions for optimizing campaigns to produce greater ROI. Ads has a per-month fee and requires HubSpot Marketing Basic, Pro, or Enterprise.
- **Reports** consolidates all of the essential reports into one customizable screen for both marketing and sales to view all metrics in one place. Reports has a per-month fee and requires HubSpot CRM, and/or HubSpot Marketing Basic, Pro, or Enterprise.

Pricing for HubSpot Sales

HubSpot Sales is available in two versions, either of which can be used standalone, in conjunction with HubSpot CRM and/or a third party CRM system, and/or any version of HubSpot Marketing.

- **HubSpot Sales Free** gives salespeople a basic level of access to many of the most popular features of HubSpot Sales such as email open & click tracking, email templates, and contact insights.
- **HubSpot Sales Pro** is our plan for professional sales teams that includes all the features of HubSpot Sales for \$50/user/month.

Our Services

We complement our product offerings with professional services and support. The majority of our services and support is offered over the phone and via web meeting technology rather than in-person, which is a more efficient business model for us and more cost-effective for our customers.

Professional Services. We offer professional services to educate and train customers on how to leverage our software platform and inbound marketing methodology to transform how their business attracts, engages and delights customers. Depending on which product plan and professional services a customer buys, it either receives group training and education in online or in-person classes or one-on-one training and advice from one of our implementation specialists by phone and web meeting. Our professional services are also available to customers who need additional assistance on a one-time or ongoing basis for an additional fee.

Support. In addition to assistance provided by our online articles and customer discussion forums, we offer phone and email-based support staffed in the United States, Ireland, Australia, and Singapore, which is included in the cost of a subscription for our marketing product. We strive to maintain an exceptional quality of customer service. We continuously monitor key customer service metrics such as phone hold time, ticket response time and ticket resolution rates, and we monitor the customer satisfaction of our customer support interactions. We believe our customer support is an important reason why businesses choose our platform and recommend it to their colleagues.

Our Marketing Customers

As of December 31, 2016 we had 23,226 marketing customers in more than 90 countries, representing many industries. No single marketing customer represented more than 1% of our revenue in 2016, 2015 or 2014.

Our Technology

We have 23,226 marketing customers that have chosen us as their marketing platform, which we architected and built to be secure, highly distributed and highly scalable. Since our founding, we have embraced rapid, iterative product development lifecycles, cloud automation and open-source technologies, including big data platforms, to power marketing and sales programs and provide insights not previously possible or available.

Our platform is a multi-tenant, single code-based, globally available software-as-a-service delivered through web browsers or mobile applications. Our commitment to a highly available, reliable and scalable platform for businesses of all sizes is accomplished through the use of these technologies.

Modern Database Architecture. We process billions of data points weekly across various channels, including social media, email, SEO and website visits, and continue to drive nearly real-time analytics across these channels. This is possible because we built our database from the ground up using distributed big data technologies such as HBase and Hadoop to both process and analyze the large amounts of data we collect in our inbound database. Using modern database technologies, we can provide actionable insights across disparate data-sets in a manner not easily achievable or cost effectively, at scale or efficiently, with traditional databases or platform architectures.

Agility. Our infrastructure and development and software release processes allow us to update our platform for specific groups of customers or our entire customer base at any time. This means we can rapidly innovate and deliver new functionality frequently, without waiting for quarterly or annual release cycles. We typically deploy updates to our software platform hundreds of times a week, enabling us to gather immediate customer feedback and improve our product quickly and continuously.

Cost leverage. Because our platform was built on an almost exclusive footprint of open-source software and designed to operate in cloud-based data-centers, we have benefited from large-scale price reductions by these cloud computing service providers as they continue to innovate and compete for market share. As our processing volume continues to grow, we continue to receive larger volume discounts on a per-unit basis for costs such as cost for storage, bandwidth and computing capacity. We also believe that our extensive use, and contribution to, open-source software will provide additional leverage as we scale our platform and infrastructure.

Scalability. By leveraging leading cloud infrastructure providers along with our automated technology stack, we are able to scale workloads of varying sizes at any time. This allows us to handle customers of all sizes and demands without traditional operational limitations such as network bandwidth, computing cycles, or storage capacity as we can scale our platform on-demand.

Reliability. Customer data is distributed and processed across multiple data centers within a region to provide redundancy. We built our platform on a distributed computing architecture with no single points of failure and we operate across data-center boundaries daily. In addition to data-center level redundancy, this architecture supports multiple live copies of each data set along with snapshot capabilities for faster, point-in-time data recovery instead of traditional backup and restore methodologies.

Security. We leverage industry standard network and perimeter defense technologies, DDoS protection systems (including web application firewalls) and enterprise grade DNS services across multiple vendors. Our data-center providers operate and certify to high industry compliance levels. Due to the broad footprint of our customer base, we regularly test and evaluate our platform with trusted third-party vendors to ensure the security and integrity of our services.

Marketing and Sales

We believe we are a global leader in implementing an inbound experience in marketing and sales. We believe that our marketing and sales model provides us with a competitive advantage, especially when targeting mid-market businesses, because we can attract and engage these businesses efficiently and at scale.

Inbound Marketing. Our marketing team focuses on inbound marketing and attracts an average of over 100,000 new leads per month through our industry-leading blog and other content, free tools, large social media following, high search engine rankings and personalized website and email content. In addition, we are generating leads for new and add-on product purchases through content and offers delivered through our platform to existing customers. Inbound sources generated over 90% of our new customers and over 85% of new leads during 2016. We believe most companies of our size and scale typically have a far lower volume of lead generation with a much larger share of it coming from traditional advertising methods.

Inbound Direct Sales. Our sales representatives are based in our offices in Cambridge, Massachusetts, Dublin, Ireland, Sydney, Australia, Singapore, and Tokyo, Japan and use phone, email and web meetings to interact with prospects and customers. The vast majority of revenue generated by our sales representatives originates with inbound leads produced by our marketing efforts. In addition, through our recently launched freemium products and in-product cross-sell offerings, we are starting to close new business with little or no interaction by our sales representatives.

Inbound Channel Sales. In addition to our direct sales team, we have sales representatives that manage relationships with our worldwide network of marketing agency partners who both use our platform for their own businesses and also, on a commissioned basis, refer customers to us. These marketing agencies partner with us not only to leverage our software platform and educational resources, but also to build their own business by offering new services and shifting their revenue mix to include more retainer-based business with a recurring revenue stream.

Employees and Culture

Transforming the business world to embrace the inbound experience requires a truly remarkable team. From the very beginning, our company was founded on a fundamental belief in radical transparency, individual autonomy and enlightened empathy.

To that end, we published our “Culture Code,” a document codifying how we went about building a business that employees, customers and partners alike truly love. Our Culture Code slide deck has been viewed approximately 3 million times on LinkedIn’s SlideShare and become an important element of our recruiting efforts. The seven core principles of our Culture Code are:

- **We commit maniacally to both our mission and metrics.** Our mission is to make the world inbound and transform how organizations attract, engage and delight their customers.
- **We look to the long-term and “Solve for the Customer”.** We solve for the customer, company, team and self, in that order.
- **We share openly and are remarkably transparent.** We believe that power is gained by sharing knowledge, not hoarding it and we share nearly all business information with all of our employees no matter their title or position.
- **We favor autonomy and take ownership.** We trust and empower each employee to use good judgment, and believe that results should matter more than when or where they are produced and that influence should be independent of hierarchy.
- **We believe our best perk is amazing people.** We value people who are humble, effective and predisposed to action, adaptable to change, remarkable standouts and transparent with others and with themselves.
- **We dare to be different and question the status quo.** We believe that remarkable outcomes rarely result from modest risk, and we’d rather be failing frequently than never trying new things.
- **We recognize that life is short.** We encourage candor and criticism as it helps us grow, but remember life is short so always be caring and kind.

Since our founding in 2006, we’ve taken great pride in recruiting and retaining people with HEART (Humility, Effectiveness, Adaptability, Remark-ability and Transparency) at every level of our company. Our employees are passionate about joining our mission of making the world more inbound. In our 10th anniversary year, we were recognized by The Boston Globe and the Boston Business Journal as a top/best place to work, a Best Place to Work for Women and Technology by Fortune, and a top workplace in Australia by JobAdvisor, among other distinctions. Our policies on employee autonomy and transparency have been widely profiled in the media and we are incredibly proud of the culture that we have built. But, at the end of the day, we do not just talk about culture, we measure it, just as we do the rest of our business. We survey employees on a quarterly basis, making sure that our founders and executives review all the feedback, respond, and make adjustments when necessary

As of December 31, 2016 we had 1,597 full-time employees. Of these employees, 1,239 are based in the United States, 262 are located in Ireland, 41 are located in Australia, 42 are located in Singapore, and 13 are located in Japan.

Competition

Our market is evolving, highly competitive and fragmented, and we expect competition to increase in the future. We believe the principal competitive factors in our market are:

- vision for the market and product strategy and pace of innovation;
- inbound marketing focus and domain expertise;
- integrated all-in-one platform;
- breadth and depth of product functionality;
- ease of use;
- scalable, open architecture;
- time to value and total cost of ownership;
- integration with third-party applications and data sources; and
- name recognition and brand reputation.

We believe we compete favorably with respect to all of these factors.

We face intense competition from other software companies that develop marketing software and from marketing services companies that provide interactive marketing services. Our competitors offer various point applications that provide certain functions and features that we provide, including:

- cloud-based marketing automation providers;
- email marketing software vendors;
- sales force automation and CRM software vendors; and
- large-scale enterprise suites.

In addition, instead of using our platform, some prospective customers may elect to combine disparate point applications, such as content management, marketing automation, analytics and social media management. We expect that new competitors, such as enterprise software vendors that have traditionally focused on enterprise resource planning or other applications supporting back office functions, will develop and introduce, or acquire, applications serving customer-facing and other front office functions.

Intellectual Property

Our ability to protect our intellectual property, including our technology, will be an important factor in the success and continued growth of our business. We protect our intellectual property through trade secrets law, copyrights, trademarks, patents, and contracts. Some of our technology relies upon third-party licensed intellectual property.

In addition to the foregoing, we have established business procedures designed to maintain the confidentiality of our proprietary information, including the use of confidentiality agreements and assignment of inventions agreements with employees, independent contractors, consultants and companies with which we conduct business.

Financial Information About Segments

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is regularly evaluated by the chief operating decision makers ("CODMs"), which are the Company's chief executive officer and chief operating officer, in deciding how to allocate resources and assess performance. The Company's CODMs evaluate the Company's financial information and resources and assess the performance of these resources on a consolidated basis. Since the Company operates in one operating segment, all required financial segment information can be found in the consolidated financial statements. See Footnote 7 within the consolidated financial statements for information by geographic area.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are made available free of charge on or through our website at www.hubspot.com as soon as reasonably practicable after such reports are filed with, or furnished to, the SEC. The SEC also maintains a website, www.sec.gov, that contains reports and other information regarding issuers that file electronically with the SEC. The public may read and copy any files with the SEC Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling 1-800-SEC-0330. We are not, however, including the information contained on our website, or information that may be accessed through links on our website, as part of, or incorporating such information by reference into, this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this Annual Report on Form 10-K and in our other public filings before making an investment decision. Our business, prospects, financial condition, or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. If any of such risks and uncertainties actually occurs, our business, financial condition or operating results could differ materially from the plans, projections and other forward-looking statements included in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report and in our other public filings. The trading price of our common stock could decline due to any of these risks, and, as a result, you may lose all or part of your investment.

Risks Related to Our Business and Strategy

We have a history of losses and may not achieve profitability in the future.

We generated net losses of \$ 45.6 million in 2016, \$46.1 million in 2015, and of \$48.2 million in 2014. As of December 31, 2016, we had an accumulated deficit of \$245.9 million. We will need to generate and sustain increased revenue levels in future periods to become profitable, and, even if we do, we may not be able to maintain or increase our level of profitability. We intend to continue to expend significant funds to grow our marketing and sales operations, develop and enhance our inbound platform, scale our data center infrastructure and services capabilities and expand into new markets. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this Annual Report on Form 10-K, and unforeseen expenses, difficulties, complications and delays and other unknown events. If we are unable to achieve and sustain profitability, the market price of our common stock may significantly decrease.

We are dependent upon customer renewals, the addition of new customers, increased revenue from existing customers and the continued growth of the market for an inbound platform.

We derive, and expect to continue to derive, a substantial portion of our revenue from the sale of subscriptions to our inbound platform. The market for inbound marketing and sales products is still evolving, and competitive dynamics may cause pricing levels to change as the market matures and as existing and new market participants introduce new types of point applications and different approaches to enable businesses to address their respective needs. As a result, we may be forced to reduce the prices we charge for our platform and may be unable to renew existing customer agreements or enter into new customer agreements at the same prices and upon the same terms that we have historically. In addition, our growth strategy involves a scalable pricing model (including freemium versions of our products) intended to increase the lifetime value of our customer relationships as we expand their use of our platform, sell to other parts of their organizations, cross-sell our sales products to existing marketing product customers and vice versa through touchless or low touch in product purchases, and upsell additional offerings and features. If our cross-selling efforts are unsuccessful or if our existing customers do not expand their use of our platform or adopt additional offerings and features our operating results may suffer.

Our subscription renewal rates may decrease, and any decrease could harm our future revenue and operating results.

Our customers have no obligation to renew their subscriptions for our platform after the expiration of their subscription periods, substantially all of which are one year or less. In addition, our customers may seek to renew for lower subscription amounts or for shorter contract lengths. Also, customers may choose not to renew their subscriptions for a variety of reasons, including an inability or failure on the part of a customer to create blogging, social media and other content necessary to realize the benefits of our platform. Our renewal rates may decline or fluctuate as a result of a number of factors, including limited customer resources, pricing changes, adoption and utilization of our platform and add-on applications by our customers, adoption of our new products, customer satisfaction with our platform, the acquisition of our customers by other companies and deteriorating general economic conditions. If our customers do not renew their subscriptions for our platform or decrease the amount they spend with us, our revenue will decline and our business will suffer.

We face significant competition from both established and new companies offering marketing and sales software and other related applications, as well as internally developed software, which may harm our ability to add new customers, retain existing customers and grow our business.

The marketing and sales software market is evolving, highly competitive and significantly fragmented. With the introduction of new technologies and the potential entry of new competitors into the market, we expect competition to persist and intensify in the future, which could harm our ability to increase sales, maintain or increase renewals and maintain our prices.

We face intense competition from other software companies that develop marketing and sales software and from marketing services companies that provide interactive marketing services. Competition could significantly impede our ability to sell subscriptions to our inbound marketing and sales platform on terms favorable to us. Our current and potential competitors may develop and market new technologies that render our existing or future products less competitive, or obsolete. In addition, if these competitors develop products with similar or superior functionality to our platform, we may need to decrease the prices or accept less favorable terms for our platform subscriptions in order to remain competitive. If we are unable to maintain our pricing due to competitive pressures, our margins will be reduced and our operating results will be negatively affected.

Our competitors include:

- cloud-based marketing automation providers;
- email marketing software vendors;
- sales force automation and CRM software vendors; and
- large-scale enterprise suites.

In addition, instead of using our platform, some prospective customers may elect to combine disparate point applications, such as content management, marketing automation, CRM, analytics and social media management. We expect that new competitors, such as enterprise software vendors that have traditionally focused on enterprise resource planning or other applications supporting back office functions, will develop and introduce applications serving customer-facing and other front office functions. This development could have an adverse effect on our business, operating results and financial condition. In addition, sales force automation and CRM system vendors could acquire or develop applications that compete with our marketing software offerings. Some of these companies have acquired social media marketing and other marketing software providers to integrate with their broader offerings.

Our current and potential competitors may have significantly more financial, technical, marketing and other resources than we have, be able to devote greater resources to the development, promotion, sale and support of their products and services, may have more extensive customer bases and broader customer relationships than we have, and may have longer operating histories and greater name recognition than we have. As a result, these competitors may respond faster to new technologies and undertake more extensive marketing campaigns for their products. In a few cases, these vendors may also be able to offer marketing and sales software at little or no additional cost by bundling it with their existing suite of applications. To the extent any of our competitors has existing relationships with potential customers for either marketing software or other applications, those customers may be unwilling to purchase our platform because of their existing relationships with our competitor. If we are unable to compete with such companies, the demand for our inbound platform could substantially decline.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, our ability to compete effectively could be adversely affected. Our competitors may also establish or strengthen cooperative relationships with our current or future strategic distribution and technology partners or other parties with whom we have relationships, thereby limiting our ability to promote and implement our platform. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our business, operating results and financial condition.

We have experienced rapid growth and organizational change in recent periods and expect continued future growth. If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service or address competitive challenges adequately.

Our head count and operations have grown substantially. For example, we had 1,597 full-time employees as of December 31, 2016, as compared with 1,157 as of December 31, 2015. We opened our first international office in Dublin, Ireland in January 2013, a second international office in Sydney, Australia in August 2014, a third international office in Singapore in October 2015 and a fourth international office in Tokyo in July 2016. We have announced our intention to open an international office in Berlin in the second half of 2017. This growth has placed, and will continue to place, a significant strain on our management, administrative, operational and financial infrastructure. We anticipate further growth will be required to address increases in our product offerings and continued expansion. Our success will depend in part upon our ability to recruit, hire, train, manage and integrate a significant number of qualified managers, technical personnel and employees in specialized roles within our company, including in technology, sales and marketing. If our new employees perform poorly, or if we are unsuccessful in recruiting, hiring, training, managing and integrating these new employees, or retaining these or our existing employees, our business may suffer.

In addition, to manage the expected continued growth of our head count, operations and geographic expansion, we will need to continue to improve our information technology infrastructure, operational, financial and management systems and procedures. Our anticipated additional head count and capital investments will increase our costs, which will make it more difficult for us to address any future revenue shortfalls by reducing expenses in the short term. If we fail to successfully manage our growth, we will be unable to successfully execute our business plan, which could have a negative impact on our business, results of operations or financial condition.

Failure to effectively develop and expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our platform.

To increase customers and achieve broader market acceptance of our inbound platform, we will need to expand our marketing and sales operations, including our sales force and third-party channel partners. We will continue to dedicate significant resources to

inbound sales and marketing programs. The effectiveness of our inbound sales and marketing and third-party channel partners has varied over time and may vary in the future and depends on our ability to maintain and improve our inbound platform. All of these efforts will require us to invest significant financial and other resources. Our business will be seriously harmed if our efforts do not generate a correspondingly significant increase in revenue. We may not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop and retain talented sales personnel, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time or if our sales and marketing programs are not effective.

The rate of growth of our business depends on the continued participation and level of service of our marketing agency partners.

We rely on our marketing agency partners to provide certain services to our customers, as well as pursue sales of our inbound platform to customers. To the extent we do not attract new marketing agency partners, or existing or new marketing agency partners do not refer a growing number of customers to us, our revenue and operating results would be harmed. In addition, if our marketing agency partners do not continue to provide services to our customers, we would be required to provide such services ourselves either by expanding our internal team or engaging other third-party providers, which would increase our operating costs.

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

We believe that a critical component to our success has been our company culture, which is based on transparency and personal autonomy. We have invested substantial time and resources in building our team within this company culture. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. As we grow and continue to develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our company culture. If we fail to maintain our company culture, our business may be adversely impacted.

If we fail to maintain our inbound thought leadership position, our business may suffer.

We believe that maintaining our thought leadership position in inbound marketing, sales and services is an important element in attracting new customers. We devote significant resources to develop and maintain our thought leadership position, with a focus on identifying and interpreting emerging trends in the inbound experience, shaping and guiding industry dialog and creating and sharing the best inbound practices. Our activities related to developing and maintaining our thought leadership may not yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incurred in such effort. We rely upon the continued services of our management and employees with domain expertise with inbound marketing, sales and services, and the loss of any key employees in this area could harm our competitive position and reputation. If we fail to successfully grow and maintain our thought leadership position, we may not attract enough new customers or retain our existing customers, and our business could suffer.

If we fail to further enhance our brand and maintain our existing strong brand awareness, our ability to expand our customer base will be impaired and our financial condition may suffer.

We believe that our development of the HubSpot brand is critical to achieving widespread awareness of our existing and future inbound experience solutions, and, as a result, is important to attracting new customers and maintaining existing customers. In the past, our efforts to build our brand have involved significant expenses, and we believe that this investment has resulted in strong brand recognition in the business-to-business, or B2B, market. Successful promotion and maintenance of our brands will depend largely on the effectiveness of our marketing efforts and on our ability to provide a reliable and useful inbound platform at competitive prices. Brand promotion activities may not yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incurred in building our brand. If we fail to successfully promote and maintain our brand, our business could suffer.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards and changing customer needs or requirements, our inbound platform may become less competitive.

Our future success depends on our ability to adapt and innovate our inbound platform. To attract new customers and increase revenue from existing customers, we need to continue to enhance and improve our offerings to meet customer needs at prices that our customers are willing to pay. Such efforts will require adding new functionality and responding to technological advancements, which will increase our research and development costs. If we are unable to develop new applications that address our customers' needs, or to enhance and improve our platform in a timely manner, we may not be able to maintain or increase market acceptance of our platform. Our ability to grow is also subject to the risk of future disruptive technologies. Access and use of our inbound platform is provided via the cloud, which, itself, was disruptive to the previous enterprise software model. If new technologies emerge that are able to deliver inbound marketing software and related applications at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely affect our ability to compete.

We rely on our management team and other key employees, and the loss of one or more key employees could harm our business.

Our success and future growth depend upon the continued services of our management team, including our co-founders, Brian Halligan and Dharmesh Shah, and other key employees in the areas of research and development, marketing, sales, services and general and administrative functions. From time to time, there may be changes in our management team resulting from the hiring or departure of executives, which could disrupt our business. We also are dependent on the continued service of our existing software engineers and information technology personnel because of the complexity of our platform, technologies and infrastructure. We may terminate any employee's employment at any time, with or without cause, and any employee may resign at any time, with or without cause. We do not have employment agreements with any of our key personnel. The loss of one or more of our key employees could harm our business.

The failure to attract and retain additional qualified personnel could prevent us from executing our business strategy.

To execute our business strategy, we must attract and retain highly qualified personnel. In particular, we compete with many other companies for software developers with high levels of experience in designing, developing and managing cloud-based software, as well as for skilled information technology, marketing, sales and operations professionals, and we may not be successful in attracting and retaining the professionals we need. Also, inbound sales, marketing and services domain experts are very important to our success and are difficult to replace. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and difficulty in retaining highly skilled employees with appropriate qualifications. In particular, we have experienced a competitive hiring environment in the Greater Boston area, where we are headquartered. Many of the companies with which we compete for experienced personnel have greater resources than we do. In addition, in making employment decisions, particularly in the software industry, job candidates often consider the value of the stock options or other equity incentives they are to receive in connection with their employment. If the price of our stock declines, or experiences significant volatility, our ability to attract or retain key employees will be adversely affected. If we fail to attract new personnel or fail to retain and motivate our current personnel, our growth prospects could be severely harmed.

If we fail to offer high-quality customer support, our business and reputation may suffer.

High-quality education, training and customer support are important for the successful marketing, sale and use of our inbound platform and for the renewal of existing customers. Providing this education, training and support requires that our personnel who manage our online training resource, HubSpot Academy, or provide customer support have specific inbound experience domain knowledge and expertise, making it more difficult for us to hire qualified personnel and to scale up our support operations. The importance of high-quality customer support will increase as we expand our business and pursue new customers. If we do not help our customers use multiple applications within our inbound platform and provide effective ongoing support, our ability to sell additional functionality and services to, or to retain, existing customers may suffer and our reputation with existing or potential customers may be harmed.

We may not be able to scale our business quickly enough to meet our customers' growing needs and if we are not able to grow efficiently, our operating results could be harmed.

As usage of our inbound platform grows and as customers use our platform for additional inbound applications, such as sales and services, we will need to devote additional resources to improving our application architecture, integrating with third-party systems and maintaining infrastructure performance. In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support and professional services, to serve our growing customer base, particularly as our customer demographics change over time. Any failure of or delay in these efforts could cause impaired system performance and reduced customer satisfaction. These issues could reduce the attractiveness of our inbound platform to customers, resulting in decreased sales to new customers, lower renewal rates by existing customers, the issuance of service credits, or requested refunds, which could impede our revenue growth and harm our reputation. Even if we are able to upgrade our systems and expand our staff, any such expansion will be expensive and complex, requiring management's time and attention. We could also face inefficiencies or operational failures as a result of our efforts to scale our infrastructure. Moreover, there are inherent risks associated with upgrading, improving and expanding our information technology systems. We cannot be sure that the expansion and improvements to our infrastructure and systems will be fully or effectively implemented on a timely basis, if at all. These efforts may reduce revenue and our margins and adversely affect our financial results.

Our ability to introduce new products and features is dependent on adequate research and development resources. If we do not adequately fund our research and development efforts, we may not be able to compete effectively and our business and operating results may be harmed.

To remain competitive, we must continue to develop new product offerings, applications, features and enhancements to our existing inbound platform. Maintaining adequate research and development personnel and resources to meet the demands of the

market is essential. If we are unable to develop our platform internally due to certain constraints, such as high employee turnover, lack of management ability or a lack of other research and development resources, we may miss market opportunities. Further, many of our competitors expend a considerably greater amount of funds on their research and development programs, and those that do not may be acquired by larger companies that would allocate greater resources to our competitors' research and development programs. Our failure to maintain adequate research and development resources or to compete effectively with the research and development programs of our competitors could materially adversely affect our business.

Changes in the sizes or types of businesses that purchase our platform or in the applications within our inbound platform purchased or used by our customers could negatively affect our operating results.

Our strategy is to sell subscriptions to our inbound platform to mid-sized businesses, but we have sold and will continue to sell to organizations ranging from small businesses to enterprises. Our gross margins can vary depending on numerous factors related to the implementation and use of our inbound platform, including the sophistication and intensity of our customers' use of our platform and the level of professional services and support required by a customer. Sales to enterprise customers may entail longer sales cycles and more significant selling efforts. Selling to small businesses may involve greater credit risk and uncertainty. If there are changes in the mix of businesses that purchase our platform or the mix of the product plans purchased by our customers, our gross margins could decrease and our operating results could be adversely affected.

We have in the past completed acquisitions and may acquire or invest in other companies or technologies in the future, which could divert management's attention, fail to meet our expectations, result in additional dilution to our stockholders, increase expenses, disrupt our operations or harm our operating results.

We have in the past acquired, and we may in the future acquire or invest in, businesses, products or technologies that we believe could complement or expand our platform, enhance our technical capabilities or otherwise offer growth opportunities. For example, in June 2011, we acquired Performable, a marketing automation provider. We may not be able to fully realize the anticipated benefits of these or any future acquisitions. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses related to identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

There are inherent risks in integrating and managing acquisitions. If we acquire additional businesses, we may not be able to assimilate or integrate the acquired personnel, operations and technologies successfully or effectively manage the combined business following the acquisition and our management may be distracted from operating our business. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including: unanticipated costs or liabilities associated with the acquisition; incurrence of acquisition-related costs, which would be recognized as a current period expense; inability to generate sufficient revenue to offset acquisition or investment costs; the inability to maintain relationships with customers and partners of the acquired business; the difficulty of incorporating acquired technology and rights into our platform and of maintaining quality and security standards consistent with our brand; delays in customer purchases due to uncertainty related to any acquisition; the need to integrate or implement additional controls, procedures and policies; challenges caused by distance, language and cultural differences; harm to our existing business relationships with business partners and customers as a result of the acquisition; the potential loss of key employees; use of resources that are needed in other parts of our business and diversion of management and employee resources; the inability to recognize acquired deferred revenue in accordance with our revenue recognition policies; and use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition. Acquisitions also increase the risk of unforeseen legal liability, including for potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses which are not discovered by due diligence during the acquisition process. Generally, if an acquired business fails to meet our expectations, our operating results, business and financial condition may suffer. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our business, results of operations or financial condition.

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

Because our long-term growth strategy involves further expansion of our sales to customers outside the United States, our business will be susceptible to risks associated with international operations.

A component of our growth strategy involves the further expansion of our operations and customer base internationally. We opened our first international office in Dublin, Ireland in January 2013 and we opened additional international offices in Sydney, Australia in August 2014, in Singapore in October 2015 and in Tokyo in July 2016. We have announced our intention to open an international office in Berlin in the second half of 2017. These international offices focus primarily on sales, professional services and

support. We also have a development team in Dublin, Ireland. Our current international operations and future initiatives will involve a variety of risks, including:

- difficulties in maintaining our company culture with a dispersed and distant workforce;
- more stringent regulations relating to data security and the unauthorized use of, or access to, commercial and personal information, particularly in the European Union;
- unexpected changes in regulatory requirements, taxes or trade laws;
- differing labor regulations, especially in the European Union, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems and regulatory systems;
- currency exchange rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions if we chose to do so in the future;
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries;
- limited or insufficient intellectual property protection;
- political instability or terrorist activities;
- likelihood of potential or actual violations of domestic and international anticorruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, or of U.S. and international export control and sanctions regulations, which likelihood may increase with an increase of sales or operations in foreign jurisdictions and operations in certain industries; and
- adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash.

Our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake will not be successful. If we invest substantial time and resources to expand our international operations and are unable to do so successfully and in a timely manner, our business and operating results will suffer. We continue to implement policies and procedures to facilitate our compliance with U.S. laws and regulations applicable to or arising from our international business. Inadequacies in our past or current compliance practices may increase the risk of inadvertent violations of such laws and regulations, which could lead to financial and other penalties that could damage our reputation and impose costs on us.

Interruptions or delays in service from our third-party data center providers could impair our ability to deliver our platform to our customers, resulting in customer dissatisfaction, damage to our reputation, loss of customers, limited growth and reduction in revenue.

We currently serve the majority of our platform functions from third-party data center hosting facilities operated by Amazon Web Services and located in northern Virginia. In addition, we serve ancillary functions for our customers from third-party data center hosting facilities operated by Rackspace located in Dallas, Texas, with a backup facility in Chicago, Illinois. Our operations depend, in part, on our third-party facility providers' abilities to protect these facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts and similar events. In the event that any of our third-party facilities arrangements is terminated, or if there is a lapse of service or damage to a facility, we could experience interruptions in our platform as well as delays and additional expenses in arranging new facilities and services.

Any damage to, or failure of, the systems of our third-party providers could result in interruptions to our platform. Despite precautions taken at our data centers, the occurrence of spikes in usage volume, a natural disaster, an act of terrorism, vandalism or sabotage, a decision to close a facility without adequate notice, or other unanticipated problems at a facility could result in lengthy interruptions in the availability of our on-demand software. Even with current and planned disaster recovery arrangements, our business could be harmed. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These factors in turn could further reduce our revenue, subject us to liability and cause us to issue credits or cause customers to fail to renew their subscriptions, any of which could materially adversely affect our business.

We are dependent on the continued availability of third-party data hosting and transmission services.

A significant portion of our operating cost is from our third-party data hosting and transmission services. If the costs for such services increase due to vendor consolidation, regulation, contract renegotiation, or otherwise, we may not be able to increase the fees for our inbound platform or services to cover the changes. As a result, our operating results may be significantly worse than forecasted.

If we do not or cannot maintain the compatibility of our inbound platform with third-party applications that our customers use in their businesses, our revenue will decline.

A significant percentage of our customers choose to integrate our platform with certain capabilities provided by third-party application providers using application programming interfaces, or APIs, published by these providers. The functionality and popularity of our inbound platform depends, in part, on our ability to integrate our platform with third-party applications and platforms, including CRM, CMS, e-commerce, call center, analytics and social media sites that our customers use and from which they obtain data. Third-party providers of applications and APIs may change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications and APIs and access to those applications and platforms in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party applications and platforms in conjunction with our platform, which could negatively impact our offerings and harm our business. If we fail to integrate our platform with new third-party applications and platforms that our customers use for marketing, sales or services purposes, we may not be able to offer the functionality that our customers need, which would negatively impact our ability to generate revenue and adversely impact our business.

We rely on data provided by third parties, the loss of which could limit the functionality of our platform and disrupt our business.

Select functionality of our inbound platform depends on our ability to deliver data, including search engine results and social media updates, provided by unaffiliated third parties, such as Facebook, Google, LinkedIn and Twitter. Some of this data is provided to us pursuant to third-party data sharing policies and terms of use, under data sharing agreements by third-party providers or by customer consent. In the future, any of these third parties could change its data sharing policies, including making them more restrictive, or alter its algorithms that determine the placement, display, and accessibility of search results and social media updates, any of which could result in the loss of, or significant impairment to, our ability to collect and provide useful data to our customers. These third parties could also interpret our, or our service providers', data collection policies or practices as being inconsistent with their policies, which could result in the loss of our ability to collect this data for our customers. Any such changes could impair our ability to deliver data to our customers and could adversely impact select functionality of our platform, impairing the return on investment that our customers derive from using our solution, as well as adversely affecting our business and our ability to generate revenue.

Privacy concerns and end users' acceptance of Internet behavior tracking may limit the applicability, use and adoption of our inbound platform.

Privacy concerns may cause end users to resist providing the personal data necessary to allow our customers to use our platform effectively. We have implemented various features intended to enable our customers to better protect end user privacy, but these measures may not alleviate all potential privacy concerns and threats. Even the perception of privacy concerns, whether or not valid, may inhibit market adoption of our platform, especially in certain industries that rely on sensitive personal information. Privacy advocacy groups and the technology and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us. The costs of compliance with, and other burdens imposed by these groups' policies and actions may limit the use and adoption of our inbound platform and reduce overall demand for it, or lead to significant fines, penalties or liabilities for any noncompliance or loss of any such action.

We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could harm our business. Compliance with such laws could also impair our efforts to maintain and expand our customer base, and thereby decrease our revenue.

Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, including the U.S. Federal Trade Commission, or FTC, and various state, local and foreign agencies. We collect personally identifiable information and other data from our customers and leads. We also handle personally identifiable information about our customers' customers. We use this information to provide services to our customers, to support, expand and improve our business. We may also share customers' personally identifiable information with third parties as authorized by the customer or as described in our privacy policy.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, distribution, use and storage of personal information of individuals. In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws as imposing standards for the online collection, use and dissemination of data. However, these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other requirements or our practices. Any failure or perceived failure by us to comply with privacy or security laws, policies, legal obligations or industry standards or any security incident that results in the unauthorized release or transfer of personally identifiable information or other customer data may result in governmental enforcement actions, litigation, fines and penalties and/or adverse publicity, and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business.

Laws and regulations concerning privacy, data protection and information security are evolving, and changes to such laws and regulations could require us to change features of our platform or restrict our customers' ability to collect and use email addresses, page viewing data and personal information, which may reduce demand for our platform. Our failure to comply with federal, state and international data privacy laws and regulations could harm our ability to successfully operate our business and pursue our business goals.

In addition, several foreign countries and governmental bodies, including the European Union and Canada, have regulations dealing with the collection and use of personal information obtained from their residents, which are often more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of personal information that identifies or may be used to identify an individual. Within the European Union, legislators have adopted the General Data Protection Regulation (GDPR) effective May 2018 which may impose additional obligations and risk upon our business and which may increase substantially the penalties to which we could be subject in the event of any non-compliance. We may incur substantial expense in complying with the new obligations to be imposed by the GDPR and we may be required to make significant changes in our business operations, all of which may adversely affect our revenues and our business overall.

We have in the past relied upon adherence to the U.S. Department of Commerce's Safe Harbor Privacy Principles and compliance with the U.S.-EU and U.S.-Swiss Safe Harbor Frameworks as agreed to and set forth by the U.S. Department of Commerce, and the European Union and Switzerland, which established a means for legitimating the transfer of personal data by data controllers in the European Economic Area (or "EEA") to the U.S. As a result of the October 6, 2015 European Union Court of Justice, or ECJ, opinion in Case C-362/14 (Schrems v. Data Protection Commissioner) regarding the adequacy of the U.S.-EU Safe Harbor Framework, the U.S. - EU Safe Harbor Framework is no longer deemed to be a valid method of compliance with requirements set forth in the Directive (and member states' implementations thereof) regarding the transfer of personal data outside of the EEA.

On May 23, 2016 the European Parliament adopted a resolution and on July 8, 2016 the European Member State representatives approved the final version of the EU-US Privacy Shield as a successor to the Safe Harbor framework. As of August 1, 2016, interested companies have been permitted to register for the program. We are currently certified to the EU-US Privacy Shield. There continue to be concerns about whether the EU-US Privacy Shield will face additional challenges. Until the remaining legal uncertainties regarding the future of the EU-US Privacy Shield are settled, we will continue to face uncertainty as to whether our efforts to comply with our obligations under European privacy laws will be sufficient. If we are investigated by a European data protection authority, we may face fines and other penalties. Any such investigation or charges by European data protection authorities could have a negative effect on our existing business and on our ability to attract and retain new customers.

We may also experience hesitancy, reluctance, or refusal by European or multi-national customers to continue to use our services due to the potential risk exposure to such customers as a result of the ECJ ruling in Case C-362/14 and the current data protection obligations imposed on them by certain data protection authorities. Such customers may also view any alternative approaches to compliance as being too costly, too burdensome, too legally uncertain or otherwise objectionable and therefore decide not to do business with us. For example, some of our customers or potential customers in the EU may require their vendors to host all personal data within the EU and may decide to do business with one of our competitors who hosts personal data within the EU instead of doing business with us.

We and our customers are at risk of enforcement actions taken by certain EU data protection authorities until such point in time that we may be able to ensure that all transfers of personal data to us from the EEA are conducted in compliance with all applicable regulatory obligations, the guidance of data protection authorities, and evolving best practices. We may find it necessary to establish systems to maintain personal data originating from the EU in the EEA, which may involve substantial expense and may cause us to need to divert resources from other aspects of our business, all of which may adversely affect our business.

In addition, if our privacy or data security measures fail to comply with current or future laws and regulations, we may be subject to claims, legal proceedings or other actions by individuals or governmental authorities based on privacy or data protection regulations and our commitments to customers or others, as well as negative publicity and a potential loss of business. Moreover, if future laws and regulations limit our subscribers' ability to use and share personal information or our ability to store, process and share

personal information, demand for our solutions could decrease, our costs could increase, and our business, results of operations and financial condition could be harmed.

If our or our customers' security measures are compromised or unauthorized access to data of our customers or their customers is otherwise obtained, our inbound platform may be perceived as not being secure, our customers may be harmed and may curtail or cease their use of our platform, our reputation may be damaged and we may incur significant liabilities.

Our operations involve the storage and transmission of data of our customers and their customers, including personally identifiable information. Our storage is typically the sole source of record for portions of our customers' businesses and end user data, such as initial contact information and online interactions. Security incidents could result in unauthorized access to, loss of or unauthorized disclosure of this information, litigation, indemnity obligations and other possible liabilities, as well as negative publicity, which could damage our reputation, impair our sales and harm our customers and our business. Cyber-attacks and other malicious Internet-based activity continue to increase generally, and cloud-based platform providers of marketing services have been targeted. If our security measures are compromised as a result of third-party action, employee or customer error, malfeasance, stolen or fraudulently obtained log-in credentials or otherwise, our reputation could be damaged, our business may be harmed and we could incur significant liability. If third parties with whom we work, such as vendors or developers, violate applicable laws or our security policies, such violations may also put our customers' information at risk and could in turn have an adverse effect on our business. In addition, if the security measures of our customers are compromised, even without any actual compromise of our own systems, we may face negative publicity or reputational harm if our customers or anyone else incorrectly attributes the blame for such security breaches to us or our systems. We may be unable to anticipate or prevent techniques used to obtain unauthorized access or to sabotage systems because they change frequently and generally are not detected until after an incident has occurred. As we increase our customer base and our brand becomes more widely known and recognized, we may become more of a target for third parties seeking to compromise our security systems or gain unauthorized access to our customers' data. Additionally, we provide extensive access to our database, which stores our customer data, to our development team to facilitate our rapid pace of product development. If such access or our own operations cause the loss, damage or destruction of our customers' business data, their sales, lead generation, support and other business operations may be permanently harmed. As a result, our customers may bring claims against us for lost profits and other damages.

Many governments have enacted laws requiring companies to notify individuals of data security incidents or unauthorized transfers involving certain types of personal data. In addition, some of our customers contractually require notification of any data security compromise. Security compromises experienced by our competitors, by our customers or by us may lead to public disclosures, which may lead to widespread negative publicity. Any security compromise in our industry, whether actual or perceived, could harm our reputation, erode customer confidence in the effectiveness of our security measures, negatively impact our ability to attract new customers, cause existing customers to elect not to renew their subscriptions or subject us to third-party lawsuits, regulatory fines or other action or liability, which could materially and adversely affect our business and operating results.

There can be no assurance that any limitations of liability provisions in our contracts for a security breach would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot be sure that our existing general liability insurance coverage and coverage for errors or omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, financial condition and operating results.

If our inbound platform fails due to defects or similar problems, and if we fail to correct any defect or other software problems, we could lose customers, become subject to service performance or warranty claims or incur significant costs.

Our platform and its underlying infrastructure are inherently complex and may contain material defects or errors. We release modifications, updates, bug fixes and other changes to our software several times per day, without traditional human-performed quality control reviews for each release. We have from time to time found defects in our software and may discover additional defects in the future. We may not be able to detect and correct defects or errors before customers begin to use our platform or its applications. Consequently, we or our customers may discover defects or errors after our platform has been implemented. These defects or errors could also cause inaccuracies in the data we collect and process for our customers, or even the loss, damage or inadvertent release of such confidential data. We implement bug fixes and upgrades as part of our regular system maintenance, which may lead to system downtime. Even if we are able to implement the bug fixes and upgrades in a timely manner, any history of defects or inaccuracies in the data we collect for our customers, or the loss, damage or inadvertent release of confidential data could cause our reputation to be harmed, and customers may elect not to purchase or renew their agreements with us and subject us to service performance credits, warranty claims or increased insurance costs. The costs associated with any material defects or errors in our platform or other performance problems may be substantial and could materially adversely affect our operating results.

Risks Related to Intellectual Property

Our business may suffer if it is alleged or determined that our technology infringes the intellectual property rights of others.

The software industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets and other intellectual and proprietary rights. Companies in the software industry, including those in marketing software, are often required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. Many of our competitors and other industry participants have been issued patents and/or have filed patent applications and may assert patent or other intellectual property rights within the industry. Moreover, in recent years, individuals and groups that are non-practicing entities, commonly referred to as "patent trolls," have purchased patents and other intellectual property assets for the purpose of making claims of infringement in order to extract settlements. From time to time, we may receive threatening letters or notices or may be the subject of claims that our services and/or platform and underlying technology infringe or violate the intellectual property rights of others. Responding to such claims, regardless of their merit, can be time consuming, costly to defend in litigation, divert management's attention and resources, damage our reputation and brand and cause us to incur significant expenses. Our technologies may not be able to withstand any third-party claims or rights against their use. Claims of intellectual property infringement might require us to redesign our application, delay releases, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling our platform. If we cannot or do not license the infringed technology on reasonable terms or at all, or substitute similar technology from another source, our revenue and operating results could be adversely impacted. Additionally, our customers may not purchase our inbound platform if they are concerned that they may infringe third-party intellectual property rights. The occurrence of any of these events may have a material adverse effect on our business.

In our subscription agreements with our customers, we generally do not agree to indemnify our customers against any losses or costs incurred in connection with claims by a third party alleging that a customer's use of our services or platform infringes the intellectual property rights of the third party. There can be no assurance, however, that customers will not assert a common law indemnity claim or that any existing limitations of liability provisions in our contracts would be enforceable or adequate, or would otherwise protect us from any such liabilities or damages with respect to any particular claim. Our customers who are accused of intellectual property infringement may in the future seek indemnification from us under common law or other legal theories. If such claims are successful, or if we are required to indemnify or defend our customers from these or other claims, these matters could be disruptive to our business and management and have a material adverse effect on our business, operating results and financial condition.

If we fail to adequately protect our proprietary rights, in the United States and abroad, our competitive position could be impaired and we may lose valuable assets, experience reduced revenue and incur costly litigation to protect our rights.

Our success is dependent, in part, upon protecting our proprietary technology. We rely on a combination of copyrights, trademarks, service marks, trade secret laws and contractual restrictions to establish and protect our proprietary rights in our products and services. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Any of our trademarks or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our technology and use information that we regard as proprietary to create products and services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our offerings may be unenforceable under the laws of certain jurisdictions and foreign countries. In addition, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying and use of our technology and proprietary information may increase.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in controlling access to and distribution of our products and proprietary information. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform and offerings.

We may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation, could delay further sales or the implementation of our platform and

offerings, impair the functionality of our platform and offerings, delay introductions of new features or enhancements, result in our substituting inferior or more costly technologies into our platform and offerings, or injure our reputation.

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

A substantial portion of our cloud-based platform incorporates so-called “open source” software, and we may incorporate additional open source software in the future. Open source software is generally freely accessible, usable and modifiable. Certain open source licenses may, in certain circumstances, require us to offer the components of our platform that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third party that distributes open source software we use were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, including being enjoined from the offering of the components of our platform that contained the open source software and being required to comply with the foregoing conditions, which could disrupt our ability to offer the affected software. We could also be subject to suits by parties claiming ownership of what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition and require us to devote additional research and development resources to change our products.

Risks Related to Government Regulation and Taxation

We could face liability, or our reputation might be harmed, as a result of the activities of our customers, the content of their websites or the data they store on our servers.

As a provider of a cloud-based inbound marketing and sales software platform, we may be subject to potential liability for the activities of our customers on or in connection with the data they store on our servers. Although our customer terms of use prohibit illegal use of our services by our customers and permit us to take down websites or take other appropriate actions for illegal use, customers may nonetheless engage in prohibited activities or upload or store content with us in violation of applicable law or the customer’s own policies, which could subject us to liability or harm our reputation.

Several U.S. federal statutes may apply to us with respect to various customer activities:

- The Digital Millennium Copyright Act of 1998, or DMCA, provides recourse for owners of copyrighted material who believe that their rights under U.S. copyright law have been infringed on the Internet. Under the DMCA, based on our current business activity as an Internet service provider that does not own or control website content posted by our customers, we generally are not liable for infringing content posted by our customers or other third parties, provided that we follow the procedures for handling copyright infringement claims set forth in the DMCA. Generally, if we receive a proper notice from, or on behalf, of a copyright owner alleging infringement of copyrighted material located on websites we host, and we fail to expeditiously remove or disable access to the allegedly infringing material or otherwise fail to meet the requirements of the safe harbor provided by the DMCA, the copyright owner may seek to impose liability on us. Technical mistakes in complying with the detailed DMCA take-down procedures could subject us to liability for copyright infringement.
- The Communications Decency Act of 1996, or CDA, generally protects online service providers, such as us, from liability for certain activities of their customers, such as the posting of defamatory or obscene content, unless the online service provider is participating in the unlawful conduct. Under the CDA, we are generally not responsible for the customer-created content hosted on our servers. Consequently, we do not monitor hosted websites or prescreen the content placed by our customers on their sites. However, the CDA does not apply in foreign jurisdictions and we may nonetheless be brought into disputes between our customers and third parties which would require us to devote management time and resources to resolve such matters and any publicity from such matters could also have an adverse effect on our reputation and therefore our business.
- In addition to the CDA, the Securing the Protection of our Enduring and Established Constitutional Heritage Act, or the SPEECH Act, provides a statutory exception to the enforcement by a U.S. court of a foreign judgment for defamation under certain circumstances. Generally, the exception applies if the defamation law applied in the foreign court did not provide at least as much protection for freedom of speech and press as would be provided by the First Amendment of the U.S. Constitution or by the constitution and law of the state in which the U.S. court is located, or if no finding of defamation would be supported under the First Amendment of the U.S. Constitution or under the constitution and law of the state in which the U.S. court is located. Although the SPEECH Act may protect us from the enforcement of foreign judgments in the United States, it does not affect the enforceability of the judgment in the foreign country that issued the judgment. Given our international presence, we may therefore, nonetheless, have to defend against or comply with any foreign judgments made against us, which could take up substantial management time and resources and damage our reputation.

Although these statutes and case law in the United States have generally shielded us from liability for customer activities to date, court rulings in pending or future litigation may narrow the scope of protection afforded us under these laws. In addition, laws governing these activities are unsettled in many international jurisdictions, or may prove difficult or impossible for us to comply with in some international jurisdictions. Also, notwithstanding the exculpatory language of these bodies of law, we may become involved in complaints and lawsuits which, even if ultimately resolved in our favor, add cost to our doing business and may divert management's time and attention. Finally, other existing bodies of law, including the criminal laws of various states, may be deemed to apply or new statutes or regulations may be adopted in the future, any of which could expose us to further liability and increase our costs of doing business.

We may be subject to additional obligations to collect and remit sales tax and other taxes, and we may be subject to tax liability for past sales, which could harm our business.

State, local and foreign jurisdictions have differing rules and regulations governing sales, use, value added and other taxes, and these rules and regulations are subject to varying interpretations that may change over time. In particular, the applicability of such taxes to our inbound platform in various jurisdictions is unclear. Further, these jurisdictions' rules regarding tax nexus are complex and vary significantly. As a result, we could face the possibility of tax assessments and audits, and our liability for these taxes and associated penalties could exceed our original estimates. A successful assertion that we should be collecting additional sales, use, value added or other taxes in those jurisdictions where we have not historically done so and do not accrue for such taxes could result in substantial tax liabilities and related penalties for past sales, discourage customers from purchasing our application or otherwise harm our business and operating results.

Changes in tax laws or regulations that are applied adversely to us or our customers could increase the costs of our inbound platform and adversely impact our business.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time. 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. These events could require us or our customers to pay additional tax amounts on a prospective or retroactive basis, as well as require us or our customers to pay fines and/or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential future customers may elect not to continue or purchase our inbound platform in the future. Additionally, new, changed, modified or newly interpreted or applied tax laws could increase our customers' and our compliance, operating and other costs, as well as the costs of our platform. Any or all of these events could adversely impact our business and financial performance.

We are a multinational organization faced with increasingly complex tax issues in many jurisdictions, and we could be obligated to pay additional taxes in various jurisdictions.

As a multinational organization, we may be subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on our liquidity and operating results. Changes in tax laws, such as tax reform in the United States or changes in tax laws resulting from the Organization for Economic Co-operation and Development's ("OECD") multi-jurisdictional plan of action to address "base erosion and profit shifting," could impact our effective tax rate. In addition, the authorities in these jurisdictions could review our tax returns and impose additional tax, interest and penalties, and the authorities could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could have a material impact on us and the results of our operations.

Failure to comply with laws and regulations could harm our business.

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, environmental laws, consumer protection laws, anti-bribery laws, import/export controls, federal securities laws and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions.

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

As of December 31, 2016, we had federal and state net operating loss carryforwards due to prior period losses, which, if not utilized, will begin to expire in 2027 for federal purposes and began to expire in 2014 for state purposes. These net operating loss carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our profitability. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, our ability to utilize net operating loss carryforwards or other tax attributes, such as research tax credits, in any taxable year may be further limited if we experience an ownership change. A Section 382 ownership change generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. Future issuances of our stock could cause an ownership change. It is possible that an ownership change in connection with a future offering, or any future ownership change, could have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could adversely affect our profitability.

The standards that private entities use to regulate the use of email have in the past interfered with, and may in the future interfere with, the effectiveness of our inbound platform and our ability to conduct business.

Our customers rely on email to communicate with their existing or prospective customers. Various private entities attempt to regulate the use of email for commercial solicitation. These entities often advocate standards of conduct or practice that significantly exceed current legal requirements and classify certain email solicitations that comply with current legal requirements as spam. Some of these entities maintain "blacklists" of companies and individuals, and the websites, internet service providers and internet protocol addresses associated with those entities or individuals that do not adhere to those standards of conduct or practices for commercial email solicitations that the blacklisting entity believes are appropriate. If a company's internet protocol addresses are listed by a blacklisting entity, emails sent from those addresses may be blocked if they are sent to any internet domain or internet address that subscribes to the blacklisting entity's service or purchases its blacklist.

From time to time, some of our internet protocol addresses may become listed with one or more blacklisting entities due to the messaging practices of our customers. There can be no guarantee that we will be able to successfully remove ourselves from those lists. Blacklisting of this type could interfere with our ability to market our inbound platform and services and communicate with our customers and, because we fulfill email delivery on behalf of our customers, could undermine the effectiveness of our customers' email marketing campaigns, all of which could have a material negative impact on our business and results of operations.

Existing federal, state and foreign laws regulate Internet tracking software, the senders of commercial emails and text messages, website owners and other activities, and could impact the use of our inbound platform and potentially subject us to regulatory enforcement or private litigation.

Certain aspects of how our customers utilize our platform are subject to regulations in the United States, European Union and elsewhere. In recent years, U.S. and European lawmakers and regulators have expressed concern over the use of third-party cookies or web beacons for online behavioral advertising, and legislation adopted recently in the European Union requires informed consent for the placement of a cookie on a user's device. Regulation of cookies and web beacons may lead to restrictions on our activities, such as efforts to understand users' Internet usage. New and expanding "Do Not Track" regulations have recently been enacted or proposed that protect users' right to choose whether or not to be tracked online. These regulations seek, among other things, to allow end users to have greater control over the use of private information collected online, to forbid the collection or use of online information, to demand a business to comply with their choice to opt out of such collection or use, and to place limits upon the disclosure of information to third party websites. These policies could have a significant impact on the operation of our inbound platform and could impair our attractiveness to customers, which would harm our business.

Many of our customers and potential customers in the healthcare, financial services and other industries are subject to substantial regulation regarding their collection, use and protection of data and may be the subject of further regulation in the future. Accordingly, these laws or significant new laws or regulations or changes in, or repeals of, existing laws, regulations or governmental policy may change the way these customers do business and may require us to implement additional features or offer additional contractual terms to satisfy customer and regulatory requirements, or could cause the demand for and sales of our inbound platform to decrease and adversely impact our financial results.

In addition, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or the CAN-SPAM Act, establishes certain requirements for commercial email messages and specifies penalties for the transmission of commercial email messages that are intended to deceive the recipient as to source or content. The CAN-SPAM Act, among other things, obligates the sender of commercial emails to provide recipients with the ability to opt out of receiving future commercial emails from the sender. The ability of our customers' message recipients to opt out of receiving commercial emails may minimize the effectiveness of

the email components of our inbound platform. In addition, certain states and foreign jurisdictions, such as Australia, Canada and the European Union, have enacted laws that regulate sending email, and some of these laws are more restrictive than U.S. laws. For example, some foreign laws prohibit sending unsolicited email unless the recipient has provided the sender advance consent to receipt of such email, or in other words has “opted-in” to receiving it. A requirement that recipients opt into, or the ability of recipients to opt out of, receiving commercial emails may minimize the effectiveness of our platform.

While these laws and regulations generally govern our customers’ use of our platform, we may be subject to certain laws as a data processor on behalf of, or as a business associate of, our customers. For example, laws and regulations governing the collection, use and disclosure of personal information include, in the United States, rules and regulations promulgated under the authority of the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, the Gramm-Leach-Bliley Act of 1999 and state breach notification laws, and internationally, the Data Protection Directive in the European Union and the Federal Data Protection Act in Germany. If we were found to be in violation of any of these laws or regulations as a result of government enforcement or private litigation, we could be subjected to civil and criminal sanctions, including both monetary fines and injunctive action that could force us to change our business practices, all of which could adversely affect our financial performance and significantly harm our reputation and our business.

We are subject to governmental export controls and economic sanctions laws that could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws.

Our business activities are subject to various restrictions under U.S. export controls and trade and economic sanctions laws, including the U.S. Commerce Department’s Export Administration Regulations and economic and trade sanctions regulations maintained by the U.S. Treasury Department’s Office of Foreign Assets Control. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to civil or criminal penalties and reputational harm. Obtaining the necessary authorizations, including any required license, for a particular transaction may be time-consuming, is not guaranteed, and may result in the delay or loss of sales opportunities. Furthermore, U.S. export control laws and economic sanctions laws prohibit certain transactions with U.S. embargoed or sanctioned countries, governments, persons and entities. Although we take precautions to prevent transactions with U.S. sanction targets, the possibility exists that we could inadvertently provide our solutions to persons prohibited by U.S. sanctions. This could result in negative consequences to us, including government investigations, penalties and reputational harm.

Risks Related to Our Operating Results and Financial Condition

We may experience quarterly fluctuations in our operating results due to a number of factors, which makes our future results difficult to predict and could cause our operating results to fall below expectations or our guidance.

Our quarterly operating results have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance, and comparing our operating results on a period-to-period basis may not be meaningful. In addition to the other risks described in this Annual Report on Form 10-K, factors that may affect our quarterly operating results include the following:

- changes in spending on marketing and sales software by our current or prospective customers;
- pricing our inbound platform subscriptions effectively so that we are able to attract and retain customers without compromising our profitability;
- attracting new customers for both our marketing and sales software, increasing our existing customers’ use of our platform and providing our customers with excellent customer support;
- customer renewal rates and the amounts for which agreements are renewed;
- global awareness of our thought leadership and brand;
- changes in the competitive dynamics of our market, including consolidation among competitors or customers and the introduction of new products or product enhancements;
- changes to the commission plans, quotas and other compensation-related metrics for our sales representatives;
- the amount and timing of payment for operating expenses, particularly research and development, sales and marketing expenses and employee benefit expenses;
- the amount and timing of costs associated with recruiting, training and integrating new employees while maintaining our company culture;
- our ability to manage our existing business and future growth, including increases in the number of customers on our platform and the introduction and adoption of our inbound platform in new markets outside of the United States;

- unforeseen costs and expenses related to the expansion of our business, operations and infrastructure, including disruptions in our hosting network infrastructure and privacy and data security;
- foreign currency exchange rate fluctuations; and
- general economic and political conditions in our domestic and international markets.

We may not be able to accurately forecast the amount and mix of future subscriptions, revenue and expenses and, as a result, our operating results may fall below our estimates or the expectations of public market analysts and investors. If our revenue or operating results fall below the expectations of investors or securities analysts, or below any guidance we may provide, the price of our common stock could decline.

If we do not accurately predict subscription renewal rates or otherwise fail to forecast our revenue accurately, or if we fail to match our expenditures with corresponding revenue, our operating results could be adversely affected.

Because our recent growth has resulted in the rapid expansion of our business, we do not have a long history upon which to base forecasts of renewal rates with customers or future operating revenue. As a result, our operating results in future reporting periods may be significantly below the expectations of the public market, equity research analysts or investors, which could harm the price of our common stock.

Because we generally recognize revenue from subscriptions ratably over the term of the agreement, near term changes in sales may not be reflected immediately in our operating results.

We offer our inbound platform primarily through a mix of monthly, quarterly and single-year subscription agreements and generally recognize revenue ratably over the related subscription period. As a result, much of the revenue we report in each quarter is derived from agreements entered into during prior months, quarters or years. In addition, we do not record deferred revenue beyond amounts invoiced as a liability on our balance sheet. A decline in new or renewed subscriptions or marketing solutions agreements in any one quarter is not likely to be reflected immediately in our revenue results for that quarter. Such declines, however, would negatively affect our revenue and deferred revenue balances in future periods, and the effect of significant downturns in sales and market acceptance of our platform, and potential changes in our rate of renewals, may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our total revenue and deferred revenue balance through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term.

We are exposed to fluctuations in currency exchange rates.

We face exposure to movements in currency exchange rates, which may cause our revenue and operating results to differ materially from expectations. As we have expanded our international operations our exposure exchange rate fluctuations has increased, in particular with respect to the Euro, British Pound Sterling, Australian Dollar, and Japanese Yen. As exchange rates vary, revenue, cost of revenue, operating expenses and other operating results, when re-measured, may differ materially from expectations. In addition, our operating results are subject to fluctuation if our mix of U.S. and foreign currency denominated transactions and expenses changes in the future. Although we may apply certain strategies to mitigate foreign currency risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategies and potential accounting implications. Additionally, as we anticipate growing our business further outside of the United States, the effects of movements in currency exchange rates will increase as our transaction volume outside of the United States increases.

Risks Related to Our Common Stock

Our stock price may be volatile and you may be unable to sell your shares at or above the price you purchased them.

The trading prices of the securities of technology companies, including providers of software via the cloud-based model, have been highly volatile. Since shares of our common stock were sold in our initial public offering in October 2014 at a price of \$25.00 per share, our stock price has ranged from \$25.79 to \$59.55, through December 31, 2016. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our revenue and other operating results, including as a result of the addition or loss of any number of customers;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;

- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- changes in operating performance and stock market valuations of cloud-based software or other technology companies, or those in our industry in particular;
- price and volume fluctuations in the trading of our common stock and in the overall stock market, including as a result of trends in the economy as a whole;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business or industry, including data privacy and data security;
- lawsuits threatened or filed against us;
- changes in key personnel; and
- other events or factors, including changes in general economic, industry and market conditions and trends.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies.

In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business.

We have incurred, and expect to continue to incur, increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our business, operating results and financial condition.

As a public company we have incurred, and expect to continue to incur significant legal, accounting and other expenses. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and the rules and regulations of the New York Stock Exchange, or NYSE. These requirements have increased and will 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, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to maintain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as our executive officers.

The Sarbanes-Oxley Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting annually and 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. Our compliance with applicable provisions of Section 404 requires 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. Moreover, if we are not able to comply with the requirements of Section 404 applicable to us in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources. We have in the past identified control deficiencies, including a material weakness during the quarters ended June 30, 2015 and September 30, 2015. While we remediated this material weakness in 2015 and continue to seek improvements to enhance our control environment, we may identify additional material weaknesses or other deficiencies in the future.

Furthermore, investor perceptions of our company may suffer if deficiencies are found, 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 implement these

requirements effectively or efficiently, it could harm our operations, financial reporting, or financial results and could result in an adverse opinion on our internal controls from our independent registered public accounting firm.

Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from growing.

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds to invest in future growth opportunities. Additional financing may not be available on favorable terms, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could seriously harm our business and operating results. If we incur debt, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, if we issue equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. As a result, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

Anti-takeover provisions in our charter documents and Delaware law may delay or prevent an acquisition of our company.

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions that may have the effect of delaying or preventing a change in control of us or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that:

- authorize “blank check” preferred stock, which could be issued by the board without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- provide for a classified board of directors whose members serve staggered three-year terms;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of the board, the chief executive officer or the president;
- prohibit stockholder action by written consent;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- specify that no stockholder is permitted to cumulate votes at any election of directors;
- authorize our board of directors to modify, alter or repeal our amended and restated bylaws; and
- require supermajority votes of the holders of our common stock to amend specified provisions of our charter documents.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders owning in excess of 15% of our outstanding voting stock to merge or combine with us in certain circumstances.

Any provision of our amended and restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. Properties

We occupy approximately 240,000 square feet of office space in Cambridge, Massachusetts pursuant to lease agreements that expire through 2027. We also maintain offices in Portsmouth, New Hampshire, Dublin, Ireland, Sydney, Australia, Singapore, and Japan. We believe that our current facilities are suitable and adequate to meet our current needs. We intend to add new facilities or expand existing facilities as we add employees, and we believe that suitable additional or substitute space will be available as needed to accommodate any such expansion of our operations.

ITEM 3. Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 4. Mine Safety Disclosures 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 for Common Stock

Our common stock has been listed on the New York Stock Exchange under the symbol "HUBS" since October 9, 2014. Prior to that date, there was no public trading market for our common stock. Our initial public offering was priced at \$25.00 per share on October 8, 2014. The following table sets forth for the periods indicated the high and low sales prices per share of our common stock as reported on the New York Stock Exchange:

	2016	
	High	Low
First quarter	\$ 54.89	\$ 27.52
Second quarter	\$ 52.24	\$ 39.57
Third quarter	\$ 59.48	\$ 42.51
Fourth quarter	\$ 58.40	\$ 45.90

	2015	
	High	Low
First quarter	\$ 43.47	\$ 32.52
Second quarter	\$ 53.32	\$ 38.00
Third quarter	\$ 54.12	\$ 42.74
Fourth quarter	\$ 59.55	\$ 45.74

As of February 3, 2017 we had 68 holders of record of our common stock. The actual number of shareholders is greater than this number of record holders, and includes shareholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include shareholders whose shares may be held in trust by other entities.

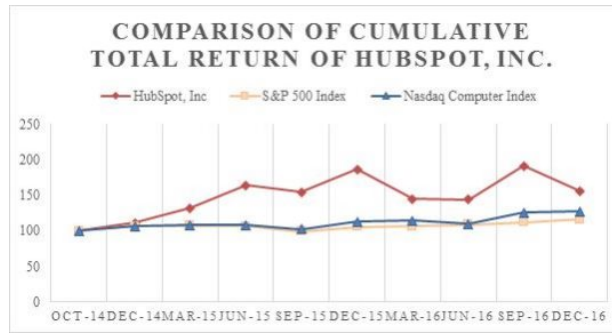
Dividends

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain future earnings to fund development and growth of our business, and do not anticipate paying cash dividends in the foreseeable future.

Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the company under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act.

The following graph shows a comparison from October 9, 2014 (the date our common stock commenced trading on the NYSE) through December 31, 2016 of the cumulative total return for our common stock, the NASDAQ Computer Index and the S&P 500 Index. Such returns are based on historical results and are not intended to suggest future performance.



	10/9/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
HubSpot	100	112	133	165	154	187	145	144	191	156
S&P 500 Index	100	107	107	107	100	106	107	109	112	116
Nasdaq Computer Index	100	107	108	108	103	113	114	110	126	127

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," for information regarding securities authorized for issuance.

ITEM 6. Selected Consolidated Financial Data

You should read the selected consolidated financial data below in conjunction with "Management's discussion and analysis of financial condition and results of operations" and the consolidated financial statements, related notes and other financial information included elsewhere in this Annual Report on Form 10-K. The selected consolidated financial data in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

The following selected consolidated statements of operations data for the years ended December 31, 2016, 2015, and 2014, and the consolidated balance sheet data as of December 31, 2016 and 2015, have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The consolidated statements of operations data for the years ended December 31, 2013 and 2012 and the consolidated balance sheet data as of December 31, 2014, 2013 and 2012 have been derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K.

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(in thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenue:					
Subscription	\$ 254,775	\$ 167,920	\$ 106,319	\$ 70,819	\$ 45,870
Professional services and other	16,192	14,023	9,557	6,815	5,734
Total revenue	<u>270,967</u>	<u>181,943</u>	<u>115,876</u>	<u>77,634</u>	<u>51,604</u>
Cost of revenue:					
Subscription (1)	41,182	32,271	23,655	18,745	9,689
Professional services and other (1)	20,683	15,652	11,425	8,759	6,004
Total cost of revenue	<u>61,865</u>	<u>47,923</u>	<u>35,080</u>	<u>27,504</u>	<u>15,693</u>
Total gross profit	<u>209,102</u>	<u>134,020</u>	<u>80,796</u>	<u>50,130</u>	<u>35,911</u>
Operating expenses:					
Research and development (1)	45,997	32,457	25,638	15,018	10,585
Sales and marketing (1)	162,647	112,629	78,809	53,158	34,949
General and administrative (1)	45,120	35,408	24,958	16,204	9,117
Total operating expenses	<u>253,764</u>	<u>180,494</u>	<u>129,405</u>	<u>84,380</u>	<u>54,651</u>
Loss from operations	<u>(44,662)</u>	<u>(46,474)</u>	<u>(48,609)</u>	<u>(34,250)</u>	<u>(18,740)</u>
Other (expense) income					
Interest income	854	390	46	34	26
Interest expense	(265)	(185)	(322)	(20)	(63)
Other expense	(956)	628	564	(38)	(1)
Total other (expense) income	<u>(367)</u>	<u>833</u>	<u>288</u>	<u>(24)</u>	<u>(38)</u>
Net loss before income tax (provision) benefit	<u>(45,029)</u>	<u>(45,641)</u>	<u>(48,321)</u>	<u>(34,274)</u>	<u>(18,778)</u>
Income tax (provision) benefit	<u>(533)</u>	<u>(412)</u>	<u>92</u>	<u>—</u>	<u>—</u>
Net loss	<u>(45,562)</u>	<u>(46,053)</u>	<u>(48,229)</u>	<u>(34,274)</u>	<u>(18,778)</u>
Preferred stock accretion	—	—	331	54	81
Net loss attributable to common stockholders	<u>\$ (45,562)</u>	<u>\$ (46,053)</u>	<u>\$ (48,560)</u>	<u>\$ (34,328)</u>	<u>\$ (18,859)</u>
Net loss per common share, basic and diluted (2)	<u>\$ (1.29)</u>	<u>\$ (1.39)</u>	<u>\$ (4.20)</u>	<u>\$ (6.71)</u>	<u>\$ (4.01)</u>
Weighted average common shares used in computing basic and diluted net loss per common share (2)	35,197	33,222	11,562	5,113	4,699

(1) Stock-based compensation included in the consolidated statements of operations data above was as follows:

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Cost of revenue:					
Subscription	\$ 512	\$ 341	\$ 128	\$ 50	\$ 27
Professional services and other	1,640	1,216	498	211	100
Research and development	8,828	6,327	6,190	691	739
Sales and marketing	13,352	7,658	5,596	1,194	691
General and administrative	8,343	5,766	3,946	1,318	958
Total stock-based compensation	<u>\$ 32,675</u>	<u>\$ 21,308</u>	<u>\$ 16,358</u>	<u>\$ 3,464</u>	<u>\$ 2,515</u>

(2) See Note 2 to our consolidated financial statements for further details on the calculation of basic and diluted net loss per share attributable to common stockholders.

	As of December 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 59,702	\$ 55,580	\$ 123,721	\$ 12,643	\$ 41,097
Working capital, excluding deferred revenue	144,296	118,854	130,886	13,803	39,934
Total assets	259,755	220,379	174,858	50,559	65,651
Deferred revenue	96,597	65,139	41,305	24,906	16,017
Total liabilities	141,055	98,671	64,159	42,514	27,621
Total redeemable convertible preferred stock	—	—	—	101,293	101,239
Total stockholders' equity (deficit)	\$ 118,700	\$ 121,708	\$ 110,699	\$ (93,248)	\$ (63,209)

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this Annual Report on Form 10-K. As discussed in the section titled "Special Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included under Part I, Item 1A within this Annual Report on Form 10-K.

Company Overview

We provide a cloud-based marketing and sales software platform that enables businesses to deliver an inbound experience. An inbound marketing and sales experience attracts, engages and delights customers by being more relevant, more helpful, more personalized and less interruptive than traditional marketing and sales tactics. Our software platform features integrated applications to help businesses attract visitors to their websites, convert visitors into leads, close leads into customers and delight customers so that they become promoters of those businesses. These integrated applications include social media, search engine optimization, blogging, website content management, marketing automation, email, sales productivity, CRM, analytics and reporting.

We designed our all-in-one platform from the ground up to enable businesses to provide an inbound experience to their prospects and customers. At the core of our platform is a single inbound database for each business that captures its customer activity throughout the customer lifestyle. Our platform uses our centralized inbound database to empower businesses to create more personalized interactions with customers, such as personalized emails, personalized social media alerts, personalized websites and targeted alerts for sales people. We provide a comprehensive set of integrated applications on our platform, which offers businesses ease of use, power and simplicity. We designed and built our platform to serve a large numbers of customers of any size with demanding use cases.

While our platform can scale to the enterprise, we focus on selling to mid-market businesses because we believe we have significant competitive advantages attracting and serving them. We efficiently reach these businesses at scale through our proven inbound go-to-market approach and more than 3,500 agency partners worldwide. Our platform is particularly suited to serving the needs of mid-market business-to-business companies. These mid-market businesses seek an integrated, easy to implement and easy to use solution to reach customers and compete with organizations that have larger marketing and sales budgets. As of December 31, 2016, we had 23,226 marketing customers of varying sizes in more than 90 countries, representing almost every industry.

Our platform is a multi-tenant, single code-based and globally available software-as-a-service product delivered through web browsers or mobile applications. We sell our platform on a subscription basis and generated revenue of \$271.0 million in 2016, \$181.9 million in 2015, and \$115.9 million in 2014, representing year-over-year increases of 49% in 2016 and 57% in 2015. We had net losses of \$45.6 million in 2016, \$46.1 million in 2015, and \$48.2 million in 2014, primarily due to increased investments in our growth.

We derive most of our revenue from subscriptions to our cloud-based software platform and related professional services, which consist of customer on-boarding and training services. Subscription revenue accounted for 94% of our total revenue for the year ended December 31, 2016 and 92% of our total revenue for the years ended December 31, 2015 and 2014. We sell various product plans at different base prices on a subscription basis, each of which includes our core platform and integrated applications to meet the needs of the various customers we serve. Customers pay additional fees if the number of contacts stored and tracked in the customer's database exceeds specified thresholds. We generate additional revenue based on the purchase of additional subscriptions, purchases of our add-on products and the number of account users, subdomains and website visits. Substantially all of our customers' subscriptions are one year or less in duration.

Subscriptions are non-cancelable and are billed in advance on various schedules. Because the mix of billing terms for orders can vary from period to period, the annualized value of the orders we enter into with our customers will not be completely reflected in deferred revenue at any single point in time. Accordingly, we do not believe that change in deferred revenue is an accurate indicator of future revenue for a given period of time.

Professional services and other revenue accounted for 6% of total revenue for the year ended December 31, 2016 and 8% of our total revenue for the years ended December 31, 2015 and 2014. Most of our customers purchase on-boarding and training services which are designed to help customers enhance their ability to attract, engage and delight their customers using our platform.

Our marketing customer base has grown from 18,116 marketing customers at the end of 2015 to 23,226 marketing customers as of December 31, 2016, which has resulted in rapid revenue growth. As of December 31, 2016, approximately 31% of our marketing customers were located outside of the United States and these customers generated approximately 28% of our total revenue for the year ended December 31, 2016. We opened our first international office in Dublin, Ireland in January 2013, a second international office in Sydney, Australia in August 2014, a third international office in Singapore in October 2015, a fourth international office in Tokyo Japan in July 2016, and have announced a fifth international office in Berlin, Germany that will be opened in 2017. We plan to further grow our international business and expand to other geographies.

We have focused on rapidly growing our business and plan to continue to make investments to help us address some of the challenges facing us to support this growth, such as demand for our platform by existing and new customers, significant competition from other providers of marketing software and related applications and rapid technological change in our industry. We believe that the growth of our business is dependent on many factors, including our ability to expand our customer base, increase adoption of our platform within existing customers, develop new products and applications to extend the functionality of our platform and provide a high level of customer service. We expect to increase our investment in sales and marketing as we continue to expand our sales teams, increase our marketing activities and grow our international operations. We also expect to increase our investment in research and development as we continue to introduce new products and applications to extend the functionality of our platform. We also intend to invest in maintaining a high level of customer service and support which we consider critical for our continued success. We plan to continue investing in our data center infrastructure and services capabilities in order to support continued future customer growth. We also expect to continue to incur additional general and administrative expenses as a result of both our growth and the infrastructure required to be a public company. We expect to use our cash flow from operations and the proceeds from our prior stock offerings to fund these growth strategies and do not expect to be profitable in the near term.

We believe that these investments will result in an increase in our subscription revenue base. This will result in revenue increasing faster than the increase in sales and marketing, research and development and general and administrative expenses, exclusive of stock-based compensation, as we reach economies of scale. With this increased operating leverage, we expect our operating margins to increase in the long term. However, we will incur losses in the short term. If we are unable to achieve our revenue growth objectives, including a high rate of renewals of our customer agreements, we may not be able to achieve profitability.

Key Business Metrics

We use the following key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Our key business metrics may be calculated in a manner different than similar key business metrics used by other companies.

	Year Ended December 31,		
	2016	2015	2014
Total marketing customers	23,226	18,116	13,607
Average subscription revenue per customer	\$ 12,197	\$ 10,419	\$ 8,926
Subscription dollar retention rate	98.5%	99.2%	92.7%

Total Marketing Customers. We believe that our ability to increase our customer base is an indicator of our market penetration and growth of our business as we continue to expand our sales force and invest in marketing efforts. We define our total marketing customers at the end of a particular period as the number of business entities or individuals with one or more paid subscriptions to our marketing platform, either paid directly or through an agency partner. We do not include in total marketing customers business entities or individuals with one or more paid subscriptions solely for our HubSpot Sales product. A single marketing customer may have separate paid subscriptions for separate websites, but we count these as one marketing customer if the subscriptions are managed by the same business entity or individual. For more information about our marketing customers, see the section of this Annual Report on Form 10-K captioned "Business—Our Customers."

Average Subscription Revenue per Customer. We believe that our ability to increase the average subscription revenue per customer is an indicator of our ability to grow the long-term value of our existing customer relationships. We define average subscription revenue per customer during a particular period as subscription revenue from our total marketing customers during the period divided by the average total marketing customers during the same period. We expect our average subscription revenue per customer to continue to increase over time.

Subscription Dollar Retention Rate. We believe that our ability to retain and expand a customer relationship is an indicator of the stability of our revenue base and the long-term value of our customers. We assess our performance in this area using a metric we refer to as our Subscription Dollar Retention Rate. We compare the aggregate Contractual Monthly Subscription Revenue of our marketing customer base as of the beginning of each month, which we refer to as Retention Base Revenue, to the aggregate Contractual Monthly Subscription Revenue of the same group of customers at the end of that month, which we refer to as Retained

Subscription Revenue. We define Contractual Monthly Subscription Revenue as the total amount of subscription fees contractually committed to be paid for a full month under all of our marketing customer agreements, excluding any commissions owed to our partners. We do not include in Contractual Monthly Subscription Revenue any subscription fees contractually committed to be paid by business entities or individuals with subscriptions solely for our HubSpot Sales product. Our Subscription Dollar Retention Rate for a given period is calculated by first dividing Retained Subscription Revenue by Retention Base Revenue for each month in the period, calculating the weighted average of these rates using the Retention Base Revenue for each month in the period, and then annualizing the resulting rates.

Key Components of Consolidated Statements of Operations

Revenue

We derive our revenue from two major sources, revenue from subscriptions to our inbound platform and professional services and other revenue consisting mainly of on-boarding and training services fees.

Subscription based revenue is derived from customers using our software platform for their inbound marketing and sales needs. Our software platform includes integrated applications that allow businesses to manage social media, search engine optimization, blogging, website content, marketing automation, email, analytics and reporting. Substantially all of our customers' subscriptions are one year or less in duration. Subscriptions are non-cancelable and are billed in advance on various schedules. All subscription fees that are billed in advance of service are recorded in deferred revenue. Subscription based revenue is recognized net of consideration paid to marketing agency partners when the agency partner purchases the subscription directly from us, as in these instances our customer is the partner and our remaining obligations are to the partner.

Professional services and other revenue are derived primarily from customer on-boarding and training services. The on-boarding and training services provided to customers typically involves an implementation specialist. An implementation specialist will typically work with our customers to enhance their understanding of how to attract leads and convert them into customers through search engine optimization, social media, blogging and other content. Training is generally sold in connection with a customer's initial subscription and is billed in advance. The training is also available to be purchased separately following a customer's purchase of its initial subscription and our marketing agency partners routinely provide the same training to customers. The Company recognizes revenue from on-boarding and training services as the services are provided.

Cost of Revenue and Operating Expenses

Cost of Revenue

Cost of subscription revenue consists primarily of managed hosting providers and other third-party service providers, employee-related costs including payroll, benefits and stock-based compensation expense for our customer support team, amortization of capitalized software development costs and acquired technology, and allocated overhead costs, which we define as rent, facilities and costs related to information technology, or IT.

Cost of professional services and other revenue consists primarily of personnel costs of our professional services organization, including salaries, benefits, bonuses and stock-based compensation, as well as allocated overhead costs.

We expect that cost of subscription and professional services and other revenue will increase in absolute dollars as we continue to invest in growing our business. Over time, we expect to gain benefits of scale associated with our costs of hosting our software platform relative to subscription revenues, resulting in improved subscription gross margin. We expect to continue to generate negative gross margins related to professional services in the near term.

Research and Development

Research and development expenses consist primarily of personnel costs of our development team, including payroll, benefits and stock-based compensation expense and allocated overhead costs. We capitalize certain software development costs that are attributable to developing new products and adding incremental functionality to our software platform and amortize such costs as costs of subscription revenue over the estimated life of the new product or incremental functionality, which is generally two years. We also capitalize certain development costs that are attributable to developing our customer sales and billing platform and amortize such costs as sales and marketing or general and administrative expense over the estimated life of the customer sales and billing platform, which is generally five years. We focus our research and development efforts on improving our products and developing new ones, delivering new functionality and enhancing the customer experience. We believe delivering new functionalities for our customers is an integral part of our solution and provides our customers with access to a broad array of options and information critical to their marketing efforts. We expect to continue to make investments in and expand our offerings to enhance our customers' experience and

satisfaction and attract new customers. We expect research and development expenses to increase in absolute dollars as we continue to increase the functionality of our software platform.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel costs of our sales and marketing employees, including sales commissions and incentives, benefits and stock-based compensation expense, marketing programs, including lead generation, costs of our annual INBOUND conference, other brand building expenses, amortization of capitalized software development costs associated with our sales and billing platform, and allocated overhead costs. We defer certain sales commissions related to acquiring new customers and amortize them ratably over the term of the corresponding subscription agreement. Sales and marketing expenses also include commissions paid to our marketing agency partners when we are the primary obligor for providing the subscription that has been purchased.

We plan to continue to expand sales and marketing to grow our customer base and increase sales to existing customers. This growth will include adding sales personnel and expanding our marketing activities to continue to generate additional leads and build brand awareness. We expect sales and marketing expenses will increase as a result of hiring net new quota-carrying sales representatives in the United States and worldwide, adding to the marketing staff and expanding our annual INBOUND conference. Over time, we expect sales and marketing expenses will decline as a percentage of total revenue.

General and Administrative

General and administrative expenses consist of personnel costs and related expenses for executive, finance, legal, human resources, employee-related information technology, administrative personnel, including payroll, benefits and stock-based compensation expense; professional fees for external legal, accounting and other consulting services, amortization of capitalized software development costs associated with our sales and billing platform, and allocated overhead costs. We expect that general and administrative expenses will increase on an absolute dollar basis but decrease as a percentage of total revenue as we focus on processes, systems and controls to enable our internal support functions to scale with the growth of our business. We also anticipate continuing increases to general and administrative expenses as we incur the costs of compliance associated with being a publicly traded company, including audit and consulting fees.

Other (Expense) Income

Other (expense) income includes interest income and expense and the impact of foreign currency transaction gains and losses associated with monetary assets and liabilities. The additions of our international offices in Dublin, Ireland in 2013, Sydney, Australia in 2014, Singapore in 2015, and Tokyo, Japan in 2016 have increased our exposure to foreign currency fluctuations.

Income Tax (Provision) Benefit

The income tax (provision) benefit consists of current and deferred taxes for U.S. and foreign jurisdictions. We have historically had a taxable loss in our most significant jurisdiction, the U.S., and a full valuation allowance against the majority of our deferred tax assets. We expect this to continue in the near term.

Results of Operations

The following tables set forth certain consolidated financial data in dollar amounts and as a percentage of total revenue.

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Revenue:			
Subscription	\$ 254,775	\$ 167,920	\$ 106,319
Professional services and other	16,192	14,023	9,557
Total revenue	<u>270,967</u>	<u>181,943</u>	<u>115,876</u>
Cost of revenue:			
Subscription	41,182	32,271	23,655
Professional services and other	20,683	15,652	11,425
Total cost of revenue	<u>61,865</u>	<u>47,923</u>	<u>35,080</u>
Gross profit	<u>209,102</u>	<u>134,020</u>	<u>80,796</u>
Operating expenses:			
Research and development	45,997	32,457	25,638
Sales and marketing	162,647	112,629	78,809
General and administrative	45,120	35,408	24,958
Total operating expenses	<u>253,764</u>	<u>180,494</u>	<u>129,405</u>
Loss from operations	<u>(44,662)</u>	<u>(46,474)</u>	<u>(48,609)</u>
Other (expense) income:			
Interest income	854	390	46
Interest expense	(265)	(185)	(322)
Other expense	(956)	628	564
Total other (expense) income	<u>(367)</u>	<u>833</u>	<u>288</u>
Loss before income tax (provision) benefit	<u>(45,029)</u>	<u>(45,641)</u>	<u>(48,321)</u>
Income tax (provision) benefit	<u>(533)</u>	<u>(412)</u>	<u>92</u>
Net loss	<u>\$ (45,562)</u>	<u>\$ (46,053)</u>	<u>\$ (48,229)</u>

	Year Ended December 31,		
	2016	2015	2014
Revenue:			
Subscription	94%	92%	92%
Professional services and other	6	8	8
Total revenue	<u>100</u>	<u>100</u>	<u>100</u>
Cost of revenue:			
Subscription	15	18	20
Professional services and other	8	9	10
Total cost of revenue	<u>23</u>	<u>26</u>	<u>30</u>
Gross profit	<u>77</u>	<u>74</u>	<u>70</u>
Operating expenses:			
Research and development	17	18	22
Sales and marketing	60	62	68
General and administrative	17	19	22
Total operating expenses	<u>94</u>	<u>99</u>	<u>112</u>
Loss from operations	<u>(16)</u>	<u>(26)</u>	<u>(42)</u>
Total other (expense) income	<u>—</u>	<u>—</u>	<u>—</u>
Loss before income tax (provision) benefit	<u>(17)</u>	<u>(25)</u>	<u>(42)</u>
Income tax (provision) benefit	<u>—</u>	<u>—</u>	<u>—</u>
Net loss	<u>(17)%</u>	<u>(25)%</u>	<u>(42)%</u>

* Percentages are based on actual values. Totals may not sum due to rounding.

Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

Revenue

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(dollars in thousands)			
Subscription	\$ 254,775	\$ 167,920	\$ 86,855	52%
Professional services and other	16,192	14,023	2,169	15%
Total revenue	\$ 270,967	\$ 181,943	\$ 89,024	49%

Subscription revenue increased 52% during 2016 due to an increase throughout the year in total marketing customers, which grew from 18,116 as of December 31, 2015 to 23,226 as of December 31, 2016, and an increase in average subscription revenue per customer, which grew from \$10,419 in 2015 to \$12,197 in 2016. The growth in total marketing customers was primarily driven by our increased sales representative capacity to meet market demand. The increase in average subscription revenue per customer was driven primarily by existing marketing customers increasing their use of our products, existing marketing customers purchasing additional subscriptions, and new marketing customers purchasing our higher price product plans.

The 15% increase in professional services and other revenue resulted primarily from the delivery of on-boarding and training services for subscriptions sold.

Total Cost of Revenue, Gross Profit and Gross Margin

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(dollars in thousands)			
Total cost of revenue	\$ 61,865	\$ 47,923	\$ 13,942	29%
Gross profit	209,102	134,020	75,082	56%
Gross margin	77%	74%		

Total cost of revenue increased 29% during 2016 primarily due to an increase in subscription and hosting costs, employee-related costs, amortization of developed technology, and allocated overhead expenses. The increase in gross margin was primarily driven by improved leverage of our hosting costs relative to growth in subscription revenue.

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(dollars in thousands)			
Subscription cost of revenue	\$ 41,182	\$ 32,271	\$ 8,911	28%
Percentage of subscription revenue	16%	19%		

The increase in subscription cost of revenue for the year ended December 31, 2016 compared to the year ended December 31, 2015 was primarily due to the following:

	Change (in thousands)
Employee-related costs	\$ 3,564
Subscription and hosting costs	3,290
Allocated overhead expenses	1,286
Capitalized software amortization	771
	\$ 8,911

Employee-related costs increased as a result of increased headcount as we continue to grow our customer support organization to support our customer growth and improve service levels and offerings. Subscription and hosting costs increased due to growth in our marketing customer base from 18,116 at December 31, 2015 to 23,226 at December 31, 2016. Allocated overhead expenses increased due to expansion of our leased space and infrastructure as we continue to grow our business and expand headcount. Amortization of capitalized software development costs increased due to the increased number of developers working on our software platform as we continue to develop new products and increased functionality.

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(dollars in thousands)			
Professional services and other cost of revenue	\$ 20,683	\$ 15,652	\$ 5,031	32%
Percentage of professional services and other revenue	128%	112%		

The increase in professional services and other cost of revenue for the year ended December 31, 2016 compared to the year ended December 31, 2015 was primarily due to the following:

	Change (in thousands)
Employee-related costs	\$ 3,222
Allocated overhead expenses	1,809
	<u>\$ 5,031</u>

Employee-related costs increased as a result of increased headcount as we continue to grow our professional services organization to support our customer growth. Allocated overhead expenses increased due to expansion of our leased space and infrastructure as we continue to grow our business and expand headcount.

Research and Development

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(dollars in thousands)			
Research and development	\$ 45,997	\$ 32,457	\$ 13,540	42%
Percentage of total revenue	17%	18%		

The increase in research and development expense for the year ended December 31, 2016 compared to the year ended December 31, 2015 was primarily due to the following:

	Change (in thousands)
Employee-related costs	\$ 12,206
Allocated overhead expenses	1,334
	<u>\$ 13,540</u>

Employee-related costs and professional fees increased as a result of increased headcount as we continue to grow our engineering organization to develop new products and increased functionality, and to maintain our existing platform. Allocated overhead expense increased due to expanding our leased space and infrastructure as we continue to grow our business and expand headcount.

Sales and Marketing

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(dollars in thousands)			
Sales and marketing	\$ 162,647	\$ 112,629	\$ 50,018	44%
Percentage of total revenue	60%	62%		

The increase in sales and marketing expense for the year ended December 31, 2016 compared to the year ended December 31, 2015 was primarily due to the following:

	Change (in thousands)	
Employee-related costs	\$	36,285
Allocated overhead expenses		7,302
Partner commissions		4,869
Marketing programs		1,562
	\$	50,018

Employee-related costs increased as a result of increased headcount as we continue to expand our selling and marketing organizations to grow our customer base. Allocated overhead expenses increased due to expanding our leased space and infrastructure as we continue to grow our business and expand headcount. Partner commissions increased as a result of increased revenue generated through our marketing agency partners. Marketing programs increased as we continue to make investments in attracting new customers, and increased the size of our annual INBOUND conference.

General and Administrative

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(dollars in thousands)			
General and administrative	\$ 45,120	\$ 35,408	\$ 9,712	27%
Percentage of total revenue	17%	19%		

The increase in general and administrative expense for the year ended December 31, 2016 compared to the year ended December 31, 2015 was primarily due to the following:

	Change (in thousands)	
Employee-related costs	\$	5,922
Allocated overhead expenses		1,660
Other general and administrative costs		1,121
Customer credit card fees		1,009
	\$	9,712

Employee-related costs increased as a result of increased headcount as we continue to grow our business and require additional personnel to support our expanded operations including infrastructure and controls required for being a public company. Allocated overhead expenses increased due to expanding our leased space and infrastructure as we continue to grow our business and expand headcount. Customer credit card fees increased due to increased customer transactions as we continue to grow our business.

Other (expense) Income

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(dollars in thousands)			
Other (expense) income	\$ (367)	\$ 833	\$ (1,200)	-144%
Percentage of total revenue	*	*		

* not meaningful

Other (expense) income includes interest income and expense and the impact of foreign currency transaction gains and losses associated with monetary assets and liabilities. Other (expense) income fluctuated primarily as a result of changes in foreign exchange rates and the composition of our non-functional currency accounts.

Income Tax Provision

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(dollars in thousands)			
Income tax provision	\$ (533)	\$ (412)	\$ (121)	29%
Effective tax rate	1.2%	0.9%		

Income tax provision consists of current and deferred taxes for U.S. and foreign jurisdictions. Income tax provision is not significant for any period presented.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014**Revenue**

	Year Ended December 31,		Change	
	2015	2014	Amount	%
	(dollars in thousands)			
Subscription	\$ 167,920	\$ 106,319	\$ 61,601	58%
Professional services and other	14,023	9,557	4,466	47%
Total revenue	\$ 181,943	\$ 115,876	\$ 66,067	57%

Subscription revenue increased 58% during 2015 due to an increase throughout the year in total marketing customers, which grew from 13,607 as of December 31, 2014 to 18,116 as of December 31, 2015, and an increase in average subscription revenue per customer, which grew from \$8,926 in 2014 to \$10,419 in 2015. The growth in total marketing customers was primarily driven by our increased sales representative capacity to meet market demand. The increase in average subscription revenue per customer was driven primarily by existing marketing customers increasing their use of our products, existing marketing customers purchasing additional subscriptions, and new marketing customers purchasing our higher price product plans.

The 47% increase in professional services and other revenue resulted primarily from the delivery of on-boarding and training services for subscriptions sold.

Total Cost of Revenue, Gross Profit and Gross Margin

	Year Ended December 31,		Change	
	2015	2014	Amount	%
	(dollars in thousands)			
Total cost of revenue	\$ 47,923	\$ 35,080	\$ 12,843	37%
Gross profit	134,020	80,796	53,224	66%
Gross margin	74%	70%		

Total cost of revenue increased 37% during 2015 primarily due to an increase in subscription and hosting costs, employee-related costs, amortization of developed technology, and allocated overhead expenses. The increase in gross margin was primarily driven by improved leverage of our hosting costs relative to growth in subscription revenue.

	Year Ended December 31,		Change	
	2015	2014	Amount	%
	(dollars in thousands)			
Subscription cost of revenue	\$ 32,271	\$ 23,655	\$ 8,616	36%
Percentage of subscription revenue	19%	22%		

The increase in subscription cost of revenue for the year ended December 31, 2015 compared to the year ended December 31, 2014 was primarily due to the following:

	<u>Change</u>	
	(in thousands)	
Subscription and hosting costs	\$	4,981
Employee-related costs		2,166
Capitalized software amortization		749
Allocated overhead expenses		720
	<u>\$</u>	<u>8,616</u>

Subscription and hosting costs increased due to growth in our marketing customer base from 13,607 at December 31, 2014 to 18,116 at December 31, 2015. Employee-related costs increased as a result of increased headcount as we continue to grow our customer support organization to support our customer growth and improve service levels and offerings. Amortization of capitalized software development costs increased due to the increased number of developers working on our software platform as we continue to develop new products and increased functionality. Allocated overhead expenses increased due to expansion of our leased space and infrastructure as we continue to grow our business and expand headcount.

	<u>Year Ended December 31,</u>		<u>Change</u>	
	2015	2014	Amount	%
	(dollars in thousands)			
Professional services and other cost of revenue	\$ 15,652	\$ 11,425	\$ 4,227	37%
Percentage of professional services and other revenue	112%	120%		

The increase in professional services and other cost of revenue for the year ended December 31, 2015 compared to the year ended December 31, 2014 was primarily due to the following:

	<u>Change</u>	
	(in thousands)	
Employee-related costs	\$	2,820
Allocated overhead expenses		968
Professional fees		439
	<u>\$</u>	<u>4,227</u>

Employee-related costs increased as a result of increased headcount as we continue to grow our professional services organization to support our customer growth. Allocated overhead expenses increased due to expansion of our leased space and infrastructure as we continue to grow our business and expand headcount. Professional fees increased due to expanded use of third parties to assist with customer data migration.

Research and Development

	<u>Year Ended December 31,</u>		<u>Change</u>	
	2015	2014	Amount	%
	(dollars in thousands)			
Research and development	\$ 32,457	\$ 25,638	\$ 6,819	27%
Percentage of total revenue	18%	22%		

The increase in research and development expense for the year ended December 31, 2015 compared to the year ended December 31, 2014 was primarily due to the following:

	<u>Change</u>	
	(in thousands)	
Employee-related costs	\$	5,280
Allocated overhead expenses		1,288
Professional fees		251
	<u>\$</u>	<u>6,819</u>

Employee-related costs and professional fees increased as a result of increased headcount as we continue to grow our engineering organization to develop new products and increased functionality, and to maintain our existing platform. Allocated overhead expense increased due to expanding our leased space and infrastructure as we continue to grow our business and expand headcount.

Sales and Marketing

	Year Ended December 31,		Change	
	2015	2014	Amount	%
	(dollars in thousands)			
Sales and marketing	\$ 112,629	\$ 78,809	\$ 33,820	43%
Percentage of total revenue	62%	68%		

The increase in sales and marketing expense for the year ended December 31, 2015 compared to the year ended December 31, 2014 was primarily due to the following:

	Change
	(in thousands)
Employee-related costs	\$ 22,783
Partner commissions	4,462
Marketing programs	3,409
Allocated overhead expenses	3,166
	<u>\$ 33,820</u>

Employee-related costs increased as a result of increased headcount as we continue to expand our selling and marketing organizations to grow our customer base. Partner commissions increased as a result of increased revenue generated through our marketing agency partners. Allocated overhead expenses increased due to expanding our leased space and infrastructure as we continue to grow our business and expand headcount. Marketing programs increased as we continue to make investments in attracting new customers, and increased the size of our annual INBOUND conference.

General and Administrative

	Year Ended December 31,		Change	
	2015	2014	Amount	%
	(dollars in thousands)			
General and administrative	\$ 35,408	\$ 24,958	\$ 10,450	42%
Percentage of total revenue	19%	22%		

The increase in general and administrative expense for the year ended December 31, 2015 compared to the year ended December 31, 2014 was primarily due to the following:

	Change
	(in thousands)
Employee-related costs	\$ 5,128
Allocated overhead expenses	2,314
Professional fees	1,618
Customer credit card fees	986
Bad debt expense	404
	<u>\$ 10,450</u>

Employee-related costs increased as a result of increased headcount as we continue to grow our business and require additional personnel to support our expanded operations including infrastructure and controls required for being a public company. Allocated overhead expenses increased due to expanding our leased space and infrastructure as we continue to grow our business and expand headcount. Professional fees increased as a result of increased use of accounting, consulting and legal services related to international expansion and costs incurred as a public company. Customer credit card fees and bad debt expense increased due to increased customer transactions as we continue to grow our business.

Other Income (Expense)

	Year Ended December 31,		Change	
	2015	2014	Amount	%
Other income	\$ 833	\$ 288	\$ 545	189%
Percentage of total revenue	*	*		

* not meaningful

Other income includes interest income and expense and the impact of foreign currency transaction gains and losses associated with monetary assets and liabilities. Other income fluctuated primarily as a result of changes in foreign exchange rates.

Income Tax (Provision) Benefit

	Year Ended December 31,		Change	
	2015	2014	Amount	%
Income tax (provision) benefit	\$ (412)	\$ 92	\$ (504)	-548%
Percentage of total revenue	*	*		

* not meaningful

Income tax (provision) benefit consists of current and deferred taxes for U.S. and foreign jurisdictions. Income tax (provision) benefit is not significant for any period presented.

Liquidity and Capital Resources

Our principal sources of liquidity are cash and cash equivalents, net accounts receivable and our common stock offerings. In connection with our secondary offering in March 2015 we received aggregate net proceeds of \$33.7 million and in connection with our IPO in October 2014, we received aggregate net proceeds of \$130.8 million.

The following table shows cash and cash equivalents, working capital, net cash and cash equivalents provided by (used in) operating activities, net cash and cash equivalents used in investing activities, and net cash and cash equivalents provided by financing activities for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Cash and cash equivalents	\$ 59,702	\$ 55,580	\$ 123,721
Working capital	48,870	54,447	90,081
Net cash and cash equivalents provided by (used in) operating activities	19,366	(423)	(12,464)
Net cash and cash equivalents used in investing activities	(22,957)	(104,104)	(10,480)
Net cash and cash equivalents provided by financing activities	8,473	36,939	134,437

Our cash and cash equivalents at December 31, 2016 was held for working capital purposes. We believe our working capital is sufficient to support our operations for at least the next 12 months. At December 31, 2016, \$ 18.8 million of our cash and cash equivalents was held in accounts outside the United States. A portion of these funds would be subject to U.S. federal taxation if repatriated, with such tax liability partially offset by foreign tax credits. However, our intent is to indefinitely reinvest these funds outside of the U.S. and our current plans do not demonstrate a need to repatriate them to fund our U.S. operations.

Net Cash and Cash Equivalents Provided by (Used in) Operating Activities

Net cash and cash equivalents provided by (used in) operating activities consists primarily of net loss adjusted for certain non-cash items, including stock-based compensation, depreciation and amortization and other non-cash charges, net.

Net cash and cash equivalents provided by operating activities during the year ended December 31, 2016 primarily reflected our net loss of \$45.6 million, offset by non-cash expenses that included \$11.2 million of depreciation and amortization, \$32.7 million in

stock-based compensation, \$0.6 million of amortization of bond premium, and \$4.0 million of non-cash rent expense. Working capital sources of cash and cash equivalents primarily included a \$32.3 million increase in deferred revenue primarily resulting from the growth in the number of customers invoiced during the period and a \$4.0 million increase in accrued expenses, and a \$1.0 million increase in accounts payable as a result of increased expense related to overall growth of the company. These sources of cash and cash equivalents were offset by a \$14.1 million increase in accounts receivable as a result of increased billings to customers consistent with the overall growth of the business, and a \$6.1 million increase in prepaid expense related to growth of the company.

Net cash and cash equivalents used in operating activities during the year ended December 31, 2015 primarily reflected our net loss of \$46.1 million, offset by non-cash expenses that included \$7.3 million of depreciation and amortization, \$21.3 million in stock-based compensation, \$0.7 million of amortization of bond premium, \$1.8 million of non-cash rent expense, and \$0.3 million on non-cash income related to unrealized foreign currency gains. Working capital sources of cash and cash equivalents primarily included a \$24.7 million increase in deferred revenue primarily resulting from the growth in the number of customers invoiced during the period and a \$7.1 million increase in accrued expenses as a result of increased expense related to overall growth of the company. These sources of cash and cash equivalents were offset by a \$11.2 million increase in accounts receivable as a result of increased billings to customers consistent with the overall growth of the business, a \$3.4 million increase in prepaid expense related to growth of the company, and a \$2.1 million decrease in deferred commissions expense.

Net cash and cash equivalents used in operating activities during the year ended December 31, 2014 primarily reflected our net loss of \$48.2 million, offset by non-cash expenses that included \$5.7 million of depreciation and amortization, \$16.4 million in stock-based compensation, \$0.3 million of non-cash rent expense, and \$0.2 million on non-cash income related to unrealized foreign currency gains. Working capital sources of cash and cash equivalents included a \$17.1 million increase in deferred revenue primarily resulting from the growth in the number of customers invoiced during the period, a \$1.5 million increase in deferred rent associated with reimbursements by our landlord for leasehold improvements, and a \$4.7 million increase in accrued expenses as a result of increased expense related to overall growth of the company. These sources of cash and cash equivalents were offset by a \$7.3 million increase in accounts receivable as a result of increased billings to customers consistent with the overall growth of the business, and a \$2.0 million decrease in deferred commissions expense.

Net Cash and Cash Equivalents Used in Investing Activities

Our investing activities have consisted primarily of purchases and maturities of investments, property and equipment purchases for computer-related equipment and capitalization of software development costs.

Net cash and cash equivalents used in investing activities during the year ended December 31, 2016 consisted primarily of \$52.1 million of purchases of investments, \$15.8 million of purchased property and equipment, and \$5.7 million of capitalized software development costs. These uses of cash were offset by \$50.8 million related to maturities and sales of investments. In the year ended December 31, 2016, we continued to invest in improvements to our leased spaces.

Net cash and cash equivalents used in investing activities during the year ended December 31, 2015 consisted primarily of \$113.6 million of purchases of investments, \$8.4 million of purchased property and equipment, \$600 thousand used to acquire a business, and \$4.3 million of capitalized software development costs. These uses of cash were offset by \$23.0 million related to maturities of investments. In the year ended December 31, 2015, we continued to invest in improvements to our leased spaces.

Net cash and cash equivalents used in investing activities during the year ended December 31, 2014 was \$10.5 million. This consisted primarily of \$7.3 million of purchased property and equipment and \$4.6 million of capitalized software development costs, offset by \$1.5 million of cash released from restrictions associated with the lease of our headquarters. In the year ended December 31, 2014, we continued to invest in improvements to our leased spaces.

Net Cash and Cash Equivalents Provided by Financing Activities

Our financing activities have consisted primarily of our stock offerings, the issuance of common stock under stock plans, payments of employee taxes related to the net share settlement of stock-based awards, and repayments of capital lease obligations.

For the year ended December 31, 2016, cash and cash equivalents provided by financing activities consisted primarily of \$11.6 million of proceeds received from the issuance of common stock under stock plans. This source of cash was offset by \$2.4 million used for payment of employee taxes related to the net share settlement of stock-based awards.

For the year ended December 31, 2015, cash and cash equivalents provided by financing activities consisted primarily of \$33.7 million of net proceeds received from the issuance of common stock and \$12.1 million of proceeds received from the issuance of common stock under stock plans. These sources of cash were offset by \$8.6 million used for payment of employee taxes related to the net share settlement of stock-based awards.

For the year ended December 31, 2014, cash and cash equivalents provided by financing activities consisted primarily of \$130.8 million of net proceeds received from our IPO, \$3.8 million from option exercises, and \$18.0 million of draw-downs and offsetting repayments under our line of credit.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing our financial statements, we make estimates, assumptions and judgments that can have a significant impact on our reported revenues, results of operations and net income or loss, as well as on the value of certain assets and liabilities on our balance sheet during and as of the reporting periods. These estimates, assumptions and judgments are necessary because future events and their effects on our results and the value of our assets cannot be determined with certainty, and are made based on our historical experience and on other assumptions that we believe to be reasonable under the circumstances. These estimates may change as new events occur or additional information is obtained, and we may periodically be faced with uncertainties, the outcomes of which are not within our control and may not be known for a prolonged period of time. Because the use of estimates is inherent in the financial reporting process, actual results could differ from those estimates.

Revenue Recognition

We primarily generate revenue from multiple element arrangements, which typically include subscriptions to our online software solution and on-boarding and training services. Our customers do not have the right to take possession of the online software solution. Revenue from subscriptions, including additional fees for items such as incremental contacts, is recognized ratably over the subscription period beginning on the date the subscription is made available to customers. Substantially all subscription contracts are one year or less. We recognize revenue from on-boarding and training services as the services are provided. Amounts billed that have not yet met the applicable revenue recognition criteria are recorded as deferred revenue.

As part of accounting for multiple element arrangements, we must assess if each component has value on a standalone basis and should be treated as a separate unit of accounting. There is an in-depth process that we undergo to determine the standalone value for each component where we determine if an individual component could be sold by itself or if the component is sold by other third parties. If the component has standalone value upon delivery, we account for each component separately. Subscription services have standalone value as they are often sold separate from all other services. On-boarding and training services also have standalone value as they are sold separately by us and by third parties.

We allocate total arrangement fees to each element in a multiple element arrangement based on the relative selling price hierarchy of each element. We establish vendor-specific objective evidence of fair value, or VSOE, the most reliable level of allocating standalone value, for our subscription on-boarding and training services when there are a meaningful number of stand-alone transactions in a relevant period and a significant number of those stand-alone transactions have consistent pricing. We note that third party evidence, or TPE, the second most reliable level of allocating standalone value, is not available for determining the standalone value for any of our services because the pricing for any similar third party subscription or on-boarding and training services is inconsistent. Therefore, when we cannot establish VSOE, we rely on best estimate of selling price, or BESP, to allocate value to the various components of our arrangements.

To determine VSOE, we consider the median stand-alone sales prices of each type of subscription, on-boarding and training services. We then establish a reasonable range around the stand-alone median pricing, typically plus or minus 20% of the median stand-alone selling price. To determine BESP, we consider the median actual sales price of each type of subscription and on-boarding and training services. We then establish a reasonable range around the median pricing, typically plus or minus 20% of the median selling price. For any transactions where a deliverable falls outside of either the VSOE or BESP 20% range, we reallocate arrangement consideration amongst the deliverables using their respective median selling prices.

We pay our marketing and sales agency partners a commission on the subscription sales price for sales to customers. The classification of the commission paid on our consolidated statements of operations depends on who is purchasing our subscription. In instances where the customer is purchasing the subscription, we are the primary obligor and record the commission paid to the agency partner as sales and marketing expense. When the agency partner purchases the subscription directly from us, we net the consideration paid to the partner against the associated revenue we recognize, as in these instances our customer is the partner and our remaining obligations are to the partner. We also do not believe we receive a tangible benefit from the payment back to the partner.

Capitalized Software Development Costs

Software development costs consist of certain payroll and stock compensation costs incurred to develop functionality for our software and sales and billing platforms, as well as certain upgrades and enhancements that are expected to result in enhanced

functionality. We capitalize certain software development costs for new offerings as well as upgrades to our existing software platforms. We amortize these development costs over the estimated useful life of two to five years on a straight-line basis. We believe there are two key estimates within the capitalized software balance, which are the determination of the useful life of the software and the determination of the amounts to be capitalized.

We determined that a two to five year life is appropriate for our internal-use software based on our best estimate of the useful life of the internally developed software after considering factors such as continuous developments in the technology, obsolescence and anticipated life of the service offering before significant upgrades. Based on our prior experience, internally generated software will generally remain in use for a minimum of two to five years before being significantly replaced or modified to keep up with evolving customer and company needs. While we do not anticipate any significant changes to this two to five year estimate, a change in this estimate could produce a material impact on our financial statements. For example, if we received information that indicated the useful life of all internally developed software was one year rather than two, our capitalized software balance would decrease by approximately 50% and our amortization expense would increase by 50% in the year of adoption of the change in estimate.

We determine the amount of internal software costs to be capitalized based on the amount of time spent by our developers on projects. Costs associated with building or significantly enhancing our software and sales and billing platforms are capitalized, while costs associated with planning new developments and maintaining our software and sales and billing platforms are expensed as incurred. There is judgment involved in estimating the stage of development as well as estimating time allocated to a particular project. A significant change in the time spent on each project could have a material impact on the amount capitalized and related amortization expense in subsequent periods.

Stock-Based Compensation

We recognize compensation expense for option awards based on the fair value of the award and on a straight-line basis over the vesting period of the award based on the estimated portion of the award that is expected to vest.

Inherent in the valuation and recording of stock-based compensation for option awards, there are several estimates that we make, including in regard to valuation and expense that will be incurred. We apply estimated forfeiture rates to the awards based on analyses of historical data, including termination patterns, employee position and other factors. This is done to record the expense we expect to actually incur for employees that provide the required service time.

We use the Black-Scholes option pricing model to measure the fair value of our option awards when they are granted. For stock options and RSUs granted subsequent to our IPO, our board of directors determined the fair value based on the closing price of our common stock as reported on the New York Stock Exchange on the date of grant. We used the daily historical volatility of companies we consider to be our peers. To determine our peer companies, we used the following criteria: software or software-as-a-service companies; similar histories and relatively comparable financial leverage; sufficient public company trading history; and in similar businesses and geographical markets. We used the peers' stock price volatility over the expected life of our granted options to calculate the expected volatility. The expected term of employee option awards is determined using the average midpoint between vesting and the contractual term for outstanding awards, or the simplified method, because we do not yet have a sufficient history of option exercises. We consider this appropriate as we plan to see changes to our equity structure in the future and there is no other method that would be more indicative of exercise activity. The risk-free interest rate is based on the rate on U.S. Treasury securities with maturities consistent with the estimated expected term of the awards. We have not paid dividends and do not anticipate paying a cash dividend in the foreseeable future and, accordingly, use an expected dividend yield of zero.

The following table summarizes the assumptions, other than fair value of our common stock, relating to our stock options granted in the years ended December 31, 2016, 2015, and 2014:

	Year Ended December 31,		
	2016	2015	2014
Dividend yield	—	—	—
Expected volatility (%)	38.0 - 41.0	43.0 - 51.6	44.8-50.9
Risk-free interest rate (%)	1.38 - 1.41	1.36 - 1.53	1.79-2.67
Expected term (years)	5.08 - 6.21	6.18 - 6.22	5.0-6.5

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

We will continue to use judgment in evaluating the expected volatility, expected term and forfeiture rate utilized in our stock-based compensation expense calculations on a prospective basis. As we continue to accumulate additional data related to our common stock, we may refine our estimates of expected volatility, expected term and forfeiture rates, which could materially impact our future stock-based compensation expense.

Goodwill Impairment

Goodwill represents the excess of the cost of an acquired entity over the net fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized, but rather is assessed for impairment at least annually. We performed our annual impairment assessment on November 30, 2016. We operate under one reporting unit and as a result, evaluate goodwill impairment based on our fair value as a whole.

To determine the number of operating segments and reporting units that are present, we analyzed whether there is any customer, product or geographic information that drives the chief operating decision maker (our chief executive and operating officers) decisions on how to allocate resources and whether any segment management exists. Management has concluded that operating decisions are made at the consolidated company level and there is no segment management in place that reviews results of operations with the chief operating decision maker.

In assessing goodwill for impairment, an entity has the option to assess qualitative factors to determine whether events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, it is more likely than not that the fair value of the reporting unit is greater than its carrying value, then performing the two-step impairment test is unnecessary. An entity can choose not to perform a qualitative assessment for any of its reporting units, and proceed directly to the use of the two-step impairment test.

When assessing goodwill for impairment for the year ended December 31, 2016, we decided to use the two-step quantitative analysis. We determined our enterprise value at the measurement date by using our market capitalization. Based on the results of our most recent annual assessment performed on November 30, 2016, we concluded that the fair value of our reporting unit significantly exceeded its carrying amount and there was no impairment of goodwill.

Contractual Obligations and Commitments

Contractual obligations are cash that we are obligated to pay as part of certain contracts that we have entered during our course a business. Certain of our leases contain optional termination dates. The table below only includes payments up to the optional termination date. If we were to extend leases beyond the optional termination date the future commitments would increase by approximately \$12.7 million. Below is a table that shows the projected outlays as of December 31, 2016:

	Total	Payments due in:			
		Less than 1 Year	1-3 Years (in thousands)	3-5 Years	More than 5 Years
Capital lease obligations	\$ 1,111	\$ 827	\$ 284	\$ —	\$ —
Operating leases obligations	173,143	12,707	31,105	33,300	96,031
Vendor commitments	46,744	15,013	29,455	969	1,307
Total	\$ 220,998	\$ 28,547	\$ 60,844	\$ 34,269	\$ 97,338

In January 2017, we entered into a new nineteen year property lease in Dublin, Ireland, with an option to break the lease after ten years and six months, for approximately 16,000 square feet of space. The lease is expected to commence in August 2017 and we will pay an aggregate of approximately \$9.8 million in rent over the initial ten-year six-month lease period.

Letters of Credit

As of December 31, 2016, we had a total of \$4.4 million in letters of credit outstanding substantially in favor of certain landlords for office space. These letters of credit renew annually and expire at various dates through October 2027.

Off Balance Sheet Arrangements

We have no material off-balance sheet arrangements at December 31, 2016 or 2015 exclusive of items described above and indemnifications of officers, directors and employees for certain events or occurrences while the officer, director or employee is, or was, serving at our request in such capacity.

Recent Accounting Pronouncements

For information on recent accounting pronouncements, see *Recent Accounting Pronouncements* in the notes to the consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

ITEM 7A. Qualitative and Quantitative Disclosures About Market Risk

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the Euro, British Pound Sterling, Australian dollar, Singaporean dollar, and Japanese Yen. Decreases in the relative value of the U.S. dollar to other currencies may negatively affect our revenue and other operating results as expressed in U.S. dollars.

We have experienced and will continue to experience fluctuations in our net loss as a result of transaction gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. We recognized immaterial amounts of foreign currency gains and losses in each of the periods presented. We have not engaged in the hedging of our foreign currency transactions to date, we are evaluating the costs and benefits of initiating such a program and may in the future hedge selected significant transactions denominated in currencies other than the U.S. dollar as we expand our international operation and our risk grows.

Interest Rate Sensitivity

Our portfolio of cash and cash equivalents and short- and long-term investments is maintained in a variety of securities, including government agency obligations, corporate bonds and money market funds. Investments are classified as available-for-sale securities and carried at their fair market value with cumulative unrealized gains or losses recorded as a component of accumulated other comprehensive loss within stockholders' equity. A sharp rise in interest rates could have an adverse impact on the fair market value of certain securities in our portfolio. We do not currently hedge our interest rate exposure and do not enter into financial instruments for trading or speculative purposes. We have a revolving credit line which had no outstanding balance as of December 31, 2016. The interest rate associated with the revolving line is the prime lending rate plus 0.5%.

Inflation Risk

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of HubSpot, Inc.

In our opinion, the accompanying consolidated balance sheet as of December 31, 2016 and the related consolidated statements of operations, of comprehensive loss, of redeemable convertible preferred stock and stockholders' equity (deficit) and of cash flows for the year then ended present fairly, in all material respects, the financial position of HubSpot, Inc. and its subsidiaries at December 31, 2016, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these 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 on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. 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 audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

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

Boston, Massachusetts
February 16, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of HubSpot, Inc.
Cambridge, Massachusetts

We have audited the accompanying consolidated balance sheet of HubSpot, Inc. and subsidiaries (the "Company") as of December 31, 2015, and the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock and stockholders' equity (deficit), and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of HubSpot, Inc. and subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for the years ended December 31, 2015 and 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

February 24, 2016

HUBSPOT, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 59,702	\$ 55,580
Short-term investments	54,648	48,972
Accounts receivable—net of allowance for doubtful accounts of \$617 and \$371 at December 31, 2016 and 2015, respectively	38,984	25,142
Deferred commission expense	9,025	8,114
Restricted cash	162	—
Prepaid hosting costs	5,299	3,047
Prepaid expenses and other current assets	8,433	4,899
Total current assets	176,253	145,754
Long-term investments	35,718	40,566
Property and equipment, net	30,201	18,161
Capitalized software development costs, net	6,523	4,655
Restricted cash	321	363
Other assets	950	1,007
Intangible assets, net	16	100
Goodwill	9,773	9,773
Total assets	259,755	220,379
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	4,350	2,588
Accrued compensation costs	11,415	11,371
Other accrued expenses	15,237	12,313
Capital lease obligations	796	542
Deferred rent	159	86
Deferred revenue	95,426	64,407
Total current liabilities	127,383	91,307
Capital lease obligations, net of current portion	275	277
Deferred rent, net of current portion	10,079	6,345
Deferred revenue, net of current portion	1,171	732
Asset retirement obligations	591	—
Other long-term liabilities	1,556	10
Total liabilities	141,055	98,671
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock, \$0.001 par value—authorized, 500,000 shares; issued and outstanding, 35,784 and 34,313 at December 31, 2016 and 2015, respectively	36	34
Additional paid-in capital	365,444	322,833
Accumulated other comprehensive loss	(864)	(805)
Accumulated deficit	(245,916)	(200,354)
Total stockholders' equity	118,700	121,708
Total liabilities and stockholders' equity	\$ 259,755	\$ 220,379

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

HUBSPOT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended December 31,		
	2016	2015	2014
Revenue:			
Subscription	\$ 254,775	\$ 167,920	\$ 106,319
Professional services and other	16,192	14,023	9,557
Total revenue	<u>270,967</u>	<u>181,943</u>	<u>115,876</u>
Cost of Revenue:			
Subscription	41,182	32,271	23,655
Professional services and other	20,683	15,652	11,425
Total cost of revenue	<u>61,865</u>	<u>47,923</u>	<u>35,080</u>
Gross profit	<u>209,102</u>	<u>134,020</u>	<u>80,796</u>
Operating expenses:			
Research and development	45,997	32,457	25,638
Sales and marketing	162,647	112,629	78,809
General and administrative	45,120	35,408	24,958
Total operating expenses	<u>253,764</u>	<u>180,494</u>	<u>129,405</u>
Loss from operations	<u>(44,662)</u>	<u>(46,474)</u>	<u>(48,609)</u>
Other (expense) income:			
Interest income	854	390	46
Interest expense	(265)	(185)	(322)
Other (expense) income	(956)	628	564
Total other (expense) income	<u>(367)</u>	<u>833</u>	<u>288</u>
Loss before income tax (provision) benefit	<u>(45,029)</u>	<u>(45,641)</u>	<u>(48,321)</u>
Income tax (provision) benefit	<u>(533)</u>	<u>(412)</u>	<u>92</u>
Net loss	<u>(45,562)</u>	<u>(46,053)</u>	<u>(48,229)</u>
Preferred stock accretion	—	—	331
Net loss attributable to common stockholders	<u>\$ (45,562)</u>	<u>\$ (46,053)</u>	<u>\$ (48,560)</u>
Net loss attributable to common stockholders per common share, basic and diluted	\$ (1.29)	\$ (1.39)	\$ (4.20)
Weighted average common shares used in computing basic and diluted net loss attributable to common stockholders per common share:	35,197	33,222	11,562

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

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

	Year ended December 31,		
	2016	2015	2014
Net loss	\$ (45,562)	\$ (46,053)	\$ (48,229)
Other comprehensive loss:			
Foreign currency translation adjustments	(172)	(272)	(66)
Changes in unrealized losses on investments, net of income taxes of \$71 in 2016, \$0 in 2015, and \$0 in 2014.	113	(388)	—
Comprehensive loss	<u>\$ (45,621)</u>	<u>\$ (46,713)</u>	<u>\$ (48,295)</u>

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

HUBSPOT, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except per share amounts)

	Redeemable Convertible Preferred Stock		Common Stock, \$0.001 Par Value		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balances at January 1, 2014	58,589	\$ 101,293	5,301	\$ 5	\$ 12,898	\$ (79)	\$ (106,072)	\$ (93,248)
Exercise of common stock options	—	—	850	1	3,793	—	—	3,794
Stock-based compensation	—	—	—	—	16,593	—	—	16,593
Accretion of redeemable convertible preferred stock	—	331	—	—	(331)	—	—	(331)
Conversion of preferred stock to common stock	(58,589)	(101,624)	19,530	20	101,604	—	—	101,624
Issuance of common stock in relation to Initial Public Offering, net of offering costs incurred of \$3,126	—	—	5,750	6	130,556	—	—	130,562
Cumulative translation adjustment	—	—	—	—	—	(66)	—	(66)
Net loss	—	—	—	—	—	—	(48,229)	(48,229)
Balances at December 31, 2014	—	\$ —	31,431	\$ 32	\$ 265,113	\$ (145)	\$ (154,301)	\$ 110,699
Issuance of common stock under stock plans, net of shares withheld for employee taxes	—	—	1,910	1	2,252	—	—	2,253
Stock-based compensation	—	—	—	—	21,800	—	—	21,800
Proceeds from secondary public offering, net of deferred offering costs	—	—	972	1	33,668	—	—	33,669
Unrealized loss on investments, net of income taxes of \$0	—	—	—	—	—	(388)	—	(388)
Cumulative translation adjustment	—	—	—	—	—	(272)	—	(272)
Net loss	—	—	—	—	—	—	(46,053)	(46,053)
Balances at December 31, 2015	—	\$ —	34,313	\$ 34	\$ 322,833	\$ (805)	\$ (200,354)	\$ 121,708
Issuance of common stock under stock plans, net of shares withheld for employee taxes	—	—	1,471	2	8,745	—	—	8,747
Stock-based compensation	—	—	—	—	33,866	—	—	33,866
Unrealized gain on investments, net of income taxes of \$71	—	—	—	—	—	113	—	113
Cumulative translation adjustment	—	—	—	—	—	(172)	—	(172)
Net loss	—	—	—	—	—	—	(45,562)	(45,562)
Balances at December 31, 2016	—	\$ —	35,784	\$ 36	\$ 365,444	\$ (864)	\$ (245,916)	\$ 118,700

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

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

	Year Ended December 31,		
	2016	2015	2014
Operating Activities:			
Net loss	\$ (45,562)	\$ (46,053)	\$ (48,229)
Adjustments to reconcile net loss to net cash and cash equivalents provided by (used in) operating activities:			
Depreciation and amortization	11,177	7,343	5,714
Stock-based compensation	32,675	21,308	16,358
Provision for income taxes	(133)	(50)	(133)
Amortization of bond premiums	647	671	—
Non-cash rent expense	3,968	1,793	286
Unrealized currency translation	81	(329)	(213)
Changes in assets and liabilities			
Accounts receivable	(14,099)	(11,249)	(7,258)
Prepaid expenses and other assets	(6,126)	(3,373)	(713)
Deferred commission expense	(453)	(2,119)	(2,004)
Accounts payable	983	(508)	286
Accrued expenses	4,004	7,085	4,734
Restricted cash	—	—	157
Deferred rent	(107)	392	1,467
Deferred revenue	32,311	24,666	17,084
Net cash and cash equivalents provided by (used in) operating activities	19,366	(423)	(12,464)
Investing Activities:			
Purchases of investments	(52,131)	(113,615)	—
Maturities and sales of investments	50,840	23,018	—
Purchases of property and equipment	(15,789)	(8,427)	(7,266)
Capitalization of software development costs	(5,749)	(4,314)	(4,634)
Acquisition of a business	—	(600)	—
Acquisition of intangible assets	—	—	(80)
Restricted cash	(128)	(166)	1,500
Net cash and cash equivalents used in investing activities	(22,957)	(104,104)	(10,480)
Financing Activities:			
Proceeds from common stock offerings, net of offering costs paid of \$583 in 2015 and \$2,924 in 2014	—	33,669	130,764
Employee taxes paid related to the net share settlement of stock-based awards	(2,368)	(8,607)	—
Proceeds related to the issuance of common stock under stock plans	11,584	12,083	3,794
Proceeds from draw-down on line of credit	—	—	18,000
Payments on line of credit	—	—	(18,000)
Repayment of capital lease obligations	(743)	(206)	(121)
Net cash and cash equivalents provided by financing activities	8,473	36,939	134,437
Effect on exchange rate changes on cash and cash equivalents	(760)	(553)	(415)
Net increase (decrease) in cash and cash equivalents	4,122	(68,141)	111,078
Cash and cash equivalents, beginning of year	55,580	123,721	12,643
Cash and cash equivalents, end of year	\$ 59,702	\$ 55,580	\$ 123,721
Supplemental cash flow disclosure:			
Cash paid for interest	\$ 174	\$ 185	\$ 199
Cash paid for income taxes	\$ 954	\$ 215	\$ —
Non-cash investing and financing activities:			
Property and equipment acquired under capital lease	\$ 995	\$ 847	\$ —
Capital expenditures incurred but not yet paid	\$ 1,383	\$ 435	\$ 111
Asset retirement obligations	\$ 614	\$ —	\$ —
IPO costs incurred but not yet paid	\$ —	\$ —	\$ 202
Accretion of preferred stock	\$ —	\$ —	\$ 331
Conversion of preferred stock to common stock	\$ —	\$ —	\$ 101,624

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

HUBSPOT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Operations

HubSpot, Inc. (the “Company”), was formed as a limited liability company in Delaware on April 4, 2005. The Company converted to a Delaware corporation on June 7, 2007. The Company provides a cloud-based inbound marketing and sales platform which features integrated applications to help businesses attract visitors to their websites, convert visitors into leads, close leads into customers and delight customers so they become promoters of those businesses. These integrated applications include social media, search engine optimization, blogging, website content management, marketing automation, email, CRM, analytics, and reporting.

The Company is headquartered in Cambridge, Massachusetts, and has wholly-owned subsidiaries in Dublin, Ireland, which commenced operations in January 2013, in Sydney, Australia, which commenced operations in August 2014, in Singapore, which commenced operations in October 2015, and in Tokyo, Japan, which commenced operations in July 2016. Additionally, the Company has announced that it will open an office in Berlin, Germany during the second half of 2017.

On October 15, 2014, the Company closed its initial public offering (“IPO”) whereby 5,750,000 shares of common stock were sold to the public, including the underwriters’ overallotment option of 750,000 shares of common stock, at a price of \$25.00 per share. The Company received aggregate proceeds of approximately \$133.7 million from the IPO, net of underwriters’ discounts and commissions, but before deduction of offering expenses of approximately \$3.1 million. Upon the closing of the IPO, all shares of the Company’s outstanding convertible preferred stock automatically converted into 19,529,713 shares of common stock.

On March 24, 2015, the Company closed a common stock public offering whereby 971,891 shares of common stock were sold to the public, including the underwriters’ overallotment option of 121,891 shares of common stock, at a price of \$37.00 per share. The Company received aggregate proceeds of approximately \$34.3 million from the offering, net of underwriters’ discounts and commissions, but before deduction of offering expenses of approximately \$583 thousand.

2. Summary of Significant Accounting Policies

Basis of Presentation—The consolidated financial statements have been prepared in U.S. dollars, in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany transactions have been eliminated in consolidation.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Operating Segments—The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is regularly evaluated by the chief operating decision makers (“CODMs”), which are the Company’s chief executive officer and chief operating officer, in deciding how to allocate resources and assess performance. The Company’s CODMs evaluate the Company’s financial information and resources and assess the performance of these resources on a consolidated basis. Since the Company operates in one operating segment, all required financial segment information can be found in the consolidated financial statements.

Loss Per Share—Basic net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the period. Diluted net loss per share is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, options to purchase common stock and restricted stock units (“RSUs”) are considered to be potential common stock equivalents.

A reconciliation of the denominator used in the calculation of basic and diluted loss per share is as follows:

	Year Ended December 31,		
	2016	2015	2014
	(in thousands, except per share amounts)		
Numerator:			
Net loss attributable to common stockholders	\$ (45,562)	\$ (46,053)	\$ (48,560)
Denominator:			
Weighted-average common shares outstanding—basic	35,197	33,222	11,562
Dilutive effect of share equivalents resulting from stock options, RSUs and common stock warrant	—	—	—
Weighted-average common shares outstanding-diluted	35,197	33,222	11,562
Net loss per common share, basic and diluted	\$ (1.29)	\$ (1.39)	\$ (4.20)

Additionally, since the Company incurred net losses for the years ended December 31, 2016, 2015 and 2014, diluted net loss attributable to common stockholders per share is the same as basic net loss attributable to common stockholders. The Company's outstanding stock options, common stock warrant, and RSUs are not included in the calculation of diluted loss per share as the effect would be anti-dilutive. The following table contains share totals with a potentially dilutive impact:

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Options to purchase common shares	2,709	3,331	4,588
Common stock warrant	—	—	13
RSUs	2,264	1,703	1,376

Cash and Cash Equivalents —The Company considers all highly liquid investments purchased with original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly-liquid investments with remaining maturities of three months or less at the date of purchase, consisting of money-market funds.

Investments — Investments consist of corporate debt securities and U.S. government agency obligations. Securities having remaining maturities of more than three months at the date of purchase and less than one year from the date of the balance sheets are classified as short-term, and those with maturities of more than one year from the date of the balance sheet are classified as long-term in the consolidated balance sheets. The Company classifies its debt investments with readily determinable market values as available-for-sale. These investments are classified as investments on the consolidated balance sheets and are carried at fair market value, with unrealized gains and losses considered to be temporary in nature reported as accumulated other comprehensive loss, a separate component of stockholders' equity. The Company reviews all investments for reductions in fair value that are other-than-temporary. When such reductions occur, the cost of the investment is adjusted to fair value through recording a loss on investments in the consolidated statements of operations. Gains and losses on investments are calculated on the basis of specific identification.

Investments are considered to be impaired when a decline in fair value below cost basis is determined to be other-than-temporary. The Company periodically evaluates whether a decline in fair value below cost basis is other-than-temporary by considering available evidence regarding these investments including, among other factors: the duration of the period that, and extent to which, the fair value is less than cost basis; the financial health of, and business outlook for the issuer, including industry and sector performance and operational and financing cash flow factors; overall market conditions and trends and the Company's intent and ability to retain its investment in the security for a period of time sufficient to allow for an anticipated recovery in market value. Once a decline in fair value is determined to be other-than-temporary, a write-down is recorded and a new cost basis in the security is established.

Accounts Receivable and Allowance for Doubtful Accounts —Accounts receivable are carried at the original invoiced amount less an allowance for doubtful accounts based on the probability of future collection. When management becomes aware of circumstances that may decrease the likelihood of collection, it records a specific allowance against amounts due, which reduces the receivable to the amount that management reasonably believes will be collected. For all other customers, management determines the adequacy of the allowance based on historical loss patterns, the number of days that billings are past due and an evaluation of the potential risk of loss associated with specific accounts. To date, losses resulting from uncollected receivables have not exceeded management's expectations.

The following is a rollforward of the Company's allowance for doubtful accounts (in thousands):

	Balance Beginning of Period	Charged to Statement of Operations	Deductions ⁽¹⁾	Balance at End of Period
Allowance for doubtful accounts				
Year ended December 31, 2016	\$ 371	\$ 2,517	\$ (2,271)	\$ 617
Year ended December 31, 2015	\$ 218	\$ 1,367	\$ (1,214)	\$ 371
Year ended December 31, 2014	\$ 175	\$ 632	\$ (589)	\$ 218

(1) Deductions include actual accounts written-off, net of recoveries.

Restricted Cash—The Company had restricted cash of \$483 thousand at December 31, 2016, and \$363 thousand at December 31, 2015 related to leased facilities.

Property and Equipment—Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized as additions to leasehold improvements. Depreciation is recorded over the following estimated useful lives:

	Estimated Useful Life
Employee related computer equipment	2 years
Computer equipment and purchased software	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Internal use software	5 years
Leasehold improvements	Lesser of lease term or useful life

Internal use software

The Company capitalizes certain payroll and stock compensation costs incurred to develop functionality for the Company's sales and billing platform. The costs incurred during the preliminary stages of development are expensed as incurred. Once a piece of incremental functionality has reached the development stage certain internal costs are capitalized until the functionality is ready for its intended use. Internal use software is included within property and equipment on the balance sheet. The costs are amortized on a straight-line basis over an estimated useful life of five years as either sales in marketing and or general and administrative expense.

Asset Retirement Obligations—The Company recognizes Assets Retirement Obligations ("AROs") for any significant lease restoration obligation, if required by a lease agreement. The fair values of these AROs are recorded on a discounted basis, at the time the obligation is incurred, and accreted over time for the change in present value. Additionally, the Company capitalizes asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life.

The changes in these obligations during the year ending December 31, 2016 are as follows:

	Year Ended December 31, 2016 (in thousands)
Beginning balance	\$ —
Additions	561
Accretion	30
Ending balance	\$ 591

Impairment of Long-Lived Assets—Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable or that the useful lives of those assets are no longer appropriate. Management considers the following potential indicators of impairment of its long-lived assets (asset group): a substantial decrease in the Company's stock price, a significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used, a significant adverse change in legal factors or in the business climate that could affect the value of the long-lived asset (asset group), an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset (asset group), and a current expectation that, more likely than not, a long lived asset (asset group)

will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. When such events occur, the Company compares the carrying amounts of the assets to their undiscounted expected future cash flows. If this comparison indicates that there may be an impairment, the amount of the impairment is calculated as the difference between the carrying value and fair value. For the years presented, the Company did not recognize an impairment charge.

Goodwill—Goodwill represents the excess of cost over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. The Company has no other intangible assets with indefinite useful lives. Goodwill is not subject to amortization, but is monitored annually for impairment or more frequently if there are indicators of impairment. Management considers the following potential indicators of impairment: significant underperformance relative to historical or projected future operating results, significant changes in the Company's use of acquired assets or the strategy of the Company's overall business, significant negative industry or economic trends and a significant decline in the Company's stock price for a sustained period. The Company performs its annual impairment test on November 30. Currently, the Company's goodwill is evaluated at the entity level as it is determined there is only one reporting unit. The Company performs a two-step impairment test. In the first step, the fair value of each reporting unit is compared to its carrying amount. If the fair value exceeds the carrying value of the net assets assigned, goodwill is not considered impaired and the second step is not required. If the carrying value exceeds the fair value, then the second step of the impairment test is performed in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of the goodwill exceeds the fair value, then an impairment charge is recorded. On November 30, 2016, the fair value of the Company's single reporting unit exceeded its carrying amount. Because the fair value of the Company's single reporting unit was in excess of its carrying value and there were no indicators that the Company's goodwill had become impaired since that date, there was no impairment as of November 30, 2016 or December 31, 2016.

For the years ended December 31, 2016, 2015 and 2014, the Company did not recognize an impairment charge.

Advertising Expense—The Company expenses advertising as incurred, which is included in sales and marketing expense in the accompanying consolidated statements of operations. The Company incurred \$4.2 million of advertising expense in 2016, \$4.9 million in 2015, and \$3.3 million in 2014.

Revenue Recognition—The Company primarily generates revenue from multiple-element arrangements, which typically include subscriptions to its online software solution and professional services which includes on-boarding and training services. The Company's customers do not have the right to take possession of the online software solution. The Company recognizes revenue when all of the following have occurred:

- persuasive evidence of an arrangement with the customer exists;
- service has been or is being provided;
- the fees are fixed or determinable; and
- collectability of the fees is reasonably assured.

The Company's arrangements do not contain general rights of return.

In order to treat elements in a multiple-element arrangement as separate units of accounting, the delivered elements must have standalone value and delivery of the undelivered element is probable and within control of the Company.

The Company has determined that subscriptions for its online software solution have standalone value because, once a customer launches its initial site, the online software solution is fully functional and does not require any additional development, modification, or customization.

Professional services consists primarily of on-boarding and web-based and in-person training, are not required to use the online software solution, and are determined to have stand-alone value from the related subscription services because they are sold separately by the Company and third parties.

When multiple-element arrangements are separated into different units of accounting, the arrangement consideration is allocated to the identified separate units based on a relative selling price hierarchy. The estimated fair value of each element is determined based upon the following hierarchy: (1) vendor specific objective evidence ("VSOE") of fair value, (2) third party evidence of selling price ("TPE"), or (3) the Company's best estimate of selling price ("BESP"). There is not an available measure of TPE of selling price and, as such, arrangement consideration is allocated amongst multiple deliverable arrangements using VSOE, if VSOE can be established, and BESP if VSOE cannot be established. The Company establishes VSOE and BESP for each deliverable primarily considering the median of actual sales prices (stand-alone sales prices for VSOE) of each type of subscription and other professional services sold.

The Company considers each type of subscription and service as well as pricing and geographic information when establishing VSOE and BESP. Arrangement consideration is allocated such that the revenue recognized does not exceed the fee subject to refund.

Revenue from subscriptions is recognized ratably over the subscription period beginning on the date the Company's subscription is made available to customers. Substantially all subscription contracts are one year or less. The Company recognizes revenue from on-boarding and training services as the services are provided.

The Company pays its agency partners a commission of the subscription sales price for sales to customers. The classification of the commission paid on the Company's consolidated statements of operations depends on who is purchasing its subscription. In instances where the customer is purchasing the subscription, the Company is the primary obligor and records the commission paid to the agency partner as sales and marketing expense. When the agency partner purchases the subscription directly from the Company, the Company nets the consideration paid to the partner against the associated revenue it recognizes, as in these instances the Company's customer is the partner and the Company's remaining obligations are to the partner. The Company does not believe that it receives a tangible benefit from the payment back to the partner. The Company has \$4.8 million accrued for partner commissions at December 31, 2016 and \$4.9 million accrued for partner commissions at December 31, 2015. These amounts are included within other accrued expenses on the balance sheet.

Sales taxes collected from customers and remitted to government authorities are excluded from revenue.

Amounts that have been invoiced are recorded in accounts receivable and deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. Deferred revenue represents amounts billed for which revenue has not yet been recognized. Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current deferred revenue and the remaining portion is recorded as long-term deferred revenue.

Concentrations of Credit Risk and Significant Customers—Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash, investments and accounts receivable.

A significant portion of the Company's cash and cash equivalents is held at two financial institutions that management believes to be of high credit quality. Although the Company deposits its cash and cash equivalents with multiple financial institutions, its deposits exceed federally insured limits.

The Company's investments consist of highly rated corporate debt securities and U.S. government agency obligations. The Company limits the amount of investments in any single issuer. The Company believes that, as of December 31, 2016, its concentration of credit risk related to investments was not significant.

The Company has no significant off-balance sheet risk such as foreign exchange contracts, option contracts, or other hedging arrangements.

The Company generally does not require collateral from its customers and generally requires payment 30 days from the invoice date. The Company maintains an allowance for doubtful accounts based on its assessment of the collectability of accounts receivable. Credit risk arising from accounts receivable is mitigated as a result of transacting with a large number of geographically dispersed customers spread across various industries.

At December 31, 2016 and 2015 there were no customers that represented more than 10% of the net accounts receivable balance. There were no customers that individually exceeded 10% of the Company's revenue in any of the periods presented.

Foreign Currency—The functional currency of the Company's foreign subsidiaries is the local currency. Assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the exchange rates in effect at the balance sheet dates; with the resulting translation adjustments directly recorded to a separate component of accumulated other comprehensive loss. Income and expense accounts are translated at the weighted-average exchange rates during the period. Foreign currency transaction gains and losses are recorded in other income (expense).

Research and Development—Research and development expenses include payroll, employee benefits and other expenses associated with product development.

Capitalized Software Development Costs—Certain payroll and stock compensation costs incurred to develop functionality for the Company's software and sales and billing platforms, as well as certain upgrades and enhancements that are expected to result in increased functionality are capitalized. The costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, certain internal costs are capitalized until the software is substantially complete and ready for its intended use. Capitalized software development costs are amortized on a straight-line basis over their estimated useful life.

of two to five years. Management evaluates the useful lives of these assets on a quarterly basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Capitalized software development costs, exclusive of those costs recorded within property and equipment, consisted of the following:

	December 31, 2016	December 31, 2015
	(in thousands)	
Gross capitalized software development costs	\$ 25,152	\$ 18,737
Accumulated amortization	(18,629)	(14,082)
Capitalized software development costs, net	<u>\$ 6,523</u>	<u>\$ 4,655</u>

The Company capitalized software development costs, exclusive of costs recorded within property and equipment, of \$6.4 million in 2016, \$4.5 million in 2015, and \$4.9 million in 2014. Stock-based compensation costs included in capitalized software were \$1.2 million in 2016, \$492 thousand in 2015, and \$235 thousand in 2014.

Amortization of capitalized software development costs, exclusive of costs recorded within property and equipment, was \$5.1 million in 2016, \$4.6 million in 2015, and \$3.9 million in 2014. Amortization expense is included in cost of revenue in the consolidated statements of operations.

Income Taxes—Deferred tax assets and liabilities are recognized for the differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities using tax rates expected to be in effect in the years in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Accounting for uncertainty in income taxes recognized in the financial statements is in accordance with accounting authoritative guidance, which prescribes a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination. If the tax position is deemed “more-likely-than-not” to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

Our intention is to reinvest the total amount of our unremitted foreign earnings in the local international jurisdictions, except for instances where we can remit such earnings to the U.S. without an associated net tax cost. As a result, we do not provide for United States taxes on the unremitted earnings of our international subsidiaries.

Stock-Based Compensation—The Company accounts for all stock options and awards granted to employees and nonemployees using a fair value method. Stock-based compensation is recognized as an expense and is measured at the fair value of the award. The measurement date for employee awards is generally the date of the grant. The measurement date for nonemployee awards is generally the date the awards vest. Stock-based compensation costs are recognized as expense over the requisite service period, which is generally the vesting period for awards, on a straight-line basis for awards with only a service condition, and using the graded-method for awards with both a performance and service that were granted prior to our IPO, and on a straight-line basis for the awards that were granted following our IPO, which only have service conditions.

Recent Accounting Pronouncements—Recent accounting standards not included below are not expected to have a material impact on our consolidated financial position and results of operations.

In March 2016, the Financial Accounting Standards Board (“FASB”) issued guidance that changes the accounting for certain aspects of share-based payments to employees. The guidance requires the recognition of the income tax effects of awards in the income statement when the awards vest or are settled, thus eliminating additional paid-in capital pools. The guidance also allows for the employer to repurchase or sell more shares than required under local statutory regulation without triggering liability accounting. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. The guidance is effective in 2017 with early adoption permitted. The adoption of this guidance will result in the Company recognizing tax benefits related to stock compensation deductions as a benefit to income tax expense when they are realized. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements. The impact is not expected to be significant.

In February 2016, the FASB issued guidance that requires lessees to recognize most leases on their balance sheets but record expenses on their income statements in a manner similar to current accounting. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. The guidance is effective in 2019 with early adoption permitted. The Company is currently evaluating the impact of this guidance on the consolidated financial statements.

In May 2014, the FASB issued updated guidance and disclosure requirements for recognizing revenue. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides guidance on the recognition of costs related to obtaining customer contracts. In July 2015, the FASB approved the deferral of the new standard's effective date by one year. The new standard now is effective for annual reporting periods beginning January 1, 2018. The FASB will permit companies to adopt the new standard early, but not before the original effective date of January 1, 2017. The Company is currently in the process of assessing the adoption methodology, which allows the standard to be applied retrospectively to each prior period presented, or with the cumulative effect recognized as of the date of initial application. The Company is also evaluating the impact of the adoption of the standard on its consolidated financial statements and has not determined whether the effect will be material to either its revenue results or its accounting for deferred commissions balances.

3. Fair Value of Financial Instruments

The Company measures certain financial assets at fair value. Fair value is determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as determined by either the principal market or the most advantageous market. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy, as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

The following table details the fair value measurements within the fair value hierarchy of the Company's financial assets and liabilities at December 31, 2016 and December 31, 2015.

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Money market funds	\$ 32,260	\$ —	\$ —	\$ 32,260
Commercial paper	—	12,439	—	12,439
Corporate bonds	—	66,947	—	66,947
U.S. government agency obligations	—	10,980	—	10,980
Total	\$ 32,260	\$ 90,366	\$ —	\$ 122,626

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Money market funds	\$ 32,014	\$ —	\$ —	\$ 32,014
Commercial paper	—	7,711	—	7,711
Corporate bonds	—	70,869	—	70,869
U.S. government agency obligations	—	10,958	—	10,958
Total	\$ 32,014	\$ 89,538	\$ —	\$ 121,552

The Company considers all highly liquid investments purchased with a remaining maturity of three months or less to be cash equivalents. The fair value of the Company's investments in certain money market funds is their face value and such instruments are classified as Level 1 and are included in cash and cash equivalents on the consolidated balance sheets. At December 31, 2016 and 2015, our Level 2 securities were priced by pricing vendors. These pricing vendors utilize the most recent observable market information in pricing these securities or, if specific prices are not available for these securities, use other observable inputs like market transactions involving identical or comparable securities.

For certain other financial instruments, including accounts receivable, accounts payable, capital leases and other current liabilities, the carrying amounts approximate their fair value due to the relatively short maturity of these balances.

The following tables summarize the composition of our short- and long-term investments at December 31, 2016 and 2015.

	December 31, 2016			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
	(in thousands)			
Commercial paper	\$ 12,446	\$ —	\$ (7)	\$ 12,439
Corporate bonds	67,126	—	(179)	66,947
U.S. government agency obligations	10,998	—	(18)	10,980
Total	\$ 90,570	\$ —	\$ (204)	\$ 90,366

	December 31, 2015			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
	(in thousands)			
Commercial paper	\$ 7,721	\$ —	\$ (10)	\$ 7,711
Corporate bonds	71,207	—	(338)	70,869
U.S. government agency obligations	10,998	—	(40)	10,958
Total	\$ 89,926	\$ —	\$ (388)	\$ 89,538

For all of our securities for which the amortized cost basis was greater than the fair value at December 31, 2016 and 2015, the Company has concluded that there is no plan to sell the security nor is it more likely than not that the Company would be required to sell the security before its anticipated recovery. In making the determination as to whether the unrealized loss is other-than-temporary, the Company considered the length of time and extent the investment has been in an unrealized loss position, the financial condition and near-term prospects of the issuers, the issuers' credit rating and the time to maturity.

Contractual Maturities

The contractual maturities of short-term and long-term investments held at December 31, 2016 and 2015 are as follows:

	December 31, 2016		December 31, 2015	
	Amortized Cost Basis	Aggregate Fair Value	Amortized Cost Basis	Aggregate Fair Value
	(in thousands)			
Due within one year	\$ 54,694	\$ 54,648	\$ 49,068	\$ 48,972
Due after 1 year through 2 years	35,876	35,718	40,858	40,566
Total	\$ 90,570	\$ 90,366	\$ 89,926	\$ 89,538

4. Property and Equipment

Property and equipment as of December 31, 2016 and December 31, 2015 consists of the following:

	December 31.	
	2016	2015
	(in thousands)	
Computer equipment & purchased software	\$ 3,237	\$ 1,237
Employee computer equipment	1,534	307
Furniture and fixtures	8,174	3,907
Office equipment	2,326	1,209
Leasehold improvements	23,693	17,086
Equipment under capital lease	2,412	1,409
Internal-use software	1,301	—
Construction in progress	322	—
Total property and equipment	42,999	25,155
Less accumulated depreciation	(12,798)	(6,994)
Property and equipment, net	\$ 30,201	\$ 18,161

Depreciation and amortization expense was \$5.9 million in 2016, \$2.7 million in 2015, and \$1.7 million in 2014.

Accumulated depreciation for equipment under capital lease was \$1.2 million as of December 31, 2016, \$508 thousand as of December 31, 2015, and \$339 thousand as of December 31, 2014.

The Company capitalized asset retirement costs of \$561 thousand at December 31, 2016 within leasehold improvements on the consolidated balance sheets, and recorded the related liability to other long term liabilities. These costs represent future lease restoration obligations as required by Company's leases.

5. Intangible Assets

During the year ended December 31, 2015, the Company acquired certain assets and treated this purchase as a business combination. The Company paid cash considerations of \$600 thousand for these assets and allocated \$107 thousand to acquired technology, \$50 thousand to certain other assets, and the remaining \$443 thousand to goodwill.

Intangible assets as of December 31, 2016 and 2015 consist of the following:

	Weighted Average Remaining Useful Life	December 31,	
		2016	2015
		(in thousands)	
Acquired technology	2 Months	\$ 852	\$ 852
Acquired intellectual property	3 Months	80	80
Accumulated amortization		(916)	(832)
Total		\$ 16	\$ 100

The estimated useful life of acquired technology and intellectual property is two to three years. The Company evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. The goodwill and intangible assets are expected to be deductible for U.S. federal income tax purposes.

Amortization expense related to intangible assets was \$84 thousand in 2016, \$96 thousand in 2015, and \$138 thousand in 2014. Amortization expense of acquired technology is included in cost of subscription revenue in the consolidated statements of operations. Amortization expense of acquired intellectual property is included in sales and marketing expense in the consolidated statements of operations.

Estimated future amortization expense for intangible assets as of December 31, 2016 is as follows:

Year ended December 31,	Amortization Expense (in thousands)
2017	16
Total	\$ 16

6. Debt

The Company has a \$35 million revolving line of credit outstanding (the "Loan Agreement") that expires in March 2017. Under the Loan Agreement, the Company is required to maintain compliance with certain financial covenants, including the delivery of financial and other information, limitations on cash balances outside the United States, and meeting certain minimum quarterly recurring subscription revenue levels, which increase throughout the life of the Loan Agreement. There was no outstanding balance under the Loan Agreement as of December 31, 2016 and 2015. The borrowing balance is limited by outstanding letters of credit totaling \$4.4 million at December 31, 2016.

7. Geographic Data

As more fully described in the Company's Summary of Significant Accounting Policies, the Company operates in one operating segment. Revenue and long-lived assets by geographic region, based on physical location of the operations recording the sale or the assets are as follows:

Revenues by geographical region:

	Year Ended December 31,		
	2016	2015	2014
	(In thousands)		
Americas	\$ 219,422	\$ 154,625	\$ 103,356
Europe	41,616	23,487	12,270
Asia Pacific	9,929	3,831	250
Total	\$ 270,967	\$ 181,943	\$ 115,876
Percentage of revenues generated outside of the Americas	19%	15%	11%

In 2016 revenue derived from customers outside the United States (international) was approximately 28% of total revenue.

Total long-lived assets by geographical region:

	As of	As of
	December 31, 2016	December 31, 2015
	(In thousands)	
Americas	\$ 23,205	\$ 15,108
Europe	4,716	1,885
Asia Pacific	2,280	1,168
Total long lived assets	\$ 30,201	\$ 18,161
Percentage of long lived assets held outside of the Americas	23%	17%

8. Commitments and Contingencies

The Company leases its office facilities under non-cancelable operating leases that expire at various dates through October 2027. Rent expense for non-cancelable operating leases with free rental periods or scheduled rent increases is recognized on a straight-line basis over the terms of the leases. Certain leases contain optional termination dates. The table below only includes payments up to the optional termination date. If the Company were to extend leases beyond the optional termination date the future commitments would increase by approximately \$12.7 million. Improvement reimbursements from landlords of \$3.7 million are being amortized on a straight-line basis into rent expense over the terms of the leases. The difference between required lease payments and rent expense has been recorded as deferred rent.

Rent expense was \$13.8 million in 2016, \$7.4 million in 2015, and \$4.9 million in 2014. Deferred rent was \$10.2 million as of December 31, 2016 and \$6.4 million as of December 31, 2015.

Future minimum payments under all operating and capital lease agreements as of December 31, 2016, are as follows :

	Operating	Capital
	(in thousands)	
2017	\$ 12,707	\$ 827
2018	15,621	284
2019	15,484	—
2020	15,802	—
2021	17,498	—
Thereafter	96,031	—
Total	\$ 173,143	1,111
Less: Portion representing interest		(40)
Capital lease obligation		\$ 1,071

In January 2017, the Company entered into a new 19 year property lease in Dublin, Ireland, with an option to break the lease after 10 years and 6 months, for approximately 16,000 square feet of space. The lease is expected to commence in August 2017 and the Company will pay an aggregate of approximately \$9.8 million in rent over the initial 10 year 6 month lease period.

In October 2016, the Company entered an agreement with a customer relationship management vendor. The Company's obligation under this agreement is approximately \$5.1 million payable over the remaining 30 months. The Company also has commitments related to its annual INBOUND event. These commitments total approximately \$3.3 million, and are payable over seven years.

In May 2015, the Company entered into a renewal agreement with a customer relationship management vendor. The Company's remaining contractual obligation under this agreement is approximately \$22.3 million, payable over the remaining forty-two month term of the agreement. Additionally, in December 2015, the Company entered into a renewal agreement with a web-hosting vendor. The Company's remaining contractual obligation under this agreement is approximately \$16 million, payable over the remaining two-year term of the agreement.

Legal Contingencies

From time to time the Company may become involved in legal proceedings or be subject to claims arising in the ordinary course of its business. Although the results of litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters will not have a material adverse effect on its business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

9. Changes in Accumulated Other Comprehensive Loss

The following table summarizes the changes in accumulated other comprehensive loss, which is reported as a component of stockholders' equity, for the years ended December 31, 2016 and 2015:

	Cumulative Translation Adjustment	Unrealized Loss on Investments (in thousands)	Total
Beginning balance at January 1, 2015	\$ (145)	\$ —	\$ (145)
Other comprehensive loss before reclassifications	(272)	(388)	(660)
Amounts reclassified from accumulated other comprehensive income	—	—	—
Ending balance at December 31, 2015	\$ (417)	\$ (388)	\$ (805)
Other comprehensive loss before reclassifications	(172)	113	(59)
Amounts reclassified from accumulated other comprehensive income	—	—	—
Ending balance at December 31, 2016	\$ (589)	\$ (275)	\$ (864)

10. Stockholders' Equity and Stock-Based Compensation

Upon the closing of the IPO on October 15, 2014, all outstanding convertible preferred stock was converted into 19,529,713 shares of common stock on a one-to-three basis. No convertible preferred stock was outstanding as of December 31, 2016 or December 31, 2015.

Common Stock Reserved —As of December 31, 2016 and 2015, the Company has authorized 500 million shares of common stock. The number of shares of common stock reserved for the vesting of RSUs and exercise of common stock options are as follows (in thousands):

	December 31, 2016	December 31, 2015
Restricted stock units	2,264	1,703
Common stock options	2,709	3,331
	<u>4,973</u>	<u>5,034</u>

Equity Incentive Plan —The Company's 2007 Equity Incentive Plan (the "2007 Plan") was terminated in connection with the IPO, and accordingly, no shares are available for issuance under the 2007 Plan. The 2007 Plan will continue to govern outstanding awards granted thereunder. The 2007 Plan provided for the grant of qualified incentive stock options and nonqualified stock options or other awards such as RSUs to the Company's employees, officers, directors and outside consultants. The term of each option is fixed by our compensation committee and may not exceed 10 years from the date of grant. As of December 31, 2016, 1.7 million options to purchase common stock and 223 thousand RSUs remained outstanding under the 2007 Plan.

On September 25, 2014, the Company's board of directors adopted and the Company's stockholders approved the 2014 Stock Option and Incentive Plan (the "2014 Plan"). The 2014 Plan became effective upon the closing of the Company's IPO. The Company initially reserved 1,973,551 shares of its common stock, or the Initial Limit, for the issuance of awards under the 2014 Plan. The 2014 Plan provides that the number of shares reserved and available for issuance under the plan automatically increases each January 1, beginning on January 1, 2015, by 5% of the outstanding number of shares of the Company's common stock on the immediately preceding December 31 or such lesser number of shares as determined by the compensation committee. This number is subject to adjustment in the event of a stock split, stock dividend or other change in the Company's capitalization. The term of each option is fixed by our compensation committee and may not exceed 10 years from the date of grant. As of December 31, 2016, 1.0 million options to purchase common stock and 2.0 million RSUs remained outstanding under the 2014 Plan.

Equity Compensation Expense —The Company's equity compensation expense is comprised of awards of options to purchase common stock, restricted stock awards (RSAs), RSUs, and shares obtained through the Company's Employee Stock Purchase Plan ("ESPP").

The following two tables show stock compensation expense by award type and where the stock compensation expense is recorded in the Company's consolidated statements of operations:

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Options	\$ 5,202	\$ 6,349	\$ 5,128
ESPP	1,093	1,035	—
RSUs	26,380	13,924	11,230
Total stock-based compensation	<u>\$ 32,675</u>	<u>\$ 21,308</u>	<u>\$ 16,358</u>

	2016	2015	2014
	(in thousands)		
Cost of revenue, subscription	\$ 512	\$ 341	\$ 128
Cost of revenue, service	1,640	1,216	498
Research and development	8,828	6,327	6,190
Sales and marketing	13,352	7,658	5,596
General and administrative	8,343	5,766	3,946
Total stock-based compensation	<u>\$ 32,675</u>	<u>\$ 21,308</u>	<u>\$ 16,358</u>

Excluded from stock-based compensation expense is \$1.2 million of capitalized software development costs in 2016, \$492 thousand in 2015, and \$235 thousand in 2014.

Stock Options —The fair value of employee options is estimated on the date of each grant using the Black-Scholes option-pricing model with the following assumptions:

	Year Ended December 31,		
	2016	2015	2014
Risk-free interest rate (%)	1.38 - 1.41	1.36 - 1.53	1.79 - 2.67
Expected term (years)	5.08 - 6.21	6.18 - 6.22	5.0 - 6.5
Volatility (%)	38.0 - 41.0	43.0 - 51.6	44.8 - 50.9
Expected dividends	—	—	—

The weighted-average grant-date fair value of options granted was \$16.97 per share in 2016, \$16.53 per share in 2015, and \$9.72 per share in 2014.

The interest rate was based on the U.S. Treasury bond rate at the date of grant with a maturity approximately equal to the expected term. The expected term of options granted to employees was calculated using the simplified method, which represents the average of the contractual term of the option and the weighted-average vesting period of the option. The expected term of options granted to nonemployees is equal to the remaining contractual term as of the measurement date. Expected volatility for the Company's common stock was based on an average of the historical volatility of a peer group of similar public companies. The assumed dividend yield is based upon the Company's expectation of not paying dividends in the foreseeable future. The estimation of share-based awards that will ultimately vest requires judgment, and to the extent actual results differ from the Company's estimates, such amounts will be recorded as an adjustment in the period estimates are revised.

Prior to the Company's IPO, the fair value of the Company's common stock was determined by the Board of Directors at each award grant date based upon a variety of factors, including the results obtained from independent third-party valuations, the Company's financial position and historical financial performance, the status of technological developments within the Company's products, the composition and ability of the engineering and management team, an evaluation of benchmark of the Company's competition, the climate in the marketplace, the illiquid nature of the common stock, arm's-length sales of the Company's capital stock (including redeemable convertible preferred stock), the effect of the rights and preferences of the preferred stockholders and the prospects of a liquidity event, among others. After the Company's IPO, the fair value of the Company's common stock is the closing price of the stock on the date of grant.

The stock option activity for the year ended December 31, 2016 is as follows:

	Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding—January 1, 2016	3,331	\$ 12.18	6.9	\$ 146,994
Granted	177	40.99		
Exercised	(718)	11.68		
Forfeited/expired	(81)	19.51		
Outstanding—December 31, 2016	2,709	13.99	6.1	\$ 89,411
Options vested or expected to vest—December 31, 2016	2,662	\$ 13.74	6.1	\$ 88,545
Options exercisable—December 31, 2016	2,083	\$ 9.74	5.6	\$ 77,600

Total unrecognized compensation cost related to the nonvested options granted under the 2007 Plan and the 2014 Plan was \$6.4 million at December 31, 2016. That cost is expected to be recognized over a weighted-average period of 1.99 years as of December 31, 2016.

Common Stock Warrant —In 2012, in conjunction with the Loan Agreement, the Company issued a warrant to purchase 13 thousand shares of common stock at an exercise price of \$5.70 per share with an expiration date of April 2022. The warrant was exercised in 2015.

Restricted Stock Units —RSUs vest upon achievement of a service condition and, prior to six months after the Company's IPO, a performance condition. As soon as practicable following each vesting date, the Company will issue to the holder of the RSUs the number of shares of common stock equal to the aggregate number of RSUs that have vested. Notwithstanding the foregoing, the Company may, in its sole discretion, in lieu of issuing shares of common stock to the holder of the RSUs, pay the holder an amount in cash equal to the fair market value of such shares of common stock. The service condition is a time-based condition met over a period of four years, with 25% met after one year, and then in equal monthly installments over the succeeding three years. The performance condition was met six months following the Company's IPO. Upon completion of the Company's IPO the Company began recording

stock-based compensation expense based on the grant-date fair value of the RSUs using the accelerated attribution method for RSUs granted prior to its IPO and using the straight-line method for RSUs granted following its IPO, net of estimated forfeitures. The stock compensation expense associated with RSUs where the service condition had been met prior to the IPO was also recognized on the date of the IPO, using the accelerated attribution method. The total stock-based compensation expense expected to be recorded over the remaining life of outstanding RSUs is approximately \$78.4 million at December 31, 2016. That cost is expected to be recognized over a weighted-average period of 2.96 years as of December 31, 2016. As of December 31, 2016 there are 1.9 million RSUs expected to vest with an aggregate intrinsic value of \$91.6 million. The total fair value of RSUs vested was approximately \$24.0 million in the year ended December 31, 2016 and \$11.9 million in the year ended December 31, 2015. No RSUs vested in the year ended December 31, 2014.

The following table summarizes the activity related to RSUs for the year ended December 31, 2016:

	RSUs Outstanding	
	Shares (in thousands)	Weighted-Average Grant Date Fair Value Per Share
Unvested and outstanding at January 1, 2016	1,703	\$ 34.64
Granted	1,462	45.64
Vested	(731)	32.87
Canceled	(170)	37.31
Unvested and outstanding at December 31, 2016	2,264	\$ 42.04

11. Employee Stock Purchase Plan

On September 25, 2014, the Company's board of directors adopted and the Company's stockholders approved the 2014 Employee Share Purchase Plan (the "ESPP"). The ESPP became effective upon the closing of the Company's IPO. The ESPP authorizes the issuance of up to a total of 1,052,148 shares of common stock to participating employees, and allows eligible employees to purchase shares of common stock at a 15% discount from the fair market value of the stock as determined on specific dates at six-month intervals. The offering periods generally start on the first trading day on or after January 1st and July 1st of each year. During the year ended December 31, 2016, the Company issued 70 thousand shares under the ESPP, with a weighted average purchase price per share of \$38.98. Total cash proceeds from the purchase of shares under the ESPP in 2016 was \$2.7 million. During the year ended December 31, 2015, the Company issued 29 thousand shares under the ESPP, with a weighted average purchase price per share of \$28.46. Total cash proceeds from the purchase of shares under the ESPP in 2015 was \$814 thousand.

12. Income Taxes

Loss before provision for income taxes was as follows:

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
United States	\$ (47,112)	\$ (47,911)	\$ (49,634)
Foreign	2,083	2,270	1,313
Total	\$ (45,029)	\$ (45,641)	\$ (48,321)

The (provision) benefit for income taxes consists of the following:

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Current income tax provision			
Federal	\$ —	\$ —	\$ —
State	(95)	(61)	(20)
Foreign	(579)	(401)	(12)
Total current income tax provision	<u>(674)</u>	<u>(462)</u>	<u>(32)</u>
Deferred income tax (provision) benefit			
Federal	61	(10)	—
State	—	—	—
Foreign	80	60	124
Total deferred income tax (provision) benefit	<u>141</u>	<u>50</u>	<u>124</u>
Total income tax (provision) benefit	<u>\$ (533)</u>	<u>\$ (412)</u>	<u>\$ 92</u>

The following reconciles the differences between income taxes computed at the federal statutory rate of 35% and the provision for income taxes:

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Expected income tax benefit at the federal statutory rate	\$ 15,761	\$ 15,974	\$ 16,913
State taxes net of federal benefit	916	2,257	1,709
Stock-based compensation	(2,001)	(1,685)	(886)
Difference in foreign tax rates	415	482	289
U.S. tax credits	1,609	2,738	1,331
Change in valuation allowance	(16,413)	(19,421)	(18,719)
Other	(820)	(757)	(545)
Income tax (provision) benefit	<u>\$ (533)</u>	<u>\$ (412)</u>	<u>\$ 92</u>

Deferred Tax Assets and Liabilities—Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities were as follows:

	Year Ended December 31,	
	2016	2015
	(in thousands)	
Deferred tax assets:		
Net operating loss carryforwards	\$ 73,750	\$ 60,188
Research and investment credits	6,674	5,040
Accruals and reserves	6,699	5,788
Depreciation	744	579
Intangible assets	215	223
Stock-based compensation	8,115	6,901
Total deferred tax assets	<u>\$ 96,197</u>	<u>\$ 78,719</u>
Deferred tax liabilities:		
Capitalized costs	(4,843)	(3,916)
Total deferred tax liabilities	<u>(4,843)</u>	<u>(3,916)</u>
Valuation allowance	(91,132)	(74,642)
Net deferred tax assets	<u>\$ 222</u>	<u>\$ 161</u>

The Company reviews all available evidence to evaluate its recovery of deferred tax assets, including its recent history of accumulated losses in all tax jurisdictions over the most recent three years as well as its ability to generate income in future periods. The Company has provided a valuation allowance against its U.S. net deferred tax assets as it is more likely than not that these assets will not be realized given the nature of the assets and the likelihood of future utilization.

The valuation allowance increased by \$16.5 million in 2016, \$19.4 million in 2015 and \$16.8 million in 2014, primarily due to the increase in the U.S. net operating loss deferred tax asset. The Company does not expect any significant changes in its valuation allowance positions within the next 12 months.

U.S. income taxes on the undistributed earnings of the Company's four non-U.S. subsidiaries have not been provided for as the Company currently plans to indefinitely reinvest these amounts and has the ability to do so. Cumulative undistributed foreign earnings were approximately \$3.0 million at December 31, 2016 and not material at December 31, 2015. The Company does not believe it is practicable to estimate with reasonable accuracy the hypothetical amount of the unrecognized deferred tax liability on undistributed foreign earnings given the many factors and assumptions required to estimate the taxable amount after reduction for available foreign tax credits.

The Company had federal and state net operating loss carryforwards of \$273.5 million and \$168.8 million, respectively at December 31, 2016, which expire at various dates through 2036. The Company has generated net operating loss carryforwards from stock compensation deductions and the amount of federal and state excess tax benefits totaling \$30.4 million (net of tax) will be credited to income tax expense when realized.

The Company had federal research and development credit carryforwards of \$4.3 million and foreign tax credits of \$15 thousand at December 31, 2016 that expire at various dates through 2036. The Company also has state research and investment credit carryforwards of \$2.9 million and \$769 thousand, respectively that expire at various dates through 2031.

Under Section 382 of the Internal Revenue Code of 1986, as amended, substantial changes in the Company's ownership may limit the amount of net operating loss carryforwards that could be utilized annually in the future to offset taxable income. Specifically, this limitation may arise in the event of a cumulative change in ownership of the Company of more than 50% within a three-year period. Any such annual limitation may significantly reduce the utilization of net operating loss carryforwards before they expire. The Company performed an analysis through December 31, 2016, and determined any potential ownership change under Section 382 during the year would not have a material impact on the future utilization of US net operating losses and tax credits. However, future transactions in the Company's common stock could trigger an ownership change for purposes of Section 382, which could limit the amount of net operating loss carryforwards and other attributes that could be utilized annually in the future to offset taxable income, if any. Any such limitation, whether as the result of sales of common stock by our existing stockholders or sales of common stock by the Company, could have a material adverse effect on results of operations in future years.

Uncertain Tax Positions—The Company accounts for uncertainty in income taxes using a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination by the tax authority, including resolutions of any related appeals or litigation processes, based on technical merit. If a tax position meets the more-likely-than-not recognition threshold it is then measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

The following summarizes activity related to unrecognized tax benefits:

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Unrecognized benefit—beginning of the year	\$ 673	\$ 1,713	\$ 1,030
Gross increases—current period positions	1,069	171	683
Gross decrease—prior period positions	—	(1,211)	—
Unrecognized benefit—end of period	<u>\$ 1,742</u>	<u>\$ 673</u>	<u>\$ 1,713</u>

All of the gross unrecognized tax benefits represent a reduction to the research and development tax credit carryforward. The gross decrease to prior period positions, for the period ending December 31, 2015 is a result of the Company completing IRS documentation of all credits generated since inception.

All of the unrecognized tax benefits decrease deferred tax assets with a corresponding decrease to the valuation allowance. None of the unrecognized tax benefits would affect the Company's effective tax rate if recognized in the future.

The Company has elected to recognize interest and penalties related to uncertain tax positions as a component of income tax expense. No interest or penalties have been recorded through December 31, 2016.

The Company does not expect any significant change in its unrecognized tax benefits within the next 12 months.

The Company files tax returns in the United States, Ireland, Australia, Singapore, Japan and various state jurisdictions. All of the Company's tax years remain open to examination by major taxing jurisdictions to which the Company is subject, as carryforward attributes generated in past years may still be adjusted upon examination by the Internal Revenue Service or state and foreign tax authorities if they have or will be used in future periods. The Company is routinely examined by various taxing authorities. The IRS completed a federal income tax audit for the tax year 2013 during 2016. The completed federal income tax audit did not yield a material effect on the Company's financial condition or results of operations.

13. Employee Benefit Plan

In July 2008, the Company established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pretax basis, subject to legal limitations. Total contributions were \$2.1 million in 2016, \$1.2 million in 2015, and \$549 thousand in 2014.

14. Quarterly Financial Results (unaudited)

	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(in thousands, except per share amounts)			
Year ended December 31, 2016				
Revenue	\$ 76,444	\$ 70,589	\$ 64,974	\$ 58,960
Cost of revenue	16,887	15,812	15,195	13,971
Gross profit	59,557	54,777	49,779	44,989
Net loss	(13,829)	(10,515)	(11,064)	(10,154)
Basic and diluted net loss per share	\$ (0.39)	\$ (0.30)	\$ (0.32)	\$ (0.29)
Year ended December 31, 2015				
Revenue	\$ 53,126	\$ 47,711	\$ 42,941	\$ 38,166
Cost of revenue	13,707	12,478	11,273	10,465
Gross profit	39,419	35,233	31,668	27,701
Net loss	(10,252)	(13,552)	(11,392)	(10,858)
Basic and diluted net loss per share	\$ (0.30)	\$ (0.40)	\$ (0.34)	\$ (0.34)

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

None.

ITEM 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2016, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Management's Report on Internal Control Over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, 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 and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 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
- 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.

Our management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2016. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework* (2013).

Based on our assessment, management, with the participation of our Chief Executive Officer and Chief Financial Officer, concluded that, as of December 31, 2016, our internal control over financial reporting was effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2016 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report, which is included on under Item 8 of this annual report on Form 10-K

(c) Inherent Limitations of Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations, misstatements due to error or fraud may occur and not be detected.

(d) Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during the quarter ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

None.

ITEM 10. Directors, Executive Officers and Corporate Governance

The complete response to this Item regarding the backgrounds of our executive officers and directors and other information required by Items 401, 405 and 407 of Regulation S-K will be contained in our definitive proxy statement for our 2017 Annual Meeting of Stockholders.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that is applicable to all of our employees, officers and directors including our chief executive officer and senior financial officers, which is available on our website under “Investor Relations—Corporate Governance.”

ITEM 11. Executive Compensation

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2017 Annual Meeting of Stockholders.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2017 Annual Meeting of Stockholders.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2017 Annual Meeting of Stockholders.

ITEM 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2017 Annual Meeting of Stockholders.

ITEM 15. Exhibits, Financial Statement Schedules

(a) Documents Filed as Part of this Annual Report on Form 10-K

1. Financial Statements (included in Item 8 of this Annual Report on Form 10-K):

- Reports of Independent Registered Public Accounting Firms
- Consolidated Balance Sheets as of December 31, 2016 and 2015
- Consolidated Statements of Operations for the years ended December 31, 2016, 2015 and 2014
- Consolidated Statements of Comprehensive Loss for the years ended December 31, 2016, 2015 and 2014
- Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014
- Consolidated Statements of Stockholders' Equity (Deficit) for the years ended December 31, 2016, 2015 and 2014
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules

Financial statements schedules are omitted as they are either not required or the information is otherwise included in the consolidated financial statements.

3. The exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index immediately preceding the exhibits and are incorporated herein.

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, in the city of Cambridge, Commonwealth of Massachusetts, on the 16th day of February, 2017

HUBSPOT, INC.

By: /s/ Brian Halligan
Brian Halligan

Chief Executive Officer and Chairman

POWER OF ATTORNEY

We, the undersigned directors and officers of HubSpot, Inc. (the "Company"), hereby and severally constitute and appoint Brian Halligan, J.D. Sherman and John Kinzer and each of them singly, our true and lawful attorneys, with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, and to file any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of us might or could do in person and hereby ratifying and confirming all that said attorneys and each of them, or their substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Brian Halligan</u> Brian Halligan	Chief Executive Officer and Chairman <i>(Principal Executive Officer)</i>	February 16, 2017
<u>/s/ John Kinzer</u> John Kinzer	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	February 16, 2017
<u>/s/ Dharmesh Shah</u> Dharmesh Shah	Director and Chief Technology Officer	February 16, 2017
<u>/s/ Larry Bohn</u> Larry Bohn	Director	February 16, 2017
<u>/s/ Ron Gill</u> Ron Gill	Director	February 16, 2017
<u>/s/ Julie Herendeen</u> Julie Herendeen	Director	February 16, 2017
<u>/s/ Lorrie Norrington</u> Lorrie Norrington	Director	February 16, 2017
<u>/s/ Michael Simon</u> Michael Simon	Director	February 16, 2017
<u>/s/ Jay Simons</u> Jay Simons	Director	February 16, 2017
<u>/s/ David Skok</u> David Skok	Director	February 16, 2017

Exhibit number	Description of exhibit
3.1(1)	Seventh Amended and Restated Certificate of Incorporation (as amended and currently in effect)
3.2(2)	Amended and Restated Bylaws (as currently in effect)
4.1(3)	Form of Common Stock Certificate
4.2(4)	Fourth Amended and Restated Investors' Rights Agreement between the Registrant and the investors named therein dated October 25, 2012
10.1(5)	Amended and Restated Lease from Jamestown Premier Davenport, LLC to HubSpot, Inc., executed December 14, 2015 and effective as of November 1, 2015
10.2(6)	Lease dated December 11, 2012 between AIG Property Company Limited and HubSpot Ireland Limited
10.3(7)	Lease dated February 14, 2014 between AIG Property Company Limited and HubSpot Ireland Limited
10.4(8)	Lease, dated February 22, 2016 by and among HubSpot Ireland Limited, HubSpot, Inc. and Hibernia REIT Plc and Agreement for Lease, dated November 6, 2015, by and among HubSpot Ireland Limited, HubSpot, Inc. and Hibernia REIT plc
10.5**	Lease dated April 23, 2015 between BCSP Cambridge Two Property LLC and HubSpot, Inc., amended as of August 10, 2016
10.6(9)	Lease dated October 7, 2016 between One Canal Park Massachusetts LLC and HubSpot, Inc.
10.7(10)#	Form of Indemnification Agreement between the Registrant and each of its Executive Officers and Directors
10.8(11)#	2007 Equity Incentive Plan and forms of restricted stock agreement and option agreements thereunder
10.9(12)#	2014 Stock Option and Grant Plan and forms of restricted stock and option agreements thereunder
10.10**	Amended and Restated Loan and Security Agreement dated April 4, 2012 by and between Comerica Bank and the Registrant, as amended as of April 6, 2016.
10.11(13)#	2014 Employee Stock Purchase Plan
10.12(14)#	Non-Employee Director Compensation Policy
10.13(15)#	Senior Executive Cash Incentive Bonus Plan
21.1**	List of Subsidiaries
23.1**	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm
23.2**	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
24.1**	Power of Attorney (included on signature page)
31.1**	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**Y	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.

101.CAL** XBRL Taxonomy Extension Calculation Linkbase Document.

101.DEF** XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB** XBRL Taxonomy Extension Label Linkbase Document.

101.PRE** XBRL Taxonomy Extension Presentation Linkbase Document.

Indicates a management contract or compensatory plan.

** Filed herewith.

Y The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates any of them by reference.

(1) Incorporated by reference to Exhibit 3.1 to HubSpot, Inc.'s Annual Report on Form 10-K filed on February 24, 2016.

(2) Incorporated by reference to Exhibit 3.2 to HubSpot, Inc.'s Annual Report on Form 10-K filed on February 24, 2016.

(3) Incorporated by reference to Exhibit 4.1 to HubSpot, Inc.'s Amendment No. 1 to Registration Statement on Form S-1 (SEC File No. 333-198333) filed on September 26, 2014.

(4) Incorporated by reference to Exhibit 4.2 to HubSpot, Inc.'s Registration Statement on Form S-1 (SEC File No. 333-198333) filed on August 25, 2014.

(5) Incorporated by reference to Exhibit 10.1 to HubSpot, Inc.'s Form 8-K filed on December 18, 2015.

(6) Incorporated by reference to Exhibit 10.2 to HubSpot, Inc.'s Registration Statement on Form S-1 (SEC File No. 333-198333) filed on August 25, 2014.

(7) Incorporated by reference to Exhibit 10.3 to HubSpot, Inc.'s Registration Statement on Form S-1 (SEC File No. 333-198333) filed on August 25, 2014.

(8) Incorporated by reference to Exhibit 10.1 to HubSpot, Inc.'s Quarterly Report on Form 10-Q filed May 4, 2016.

(9) Incorporated by reference to Exhibit 10.1 to HubSpot, Inc.'s Form 8-K filed on October 13, 2016.

(10) Incorporated by reference to Exhibit 10.4 to HubSpot, Inc.'s Registration Statement on Form S-1 (SEC File No. 333-198333) filed on August 25, 2014.

(11) Incorporated by reference to Exhibit 10.5 to HubSpot, Inc.'s Registration Statement on Form S-1 (SEC File No. 333-198333) filed on August 25, 2014.

(12) Incorporated by reference to Exhibit 10.6 to HubSpot, Inc.'s Amendment No. 1 to Registration Statement on Form S-1 (SEC File No. 333-198333) filed on September 26, 2014.

(13) Incorporated by reference to Exhibit 10.8 to HubSpot, Inc.'s Amendment No. 2 to Registration Statement on Form S-1 (SEC File No. 333-198333) filed on October 6, 2014.

(14) Incorporated by reference to Exhibit 10.1 to HubSpot, Inc.'s Form 8-K filed on January 25, 2017.

(15) Incorporated by reference to Exhibit 10.10 to HubSpot, Inc.'s Amendment No. 1 to Registration Statement on Form S-1 (SEC File No. 333-198333) filed on September 26, 2014.

EXHIBIT 1, LEASE DATA
Two Canal Park
Cambridge, Massachusetts 02141
(the " **Building** ")

Execution Date: April 23, 2015

Tenant: HubSpot, Inc.,
a Delaware corporation

Tenant's Address: 25 First Street – 2 nd Floor
Cambridge, Massachusetts 02141

Landlord: BCSP Cambridge Two Property LLC,
a Delaware limited liability company

Landlord's Address: c/o Beacon Capital Partners, LLC
200 State Street, 5 th Floor
Boston, Massachusetts 02109

with a copy to:
Goulston & Storrs PC
400 Atlantic Avenue
Boston, Massachusetts 02110
Attn: Two Canal Park

Building: Two Canal Park
Cambridge, Massachusetts 02141

Lot: The parcel(s) of land on which the Building is located and the other improvements thereon (including the Building, driveways and landscaping).

Common Areas: The common walkways and accessways located on the Lot, as the same may be changed, from time to time.

Article 2 Premises: A portion of the first (1 st) floor of the Building, containing approximately 9,170 rentable square feet, substantially as shown on the Lease Plan, attached hereto and incorporated herein as Exhibit 2, Sheet 1 (" **First Floor Premises** "); and
The entirety of the second (2 nd) floor of the Building, containing approximately 50,602 rentable square feet, substantially as shown on the Lease Plan, attached hereto and incorporated herein as Exhibit 2, Sheet 1 (" **Second Floor Premises** ")
Total Rentable Area of the Premises: 59,772 square feet
Total Rentable Area of the Building: 206,567 square feet

Section 3.1 Commencement Date: The date that is the later of (i) the date that Landlord delivers possession of the Premises to Tenant in the Delivery Condition and with Landlord's Work, as defined in Article 4 hereof, substantially completed, and (ii) December 1, 2015.

Estimated Commencement Date: December 1, 2015

Rent Commencement Date: The date one (1) month after the Commencement Date

Section 3.2 Expiration Date: The date one hundred twenty (120) months (plus the partial month, if any) after the Rent Commencement Date, unless earlier terminated, or extended per Section 29.16

Article 5 Permitted Use: General business offices and all legal uses customarily accessory thereto.

Article 6 Yearly Rent:

Lease Year	Yearly Rent	Monthly Payment	Per Rentable Square Foot
Lease Year 1	\$ 3,407,004.00	\$ 283,917.00	\$ 57.00
Lease Year 2	\$ 3,466,776.00	\$ 288,898.00	\$ 58.00
Lease Year 3	\$ 3,526,548.00	\$ 293,879.00	\$ 59.00
Lease Year 4	\$ 3,586,320.00	\$ 298,860.00	\$ 60.00
Lease Year 5	\$ 3,646,092.00	\$ 303,841.00	\$ 61.00
Lease Year 6	\$ 3,705,864.00	\$ 308,822.00	\$ 62.00
Lease Year 7	\$ 3,765,636.00	\$ 313,803.00	\$ 63.00
Lease Year 8	\$ 3,825,408.00	\$ 318,784.00	\$ 64.00
Lease Year 9	\$ 3,885,180.00	\$ 323,765.00	\$ 65.00
Lease Year 10	\$ 3,944,952.00	\$ 328,746.00	\$ 66.00

For purposes hereof, "Lease Year" shall mean a twelve-month period beginning on the Rent Commencement Date or any anniversary of the Rent Commencement Date, except that if the Rent Commencement Date does not fall on the first day of a calendar month, then the first Lease Year shall begin on the Rent Commencement Date and end on the last day of the month containing the first anniversary of the Rent Commencement Date, and each succeeding Lease Year shall begin on the day following the last day of the prior Lease Year.

Tenant shall have no obligation to pay Yearly Rent for the period commencing as of the Commencement Date, and expiring as of the day before the Rent Commencement Date (the "Rent Abatement Period"). During the Rent Abatement Period, only Yearly Rent shall be abated ("Abated Yearly Rent"), and all additional rent and other costs and charges specified in the Lease shall remain as due and payable pursuant to the provisions of the Lease.

Article 7	Security Deposit:	\$855,028.00, subject to reduction in accordance with Section 7.3
Article 8	Electricity:	Landlord shall provide utilities to Tenant as set forth in Article 8 hereof.
Article 9	Operating Costs in the Base Year:	The actual amount of Operating Costs for calendar year 2016
	Tax Base:	The actual amount of Taxes for fiscal year 2016 (i.e., July 1, 2015, through June 30, 2016)
	Tenant's Proportionate Share:	28.94%
Section 29.3	Broker:	For Tenant: T3 Advisors, LLC For Landlord: CBRE/New England
Section 29.5	Enforcement of Arbitration:	Massachusetts; Superior Court
Section 29.12	Parking:	Number of Parking Passes: Thirty-Six (36), as more fully set forth in Section 29.12 hereof

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THIS DEED OF LEASE between Landlord and Tenant named in Exhibit 1 is entered into on the Execution Date as stated in Exhibit 1.

Landlord demises to Tenant, and Tenant takes from Landlord, the Premises upon and subject to the provisions of this Lease.

1. INCORPORATION OF EXHIBITS; REFERENCE DATA

The Exhibits attached to this Lease are made a part hereof. Any reference in this Lease to any of the terms defined in any such Exhibit shall have the meaning set forth in such Exhibit.

2. DESCRIPTION OF DEMISED PREMISES

2.1 Demised Premises. The Premises are that portion of the Building as described in Exhibit 1.

2.2 Appurtenant Rights. Tenant shall have, as appurtenant to the Premises, the non-exclusive right to use in common with others entitled thereto: (a) the common lobbies, hallways, stairways and elevators of the Building serving the Premises in common with others; (b) the Common Areas, as defined in Exhibit 1; (c) freight elevator serving the Building, (d) loading dock serving the Building, and (e) if the Premises include less than the entire rentable area of any floor, the common toilets and other common facilities of such floor; and no other appurtenant rights or easements. Tenant's use of such areas shall be subject to the terms hereof and to the Rules and Regulations as set forth in Exhibit 4 hereof. Tenant acknowledges that Landlord has no obligation to allow any particular telecommunication service provider to have access to the Building or to the Premises, and that if Landlord permits such access and the provider provides services to other tenants in the Building, Landlord may require the service provider to pay Landlord a reasonable fee therefor. As of the date of this Lease, Verizon and Comcast provide telecommunications service in the Building, provided, however, Landlord approves Tenant's use of Windstream or Lighttower as Tenant's telecommunications service provider for the Premises, and Landlord shall permit access to the Building and Premises by any such service provider, at no fee to Landlord. Landlord represents that, as of the date hereof, the roof and all the structural elements of the Building and all mechanical, electrical, fire/life safety and HVAC systems serving the Building and the Premises are in good operating condition and repair.

2.3 Exclusions and Reservations. The following are not part of the Premises: the exterior glass and curtainwall, all the perimeter walls of the Premises except the inner surfaces thereof, any balconies (except to the extent any balconies are shown as part of the Premises on Exhibit 2), terraces or roofs adjacent to the Premises, and any space in or adjacent to the Premises used for risers, shafts, stacks, pipes, conduits, wires and appurtenant fixtures, fan rooms, ducts, electric or other utilities, sinks or other Building facilities. Landlord reserves the right to access and use any of the foregoing, as well as the right to enter the Premises, subject to the provisions of this Lease, for the purposes of operation, maintenance, decoration and repair.

2.4 Rentable Area. Total Rentable Area of the Premises and the Building is agreed to be the amounts set forth in Exhibit 1.

3. TERM OF LEASE

3.1 Definitions. As used in this Lease the following terms have the following meanings:

(a) "Commencement Date"—The date set forth in Exhibit 1.

(b) "Rent Commencement Date"—The date set forth in Exhibit 1.

3.2 Term. The "Term" of this Lease shall commence on the Commencement Date and end on the Expiration Date as stated in Exhibit 1, unless extended or terminated pursuant to the terms hereof.

3.3 Declaration Fixing Commencement Date. Once the Commencement Date has been determined, Landlord and Tenant shall execute an agreement, in the form attached hereto as Exhibit 5, in which shall be stated the Commencement Date, the Rent Commencement Date and the Expiration Date.

4. READINESS FOR OCCUPANCY—ENTRY BY TENANT PRIOR TO COMMENCEMENT DATE; LANDLORD'S WORK; LANDLORD'S CONCOURSE WORK

4.1 Landlord's Work.

(a) "Landlord's Work" shall mean the work to be performed by Landlord to purchase, at its sole cost and expense, and install building standard window blinds in the Premises and in preparing the Premises for Tenant's occupancy as shown on Tenant's final approved TI Plans (as defined herein) and in the preparation of such plans, and the actual costs related thereto (but without mark-up by Landlord or any supervisory or construction management fee to Landlord except as expressly set forth in Section 4.2 below, and

specifically excluding all consultant, architect and engineering fees incurred by Tenant, other than those incurred by Landlord on behalf of Tenant as provided below), as more particularly described and provided for in Section 4.2; provided that Landlord's Work shall exclude work to be performed in connection with Tenant's data and telephone cabling, computer systems, furniture and furniture systems, office equipment (e.g. copiers) and similar items (such excluded work collectively, "**Tenant Installations**").

(b) "**Punch List Items**" shall mean any and all minor or insubstantial details of construction, decoration or mechanical adjustments that remain to be done in such space or any part thereof following Substantial Completion (as defined below) of such space, or portion thereof, which (taking into account both of the items to be completed and the work required to complete such items) will not materially interfere with Tenant's Installations or Tenant's conduct of business in such space and use thereof for the applicable Permitted Use.

(c) "**Substantially Completed**" (or "**Substantial Completion**") shall mean that with respect to Landlord's Work for the Premises, (i) Landlord's Work, as shown on Tenant's final approved TI Plans, has been completed in accordance with the provisions of this Lease (including, without limitation, that such work has been completed in a good and workmanlike manner, in compliance with all applicable laws, and substantially in accordance with the TI Plans), except only Punch List Items and such work that Tenant needs to perform in connection with Tenant Installations and (ii) all conditions to the issuance of a temporary or permanent certificate of occupancy for the Premises have been satisfied allowing for lawful occupancy of the Premises by Tenant, except only conditions related solely to the completion of Tenant's Installations, and (iii) Landlord delivers to Tenant a written notice of substantial completion from Landlord's architect, which notice of substantial completion shall be subject to confirmation by Tenant (which confirmation or objection, if Tenant does not agree that Substantial Completion of Landlord's Work or any applicable portion thereof has occurred, shall be given (if at all) as promptly as possible and no more than five (5) business days after Tenant's receipt of Landlord's notification and provided Landlord has afforded Tenant access to the Premises as provided in Section 4.9, and which confirmation (if any) shall specify any good faith objections and/or Tenant's determination that Substantial Completion of Landlord's Work (or applicable portions thereof) has not occurred). The failure of Tenant to confirm Landlord's notification of Substantial Completion of Landlord's Work as set forth herein or to object in writing thereto within such five (5) business day period shall be deemed a confirmation of such notification. If Tenant objects to any matters set forth in Landlord's notice of Substantial Completion of Landlord's Work and notifies Landlord thereof within five (5) business days following receipt of the notice and the parties are unable to resolve the dispute within ten (10) days of Tenant's notice of objection, either party may elect to refer the dispute to arbitration in accordance with the provisions of Section 29.5 below. Landlord shall, subject to obtaining Tenant's necessary cooperation in connection therewith, including, without limitation, the completion of Tenant's Installations, obtain a permanent certificate of occupancy for the Landlord's Work from the City of Cambridge after the Substantial Completion of the Landlord Work.

(d) "**Tenant Delay**" shall mean any delay in Substantial Completion of Landlord's Work to the extent actually resulting from any of the following: (i) changes, alterations or additions required or requested by Tenant in the layout or finish of such space or any part thereof made subsequent to the approval by Landlord of the TI Plans, (ii) any delay of Tenant in approving information, approving plans, specifications or estimates, giving authorizations or otherwise, in each case beyond the time frames expressly set forth in this Lease (or, in the absence of any time frame, beyond a reasonable time not to exceed seven (7) days for TI Plans and five (5) days for other approvals, (iii) caused by delay/or default on the part of Tenant or its consultants or vendors, or (iv) due to the failure of Tenant to submit the Program (defined below) on or before April 15, 2015, or a delay beyond the two (2) business day period set forth below in Tenant responding to any questions and/or information requests by Landlord or the Architect with respect to the Program, or (v) due to the inclusion of any "special work" or "long lead time" items (whether by reason of ordering time or complexity of construction) in the work contemplated by the TI Plans and identified by Landlord in writing as such (which writing shall also contain Landlord's good faith estimate as to the length of the delay and proposed alternatives, if any, which will eliminate the Tenant Delay) as soon as is practical but not later than the issuance of the GMP (as hereinafter defined). Notwithstanding anything to the contrary contained herein, any delay by Tenant in submitting the Program, responding to information requests regarding the Program, or approving any portion of the TI Plans to Landlord by the date required for approval of such portion under this Lease shall automatically (and without any need for such delay to actually cause a delay in the availability of the Premises for occupancy) be deemed a Tenant Delay equal to the number of days Tenant delays in submitting the Program, responding to such questions or requests, or approving such portion of the TI Plans. Except with respect to any Tenant Delay referred to in the preceding sentence, Landlord shall give Tenant notice of any claim of Tenant Delay on or before the date five (5) business days following the date that Landlord obtains actual knowledge of the occurrence of the matters giving rise to a claim of Tenant Delay and, if Landlord fails so to give such timely notice, Landlord may not claim Tenant Delay with respect to any period of delay occurring prior to Landlord's delivery of the notice to Tenant with respect to such matters of which Landlord had actual knowledge. If Tenant disputes Landlord's determination as to whether a Tenant Delay has occurred or the length thereof, Tenant shall notify Landlord in writing "**Tenant Delay Dispute Notice**" within five (5) business days following receipt of Landlord's notice of Tenant Delay whereupon the dispute shall be resolved by arbitration in accordance with Section 29.5 of this Lease. If Tenant fails to give a timely Tenant Delay Dispute Notice, Tenant shall be deemed to have waived any right to contest the claim of Tenant Delay asserted by Landlord.

4.2 TI Plans.

Tenant shall be solely responsible for the timely preparation and submission to Landlord of the initial space programming requirements for the Premises in sufficient, commercially reasonable detail (exclusive of finishes) to allow the architect hired and mutually agreed upon by Landlord and Tenant (the "**Architect**") to prepare the Design Development Drawings for Landlord's Work, as that term is defined below (such requirements, the "**Program**"). The Program shall include the following items of work in Landlord's

Work: (a) removal of the internal stairway between the second and third floors in each of the two (2) existing atriums in the Building (collectively, the "Atrium") and restoration of the affected areas of the Building; (b) the installation of shower facilities in the Premises; and/or (c) the installation of a private entry door to the Premises from the Patio (as that term is defined in Section 29.22 below). If Tenant elects to include any one or more of the foregoing items, Landlord agrees that Tenant shall have no obligation to remove, replace, or restore any such work at the end of the Term. Tenant shall respond in writing within three (3) business days to any information requests regarding the Program made by Landlord or the Architect. The Architect shall prepare and submit to Landlord and Tenant (i) the design development drawings "Design Development Drawings for Landlord's Work" and (ii) the final full sets of scaled and dimensioned construction documents, including architectural, electrical, mechanical, plumbing, sprinkler, life safety and other construction drawings, plans and specifications "Construction Drawings for Landlord's Work" (the final Construction Drawings for Landlord's Work as approved by Landlord and Tenant pursuant to this Section 4.2 are the "TI Plans" and the foregoing plans are sometimes hereinafter referred to, collectively, as the "Construction Plans") necessary to construct the tenant improvements in the Premises for Tenant's occupancy, as well as the ancillary equipment to be installed by Landlord as part of Landlord's Work to specifically serve the Premises. Landlord shall enter into a contract (the "Design Contract") with the Architect, which term may include agreements with engineers and other professionals and consultants as subconsultants to the Architect, for the preparation of the Construction Plans. The Design Contract shall provide that the Architect shall deliver to Tenant simultaneously with the delivery of same to Landlord copies of all notices and other communications given to Landlord pursuant to such contract, including, without limitation, any plans or other submissions that may require the approval of the "Owner" under any such Design Contract. Tenant acknowledges and agrees that (i) Landlord will enter into the Design Contract solely as an accommodation to Tenant, and as Tenant's agent, (ii) Tenant agrees to indemnify Landlord against any liability under the Design Contract that does not directly result from the negligence or willful misconduct of Landlord or its employees, (iii) Tenant shall be solely responsible for all decisions and action taken by Landlord as the "Owner" under any Design Contract except to the extent that Landlord takes any such decision or action without the written consent of Tenant thereto, (iv) Landlord shall in no event be responsible for any delay that would otherwise constitute a Tenant Delay (except to the extent the same directly results from the failure of Landlord to act timely), and any such delay shall constitute a Tenant Delay hereunder notwithstanding that Landlord is the party legally responsible for acting as the "Owner" under any such Design Contract, (v) no approval by Landlord under the Design Contract, of any plans, specifications, change orders, or other matter under the Design Contract shall constitute Landlord's approval thereof under this Lease, it being understood and agreed that Landlord's approval of all such matters hereunder shall be governed solely by the provisions of this Lease, without any regard for the fact that Landlord is a party to the Design Contract, (vi) the fact that Landlord is a party to the Design Contract shall in no way relieve Tenant of any of its obligations under this Section 4.0, and (vii) Tenant shall, as additional rent, reimburse Landlord for all amounts payable to the Architect or any design professional under any Design Contract plus all reasonable, out of pocket costs and expenses incurred by Landlord in connection therewith, including, without limitation, all reasonable attorney's fees incurred, not to exceed Two Thousand Dollars (\$2,000) in negotiating, performing, and enforcing any Design Contract. Subject to the timely performance of Tenant's obligations hereunder, Landlord shall cause the Architect to submit Design Development Drawings for Landlord's Work to Landlord and Tenant on or before May 15, 2015, and to submit the Construction Drawings for Landlord's Work to Landlord and Tenant on or before June 19, 2015. All of such plans shall (i) be certified by an architect or engineer licensed in the Commonwealth of Massachusetts, (ii) comply with all applicable laws, (iii) be submitted to Landlord and Tenant no later than the dates set forth above with respect thereto and (iv) be subject to approval (in form and substance) or approved as noted by each of Landlord and Tenant (which approval shall not be unreasonably withheld, conditioned or delayed). Landlord's approval is solely given for the benefit of Landlord, and neither Tenant nor any third party shall have the right to rely upon Landlord's approval of the Design Development Drawings for Landlord's Work or the Construction Drawings for Landlord's Work for any purpose whatsoever. Each of Landlord and Tenant shall respond to any plan submission by Architect within seven (7) business days after (i) delivery of the original submission and (ii) in the case of the Construction Drawings for Landlord's Work, delivery of any resubmission. For the purposes of this Section 4 only, all responses required by either Landlord or Tenant may be given by email, with receipt of delivery requested to the following email addresses (or such other address(es) as the receiving party may from time to time designate by notice given pursuant to Section 27 below): if intended for Landlord: to _____ and to _____, and if intended for Tenant: _____ and _____. Any response by either of Landlord or Tenant shall be either an approval or an approval as noted. In the case of the Design Development Drawings for Landlord's Work, if either or both of Landlord and Tenant approve same as noted, the Architect shall not revise the Design Development Drawings for Landlord's Work to reflect the matters noted, but such matters shall be reflected in the Construction Drawings for Landlord's Work. If either of Landlord or Tenant approves as noted the Construction Drawings for Landlord's Work, Landlord shall cause the Architect to revise such drawings to reflect the matters noted; provided, however, that if Landlord disapproves the matters noted by Tenant, Landlord shall forthwith notify Tenant of such disapproval, and such disapproved noted matters shall not be included in the Construction Drawings for Landlord's Work. If Tenant disputes Landlord's disapproval of any such noted matters, Tenant may submit such dispute to arbitration pursuant to Section 29.5 below. Except to the extent that any noted items merely correct errors or missing items (i.e., items that were included in the Design Development Drawings for Landlord's Work (and not disapproved) but were omitted in error from the Construction Drawings for Landlord's Work) in the Construction Drawings, if Tenant approves as noted the Construction Drawings for Landlord's Work or any revision thereof, the time required to revise such drawings to reflect the matters noted by Tenant shall constitute Tenant Delay. If either of Landlord or Tenant fails to respond within such seven (7) business day period, the Design Development Drawings for Landlord's Work or Construction Drawings for Landlord's Work, as applicable, shall be deemed approved by such party. Landlord has selected and Tenant hereby approves MJA Construction as the construction manager ("Construction Manager") for the performance of Landlord's Work (including pre-construction services), pursuant to a separate construction management agreement between Landlord and the Construction Manager (the "Construction Management Agreement," which shall be a guaranteed maximum price contract) to be entered into by Landlord and Construction Manager. Upon issuance of the TI Plans, Construction Manager shall solicit on an open book

basis competitive, fixed price bids for the performance of Landlord's Work for the Premises from at least three (3) subcontractors per trade (although certain long-term lead items may be bid prior to issuance of the TI Plans, as agreed upon by Landlord and Tenant). Landlord shall review the bids with Tenant and its representatives. During the twelve (12) business day period following opening of the bids, (1) Landlord shall level the bids, and provide Tenant the opportunity to review the leveled bids and (2) Tenant shall be entitled to make value engineering changes to the TI Plans, subject to Landlord's approval (which approval shall not be unreasonably withheld, delayed or conditioned), which value engineering changes shall be incorporated into the leveled bids. Except as otherwise expressly set forth in this Section 4.2, any time in making value engineering changes shall constitute Tenant Delay. After the completion of the leveling of the bids and the value engineering changes, Landlord and Construction Manager shall submit to Tenant the estimated cost of Landlord's Work for the Premises which shall consist of, but not be limited to, the following: (i) estimated permit, filing, expediting, architect's and engineering fees, (ii) reasonable legal fees (not to exceed \$2,000.00) incurred by Landlord related to negotiating the form of the Design Contract(s) and the form of Construction Management Agreement for Landlord's Work, (iii) a guaranteed maximum price for all work covered under the Construction Management Agreement and shown on TI Plans (the "GMP" which shall include all of the following costs: (a) the approved subcontractor bids, (b) Construction Manager insurance costs, (c) general conditions and general requirements, (d) a Construction Manager's fee of three percent (3%) payable to the Construction Manager, and (e) a Construction Manager contingency (not to exceed five percent (5%)), (iv) Landlord Insurance Costs, (v) third party project management fees paid by Landlord not to exceed Forty-Eight Thousand Dollars (\$48,000), (vi) cost of controlled inspections, and (vii) such other out-of-pocket costs reasonably approved by Landlord and Tenant which are reasonably to be incurred by Landlord and are associated with and reasonably necessary for Landlord's Work for the Premises (including all consultant, architect and engineering fees incurred by Landlord) (collectively, the "Final TI Cost"). In no event shall Final TI Cost include any costs incurred to remove, remediate or encapsulate any Hazardous Materials (including asbestos and lead paint) discovered in the Premises during the performance of the Landlord's Work. Tenant shall approve or disapprove the Final TI Cost within five (5) business days from receipt thereof (which approval shall not be unreasonably withheld, conditioned or delayed and any delay by Tenant in the approval of the Final TI Cost beyond such five (5) business day period shall constitute Tenant Delay). If Tenant shall disapprove the Final TI Cost, Tenant shall have five (5) business days, before incurring Tenant Delay, to value engineer to reduce the Final TI Cost so that such amount is equal to or less than Landlord's Contribution. Upon Tenant's approval (or deemed approval) of the Final TI Cost (the "Approved Budget"), Landlord shall be authorized to proceed with the execution of Landlord's Work and award the bids. Tenant shall have the right to make changes ("Changes") from time to time in the TI Plans by approving revised plans, indicating the proposed Changes. Such Changes shall be subject to Landlord's approval (which shall not be unreasonably withheld, delayed or conditioned, except to the extent such Changes affect the Building's systems or the structural integrity of the Building, in which case approval shall be in Landlord's sole discretion). Landlord shall notify Tenant of its approval or disapproval of any such proposed Change within seven (7) days following receipt of such proposed Change (or such longer period as may be reasonably necessary for Landlord to price such Change). Within such seven (7) day period (or such longer period as may be reasonably necessary for Landlord to price the Change), if Landlord approves the proposed Change, Landlord shall notify Tenant of the total amount of any net increase or decrease in the cost of Landlord's Work, and any Tenant Delay in the completion of Landlord's Work, resulting therefrom by presenting Tenant with a change order containing such information (a "Change Order"). Landlord's failure to respond to such Change within the seven (7) day period (or such longer period as may be reasonably necessary for Landlord to price such Change) shall be deemed an approval of such Change, in which event, not later than three (3) business days after Tenant's subsequent written request therefor, Landlord shall give Tenant written notice (the "Change Notice") indicating any net increase or decrease in the cost of Landlord's Work and any Tenant Delay resulting from such Change Order. If Tenant does not accept the Change Order within three (3) business days of the giving of such notice (i.e., Landlord's notice of cost and time changes as aforesaid when Landlord timely responds or, where the Change Order is deemed approved as aforesaid, the Change Notice), Landlord shall not make the proposed Change. If Tenant accepts the Change Order (including the adjustment in the cost of Landlord's Work and the Tenant Delay in the completion of Landlord's Work resulting therefrom as set forth in the Change Order), the provisions of this Article 4 shall apply to Landlord's Work as adjusted by the approved Change Order and the Approved Budget and GMP shall be increased or decreased as a result of the Change Order (but maintaining the three percent (3%) Contingency for the GMP and Approved Budget as set forth above). Any time during which the performance of Landlord's Work must be postponed or delayed (in whole or in part) in order to review and approve any such Changes and determine the cost thereof as well as any additional time required to implement any such Changes shall all constitute Tenant Delay to the extent the same actually delays the prosecution of Landlord's Work.

4.3 Landlord's Work.

Upon finalizing the TI Plans and Tenant's approval of the TI Plans, Landlord shall construct, at Tenant's sole cost and expense (after deduction of Landlord's Contribution), Landlord's Work in substantial compliance with the TI Plans in a good and workmanlike manner. Subject to Force Majeure, Tenant Delay and Section 4.5, Landlord shall use diligent efforts to complete Landlord's Work on or before the Estimated Commencement Date. In addition to the foregoing, Landlord shall, at its sole expense and without deduction from Landlord's Contribution, not later than the Commencement Date install glass panels around the boundary of the Atrium on the third and fourth floors of the Building where such panels do not exist as of the Execution Date, which work on the fourth floor of the Building shall be subject to approval of the current tenant of such floor.

4.4 Governmental Permits, Certificates of Occupancy and Approvals.

All permits, temporary or permanent certificates of occupancy and other governmental approvals necessary for the performance of Landlord's Work and the use and occupancy of the Premises (or applicable portion thereof) by Tenant upon Substantial Completion shall be obtained by Landlord, provided that those permits, certificates and approvals applicable to Landlord's Work shall, except as

other wise specifically provided in this Lease, be obtained by Landlord at Tenant's sole cost and expense (subject to reimbursement from Landlord's Contribution). Landlord shall file with the appropriate governmental authority any and all portions of the TI Plans required in order to obtain such permits, certificates and approvals, and diligently proceed to have the permits and temporary certificate of occupancy issued for the Premises. In connection with any temporary certificate of occupancy obtained by Landlord for Landlord's Work, Landlord shall keep and maintain such temporary certificate of occupancy in full force and effect.

4.5 Completion Date.

Subject to delay by Force Majeure and Tenant Delay, Landlord shall Substantially Complete Landlord's Work in substantial conformance with the TI Plans and have the Premises Substantially Complete and ready for Tenant's occupancy on the Estimated Commencement Date. The failure to have the Premises Substantially Complete (including Landlord's Work but, for the avoidance of doubt, excluding the Window Treatments) and ready for Tenant's occupancy on the Estimated Commencement Date shall not affect the validity of this Lease or the obligations of Tenant hereunder nor shall the same be construed in any way to extend the term of this Lease. If Substantial Completion of the Premises does not occur on or before July 1, 2016, as such date may be extended by any delays caused by (i) any Tenant Delay or (ii) Force Majeure, as defined below (provided that any delay for Force Majeure shall not exceed ninety (90) days in the aggregate) (the "Outside Date"), then (x) Tenant shall be entitled to a credit (to be applied following the Rent Commencement Date) in an amount equal to the product of: (i) \$9,370.18 multiplied by (ii) the number of days that elapse after the Outside Date until Substantial Completion of the Premises has occurred and (y) Tenant may elect to terminate this Lease by giving notice of such election to Landlord at any time after the Outside Date and before Substantial Completion of the Premises has occurred. If Tenant so elects, then this Lease shall terminate on the date that is thirty (30) days after delivery of Tenant's termination notice unless, on or before the expiration of such 30-day period, Substantial Completion of the Premises occurs, in which event Tenant's election to terminate shall automatically become void.

4.6 When Premises Deemed Ready.

The Premises shall be conclusively deemed ready for Tenant's occupancy as soon as Landlord's Work has been Substantially Completed, but in no event prior to January 1, 2016. Landlord shall notify Tenant of the anticipated date of Substantial Completion for the Premises at least ten (10) business days prior to the anticipated date of Substantial Completion. Landlord and Tenant shall thereupon set a mutually convenient time on or before such date for Tenant, the Architect, Landlord, and Landlord's contractor to inspect the Premises and Landlord's Work therein. With respect to Landlord's Work, not later than five (5) business days after such inspection, Landlord shall cause Landlord's Architect to prepare and submit to Landlord and Tenant a list of Punch List Items and other items to be completed with respect to such space. Subject to Tenant Delay and Force Majeure, Landlord shall use diligent efforts to complete such Punch List Items as promptly as possible and in any event (subject to extension for Force Majeure and Tenant Delay) within sixty (60) days following such inspection (unless particular Punch List Items cannot be completed within the sixty (60) day period, in which case such sixty (60) day period shall be extended for such time as may be reasonably necessary to enable Landlord to complete such Punch List Items). Notwithstanding any other provisions of this Article 4, if the delay in the Substantial Completion of the Premises is due to a Tenant Delay, then the Commencement Date shall be the date that the Premises would have been Substantially Completed but for any Tenant Delay, but in no event earlier than January 1, 2016. If, pursuant to the foregoing, the Commencement Date occurs before the Premises is in fact Substantially Completed, Tenant shall not (except with Landlord's consent) be entitled to take possession of such space until the Premises is in fact Substantially Completed. Any of Landlord's Work in the Premises not fully completed on the Commencement Date shall thereafter be so completed with reasonable diligence by Landlord. Any dispute as to whether any portion of the Premises is Substantially Complete shall be determined by arbitration in accordance with the provisions of Section 27.5 hereof, except that, with respect to disputes under this Section 4.6, such arbitration shall be conducted under the Fast Track Procedures provisions (currently, Rules F-1 through F-13) of the Arbitration Rules of the Construction Industry of the American Arbitration Association, with both parties agreeing to waive the \$75,000 qualification in such rules.

4.7 Landlord's Contribution.

Landlord shall, in the manner hereinafter set forth, contribute up to Four Million One Hundred Eighty-four Thousand Forty and 00/100 Dollars (\$4,184,040.00) (i.e., \$70.00 per rentable square foot of Premises) ("Landlord's Contribution") towards the cost of Landlord's Work to be performed in the Premises and as otherwise provided below in this Section 4.7. In the event that the aggregate hard and soft costs of Landlord's Work (the "Total Cost") exceeds Landlord's Contribution, Tenant shall pay to Landlord the amount of such excess pari passu with the application of the Landlord's Contribution, i.e., each month as Landlord applies Landlord's Contribution to the Total Cost, Tenant shall contribute an amount equal to the product of (i) the total amount of the Total Cost multiplied by (ii) a fraction, the numerator of which is the amount by which the Total Cost exceeds Landlord's Contribution and the denominator of which is the Total Cost. Notwithstanding the foregoing, after the completion of Landlord's Work, provided Tenant has occupied the Premises for its business purposes, Tenant shall be entitled to apply any unused portion of Landlord's Contribution towards soft costs, including cabling, furniture and moving costs. Landlord has previously paid to Tenant or Tenant's architect a space planning allowance in the amount of \$6,000.20.

4.8 Tenant's Delay-- Additional Costs.

If a Tenant Delay occurs or Tenant fails to comply with any terms or conditions contained in this Article 4, in each case beyond the time frames set forth in this Lease (or, in the absence of any time frame, beyond a reasonable time), and such Tenant Delay or failure is not due to any act or (where there is an obligation under this Lease to act) omission of Landlord, any additional actual cost to Landlord in

connection with the completion of the Landlord's Work in accordance with the terms of this Lease shall be promptly paid by Tenant to Landlord to the extent that such additional actual cost is the result of such Tenant Delay or failure of Tenant, and Landlord's TI Costs exceed Landlord's Contribution. For the purposes of the immediately preceding sentence, the expression "additional actual cost to Landlord" shall mean the actual cost over and above such actual cost as would have been the aggregate actual cost to Landlord of completing Landlord's Work in accordance with the terms of this Lease had there been no such failure or Tenant Delay. Nothing contained in this Section 4.8 shall limit or qualify or prejudice any other covenants, agreements, terms, provisions and conditions contained in this Lease, including, but not limited to Section 4.2. Any dispute between Landlord and Tenant as to any amounts owing pursuant to this Section 4.8 may be referred by Landlord or Tenant for arbitration in accordance with Section 29.5 below.

4.9 Preparation of Premises—Outside Contractors.

Landlord shall provide Tenant with access to the Premises prior to the Term Commencement Date solely as follows:

- (a) Tenant and its agents shall be given access to the Premises throughout the period that construction of Landlord's Work is ongoing, for purposes of inspecting such work;
- (b) All such early access shall be coordinated with and by Landlord and the Construction Manager and their contractors and shall be performed by Tenant in a manner which does not unreasonably interfere with Landlord's completion of Landlord's Work. Any such interference shall constitute Tenant Delay (to the extent it actually delays Substantial Completion beyond the Estimated Commencement Date); and
- (c) Tenant shall have access to the Premises during the thirty (30) day period immediately preceding the date of Substantial Completion of the Landlord's Work for the purpose of performing the Tenant Installations, provided that such work shall be performed at times and in a manner so as not to interfere with or delay the performance of Landlord's Work.

4.10 Conclusiveness of Landlord's Performance.

Except as set forth in the next sentence, Tenant shall be conclusively deemed to have agreed that Landlord has performed all of its obligations under this Article 4 with respect to the Premises unless not later than the end of the second calendar month next beginning after the Commencement Date, Tenant shall give Landlord written notice specifying the respects in which Landlord has not performed such obligation for the Premises. Landlord shall obtain customary warranties from the contractors performing Landlord's Work, which warranties shall be valid for a minimum period of one (1) year from their date of issue, and shall keep such warranties in full force and effect. All warranties related to Landlord's Work shall be assignable to Tenant, and at Tenant's request, Landlord shall assign, without recourse, any such warranties then in effect to Tenant unless Landlord is then enforcing any of such warranties (in which case Landlord shall assign such warranties to Tenant upon resolution of such enforcement).

4.11 Tenant Payments of Construction Cost.

Landlord shall have the same rights and remedies which Landlord has upon the nonpayment of Yearly Rent and other charges due under this Lease for nonpayment of any amounts which Tenant is required to pay to Landlord or Landlord's contractor in connection with the construction and initial preparation of the Premises (including, without limitation, any amounts which Tenant is required to pay in accordance with Section 4.7 hereof) or in connection with any construction in the Premises performed for Tenant by Landlord, Landlord's contractor or any other person, firm or entity after the Commencement Date. At the written request of Tenant, Landlord shall permit Tenant to examine Landlord's books and records with respect to the Final TI Cost, which shall include all submissions to Landlord by the Construction Manager with respect to Landlord's Work.

4.12 Base Building Systems; Delivery Condition.

On the Commencement Date, Landlord, at its sole cost and expense, shall deliver to Tenant the Premises vacant, broom clean, free of tenants, occupants, property and debris, in compliance with all applicable Laws and free of all Hazardous Materials that are required to be removed, remediated, or encapsulated pursuant to applicable Environmental Laws (defined below) and with the base building systems including, without limitation, HVAC, mechanical, plumbing, electrical, elevator services, roofing, fire safety access and emergency egress systems serving the Premises shall be in good working order on the Commencement Date.

4.13 Window Treatments.

On or before the Commencement Date, at its sole cost and expense, Landlord shall purchase and install building standard window treatments on all exterior windows in the Premises.

4.14 Disputes.

Any disputes under this Article 4 shall be submitted to arbitration in accordance with Section 29.5 below.

5. USE OF PREMISES

5.1 Permitted Use. Tenant shall occupy and use the Premises for the Permitted Use as stated in Exhibit 1 and for no other purposes. Without limiting the generality of the foregoing, Tenant agrees that it shall not use the Premises or any part thereof, or permit the Premises or any part thereof to be used for the preparation or dispensing of food, except that Tenant may, with Landlord's prior written

consent (including approval of plans for any such equipment that has a water connection), which consent shall not be unreasonably withheld, install at its own cost and expense standard pantries and kitchenettes, including so-called hot-cold water fountains, coffee makers, microwave ovens and commonly used pantry equipment (excluding, however, stovetops, hot plates, ovens or toaster ovens; however, toaster ovens with an auto-shutoff feature shall be permitted) for the preparation of beverages and foods, provided that no cooking, frying, etc., are carried on in the Premises to such extent as requires special exhaust venting, other than the use of the duct referred to in the next following sentence. Tenant shall have the exclusive right to tap into the so-called "black iron" venting duct currently located in the South side of the Building in connection with Tenant's use of the kitchen or kitchen equipment in the Premises. So long as Tenant has exclusive use of such duct, Tenant shall, at Tenant's cost and expense, be responsible for all cleaning, maintenance, and repair costs in connection with the use of such duct and any associated equipment.

5.2 Prohibited Uses. Notwithstanding any other provision of this Lease, Tenant shall not use, or suffer or permit the use or occupancy of, or suffer or permit anything to be done in or anything to be brought into or kept in or about the Premises or the Building or any part thereof (including, without limitation, any materials, appliances or equipment used in the construction or other preparation of the Premises and furniture and carpeting): (i) which would violate any of the covenants, agreements, terms, provisions and conditions of this Lease or otherwise applicable to or binding upon the Premises; (ii) for any unlawful purposes or in any unlawful manner; (iii) which, in the reasonable judgment of Landlord shall in any way (a) impair the appearance or reputation of the Building; or (b) impair, interfere with or otherwise diminish the quality of any of the Building services or the proper and economic heating, cleaning, ventilating, air conditioning or other servicing of the Building or Premises; or with the use or occupancy of any of the other areas of the Building, or occasion discomfort, inconvenience or annoyance, or injury or damage to any occupants of the Premises or other tenants or occupants of the Building; or (iv) which is inconsistent with the maintenance of the Building as an office building of the first class in the quality of its maintenance, use, or occupancy. Tenant shall not install or use any electrical or other equipment of any kind which, in the reasonable judgment of Landlord, might cause any such impairment, interference, discomfort, inconvenience, annoyance or injury. In addition to the foregoing, Tenant shall not use the Premises or any portion thereof for the operation of a crossfit or fitness facility, other than a facility for the exclusive use of Tenant and its employees.

5.3 Licenses and Permits. Tenant shall be responsible for obtaining and maintaining any governmental license or permit required for the proper and lawful conduct of Tenant's business and shall at all times comply with the terms and conditions of each such license or permit. Tenant shall use the Premises in accordance with all applicable laws.

6. RENT

Commencing on the Rent Commencement Date and continuing throughout the Term, Tenant shall pay the Yearly Rent and other charges, at the rate for Yearly Rent stated in Exhibit 1, to Landlord monthly, in advance, without demand on the first day of each month. Rent shall be prorated for any partial calendar month during the Term. The rent shall be payable to Landlord or, if Landlord shall so direct in writing, to Landlord's agent or nominee, at the office of Landlord or such place as Landlord may designate in writing from time to time, without offset or deduction. Yearly Rent and any other sums due hereunder not paid on or before the date due shall bear interest for each month or fraction thereof from the due date until paid computed at the annual rate of five (5) percentage points over the so-called The Wall Street Journal prime rate or at any applicable lesser maximum legally permissible rate for debts of this nature, provided, however, that such interest shall not be charged to Tenant for any past due amounts for the first (1st) occasion, if any, in any twelve-(12)-month period, if such amounts are paid within five (5) days after notice that the same are delinquent. In addition, if Tenant fails to pay any installment of rent or any other sums due hereunder when due, Tenant shall pay Landlord an administration fee equal to five percent (5%) of the past due amount, provided, however, that such administrative fee shall not be charged to Tenant for any past due amounts for the first (1st) occasion, if any, in any twelve-(12)-month period, if such amounts are paid within five (5) days after notice that the same are delinquent.

7. SECURITY DEPOSIT

7.1 Cash Security Deposit. Tenant shall, at the time that Tenant executes and delivers this Lease to Landlord, pay to Landlord a security deposit (the "**Security Deposit**") in the amount set forth in Exhibit 1 securing Tenant's obligations under this Lease. In no event shall the Security Deposit be deemed to be a prepayment of rent or a measure of liquidated damages. Tenant agrees that no interest shall accrue on the Security Deposit and that Landlord shall have the right to commingle the Security Deposit with other funds of Landlord. In the event that Tenant shall default in any of its obligations under this Lease, Landlord shall have the right, without prior notice to Tenant, to apply the Security Deposit (or any portion thereof) towards the cure of any such default. Tenant shall promptly, upon notice from Landlord, pay to Landlord any amount so applied by Landlord in order to restore the full amount of the Security Deposit. In addition, in the event of a termination based upon the default of Tenant under this Lease, or a rejection of this Lease pursuant to the provisions of the Federal Bankruptcy Code, Landlord shall have the right to apply the Security Deposit (from time to time, if necessary) to cover the full amount of damages and other amounts due from Tenant to Landlord under this Lease. Any amounts so applied shall, at Landlord's election, be applied first to any unpaid rent and other charges which were due prior to the filing of the petition for protection under the Federal Bankruptcy Code. The application of all or any part of the Security Deposit to any obligation or default of Tenant under this Lease shall not deprive Landlord of any other rights or remedies Landlord may have or constitute a waiver by Landlord. Provided that Tenant is not in default beyond the expiration of any applicable any notice, grace or cure period of any of its obligations under this Lease

at the expiration of the Term, Landlord shall refund to Tenant not later than thirty (30) days after the expiration of this Lease any portion of the Security Deposit which Landlord is then holding.

7.2 Letter of Credit.

(a) In lieu of a cash Security Deposit, Tenant may deliver to Landlord, on the date that Tenant executes and delivers this Lease to Landlord, an Irrevocable Standby Letter of Credit (the "**Letter of Credit**") which shall be (1) in the form attached hereto as Exhibit 6, (2) issued by a bank approved in writing by Landlord with an investment grade credit rating from Moody's (i.e., a rating of Baa3 or above), S&P (i.e., a rating of BBB- or above), or Fitch (i.e., a rating of BBB- or above) (an "Acceptable Bank"), (3) upon which presentment may be made in Boston, MA, Washington, DC, or elsewhere in the continental United States if presentation may be made by overnight courier (e.g., Federal Express), (4) in the amount set forth in Exhibit 1, and (5) for a term of at least one (1) year, subject to automatic extension in accordance with the terms of the Letter of Credit. If the issuer of the Letter of Credit ceases to qualify as an Acceptable Bank or becomes subject to insolvency or receivership proceedings of any sort, Tenant shall be required to deliver a substitute Letter of Credit satisfying the conditions hereof (the "**Substitute Letter of Credit**") within fifteen (15) business days after written notice thereof from Landlord. If the issuer of the Letter of Credit gives written notice of its election not to renew such Letter of Credit for any additional period, Tenant shall be required to deliver a Substitute Letter of Credit at least thirty (30) days prior to the expiration of the term of such Letter of Credit. If Tenant fails to furnish such renewal or replacement by the applicable deadline set forth above, Landlord may draw upon such Letter of Credit and hold the proceeds thereof (the "**Security Proceeds**") as a cash Security Deposit pursuant to the terms of Section 7.1. Tenant agrees that it shall maintain the Letter of Credit, in the full amount required hereunder, in effect until a date which is at least sixty (60) days after the Expiration Date of this Lease. Tenant's failure to maintain or replace the Letter of Credit as required hereunder shall be treated as a failure to pay rent for purposes of Landlord's remedies.

(b) If Tenant is in default of its obligations under this Lease that continues beyond the expiration of any applicable notice grace or cure period, then Landlord shall have the right, at any time after such event, without giving any further notice to Tenant, to draw down from the Letter of Credit (or Substitute Letter of Credit or Additional Letter of Credit, as defined below, as the case may be) (i) the amount necessary to cure such default or (ii) if such default cannot reasonably be cured by the expenditure of money, the amount which, in Landlord's opinion, is necessary to satisfy Tenant's liability in account thereof. In the event of any such draw by Landlord, Tenant shall, within fifteen (15) business days of written demand therefor, deliver to Landlord an additional Letter of Credit satisfying the foregoing conditions (the "**Additional Letter of Credit**"), except that the amount of such Additional Letter of Credit shall be the amount of such draw. Tenant may, in lieu of providing an Additional Letter of Credit, deliver to Landlord an amendment to the existing Letter of Credit. In addition, in the event of a termination based upon the default of Tenant under this Lease, or a rejection of this Lease pursuant to the provisions of the Federal Bankruptcy Code, Landlord shall have the right to draw upon the Letter of Credit (from time to time, if necessary) to cover the full amount of damages and other amounts due from Tenant to Landlord under this Lease. Any amounts so drawn shall, at Landlord's election, be applied first to any unpaid rent and other charges which were due prior to the filing of the petition for protection under the Federal Bankruptcy Code. Tenant hereby covenants and agrees not to oppose, contest or otherwise interfere with any attempt by Landlord to draw down from said Letter of Credit including, without limitation, by commencing an action seeking to enjoin or restrain Landlord from drawing upon said Letter of Credit. Tenant also hereby expressly waives any right or claim it may have to seek such equitable relief. In addition to whatever other rights and remedies Landlord may have against Tenant if Tenant breaches its obligations under this paragraph, Tenant hereby acknowledges that it shall be liable for any and all damages which Landlord may suffer as a result of any such breach.

(c) Upon request of Landlord, Tenant shall, at its expense, cooperate with Landlord in obtaining an amendment to or replacement of any Letter of Credit which Landlord is then holding so that the amended or new Letter of Credit reflects the name of any new owner of the Building.

(d) To the extent that Landlord has not previously drawn upon any Letter of Credit, Substitute Letter of Credit, Additional Letter of Credit or Security Proceeds (collectively, the "**Collateral**") held by Landlord, Landlord shall return such Collateral to Tenant on the expiration of the Term, less any amounts due from Tenant hereunder.

(e) In no event shall the proceeds of any Letter of Credit be deemed to be a prepayment of rent or a measure of liquidated damages.

7.3 Reduction in Security Deposit.

Provided that Tenant has not been in default under this Lease beyond applicable notice and cure periods at any time in the twelve (12) months prior to the Reduction Date, as hereafter defined, ("**Reduction Condition**"), the Security Deposit shall be reduced as set forth below on the Reduction Date. Provided that the Reduction Condition is met on the Reduction Date, the Security Deposit shall be reduced to Two Hundred Eighty-Five Thousand Nine and 50/100 Dollars (\$285,009.50) on the third (3rd) anniversary of the Rent Commencement Date ("**Reduction Date**"). Tenant shall request such reduction in a written notice to Landlord at any time on or after the Reduction Date, and if the Reduction Condition has been met, Landlord shall so notify Tenant, whereupon Tenant shall provide Landlord with a Substitute Letter of Credit in the reduced amount (in which event Landlord shall forthwith return the previously held Letter of Credit), or an amendment to the Letter of Credit reducing it to the reduced amount. If the Reduction Condition is not met on the Reduction Date, Tenant shall have the right to reduce the amount of the Letter of Credit as aforesaid on the date after the Reduction Date when Tenant has not been in default under this Lease beyond applicable notice and cure periods for the immediately preceding twelve (12) month period.

8. SERVICES FURNISHED BY LANDLORD

8.1 Electric Current.

(a) Landlord shall provide electric current to Tenant in a reasonable quantity sufficient for Tenant's conduct of its business in the Premises for the Permitted Use but not less than six (6) watts per useable square feet of the Premises. The consumption of electricity in the Premises shall be measured by a separate submeter to be installed by Landlord in the Premises as of the Commencement Date. Tenant shall pay Landlord for Tenant's use of electric current in the Premises as shown on such submeter from time to time within thirty (30) days after demand therefor. Tenant shall have the right to read such submeter from time to time. In addition, from time to time at the written request of Tenant, Landlord shall provide Tenant copies of the electric bills for the service covered by such submeter. If the Premises are not separately submetered as of the Commencement Date, Landlord shall, at its sole cost and expense, install a separate submeter to service the Premises.

(b) If Tenant shall require electric current for use in the Premises in excess of such reasonable quantity to be furnished for such use as hereinabove provided and if (i) in Landlord's reasonable judgment, Landlord's facilities are inadequate for such excess requirements or (ii) such excess use shall result in an additional burden on the Building air conditioning system and additional cost to Landlord on account thereof, then, as the case may be, (x) Landlord, upon written request and at the sole cost and expense of Tenant, will furnish and install such additional wire, conduits, feeders, switchboards and appurtenances as reasonably may be required to supply such additional requirements of Tenant if current therefor be available to Landlord, provided that the same shall be permitted by applicable laws and insurance regulations and shall not cause damage to the Building or the Premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations or repairs or interfere with or disturb other tenants or occupants of the Building or (y) Tenant shall reimburse Landlord for such additional cost, as aforesaid. In the case of any additional electrical equipment being installed by or for Tenant, all the electricity serving such equipment shall be submetered, at Tenant's sole cost and expense, and Tenant shall reimburse Landlord for the cost of electricity consumed by such equipment as shown on such submeter.

(c) Except for Landlord's gross negligence or willful misconduct and except as set forth in Section 8.8 below, Landlord shall not in any way be liable or responsible to Tenant for any loss, damage or expense which Tenant may sustain or incur if the quantity, character, or supply of electrical energy is changed by the utility service provider such that it is no longer suitable for Tenant's requirements.

(d) Tenant agrees that it will not make any material alteration or material addition to the electrical equipment and/or appliances in the Premises without the prior written consent of Landlord in each instance first obtained, which consent will not be unreasonably withheld, conditioned, or delayed, and Tenant will promptly advise Landlord of any other alteration or addition to such electrical equipment and/or appliances.

8.2 Water.

(a) Landlord shall furnish cold water for ordinary premises and kitchenette, cleaning, toilet, lavatory and drinking purposes and hot water for the core restroom sinks. If Tenant requires, uses or consumes water for any purpose other than for the aforementioned purposes, Landlord may (i) assess a reasonable charge for the additional water so used or consumed by Tenant or (ii) install a water meter and thereby measure Tenant's water consumption for all purposes. In the latter event, Landlord shall pay the cost of the meter and the cost of installation thereof and shall keep said meter and installation equipment in good working order and repair. Tenant agrees to pay for the additional water consumed, as shown on said meter, together with the sewer charge based on said meter charges, as and when bills are rendered, and on default in making such payment, Landlord may pay such charges and collect the same from Tenant. All piping and other equipment and facilities for use of water outside the Building core, but that exclusively serve the Premises, will be installed and maintained by contractors approved by Landlord at Tenant's sole cost and expense.

(b) Landlord shall supply up to thirty (30) tons of condenser water for Tenant's supplemental HVAC equipment and Landlord will install, at Landlord's expense, a submeter to measure the condenser water for Tenant's operation of any supplemental HVAC equipment in the Premises. Tenant shall pay to Landlord, at the same time and in the same manner that Tenant pays Yearly Rent under the Lease, the charges for such condenser water based on the monthly reading of the submeter and the actual out of pocket cost to Landlord to provide such condenser water without mark-up or profit to Landlord.

8.3 Elevators, Heat, and Cleaning.

(a) " **Business Hours** " shall be defined as Mondays-Fridays (other than Building Holidays, as hereinafter defined) during the hours between 8:00 a.m. and 6:00 p.m. and on Saturdays (other than Building Holidays) during the hours between 8:00 a.m. and 1:00 p.m. " **Building Holidays** " shall include New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day and Christmas Day (the " **Existing Holidays** "), and any other day declared a holiday by the federal government or the Commonwealth of Massachusetts; provided that during any such additional Building Holidays other than the Existing Holidays, Tenant shall not be obligated to reimburse Landlord for any HVAC service to the Premises requested by Tenant during times which would otherwise have been Business Hours if such day had not been designated as an additional Building Holiday.

(b) Landlord at its expense shall: (i) provide the existing elevator facilities during Business Hours and have at least one (1) elevator in operation available for Tenant's non-exclusive use at all other times; (ii) furnish heat to the Premises during Business Hours so as to maintain an ambient temperature between 68° and 72° during the heating season; and (iii) cause the Premises to be

cleaned on Mondays-Fridays (except for Building Holidays) provided the same are kept in order by Tenant substantially in accordance with the cleaning standards attached hereto as Exhibit 8.

(c) With respect to furnishing heat on Saturdays, if Landlord determines that the majority of tenants in the Building are not utilizing their premises on Saturdays, then in order to conserve energy, Landlord reserves the right to provide such service only on request; service during the hours between 8:00 a.m. and 1:00 p.m. will be without charge to Tenant, but Tenant must request same by giving Landlord notice thereof not later than 12:00 Noon on the business day for which such service is required or 3:00 on the preceding business day for weekend or Building Holiday service.

8.4 Air Conditioning.

(a) Landlord shall furnish to and distribute in the Premises air conditioning during Business Hours so as to maintain an ambient temperature between 70° and 74° during the cooling season. Tenant agrees to close the blinds when necessary because of the sun's position, whenever the air conditioning system is in operation, and to abide by all the reasonable regulations and requirements which Landlord may prescribe for, the proper functioning and protection of the air conditioning system.

(b) With respect to furnishing air conditioning on Saturdays, if Landlord determines that the majority of tenants in the Building are not utilizing their premises on Saturdays, then in order to conserve energy, Landlord reserves the right to provide such service only on request; service during the hours between 8:00 a.m. and 1:00 p.m. will be without charge to Tenant, but Tenant must request same by giving Landlord notice thereof not later than 3:00 on the preceding Friday.

8.5 Additional Heat, Cleaning and Air Conditioning Services.

(a) Landlord will use reasonable efforts, upon notice as set forth above from Tenant of its requirements in that regard, to furnish additional heat, cleaning or air conditioning services to the Premises on days and at times other than as above provided.

(b) Tenant will pay to Landlord a reasonable charge (i) for any such additional heat or air conditioning service required by Tenant on an hourly basis at the prevailing hourly rate (based on Landlord's direct cost (including equipment depreciation), (ii) for any extra cleaning of the Premises required because of the carelessness or indifference of Tenant or because of the particular nature of Tenant's business (i.e., other than customary business office use), and (iii) for any cleaning done at the request of Tenant of any portions of the Premises which may be used for storage, a shipping room or other non-office purposes. If the cost to Landlord for cleaning the Premises shall be increased due to the installation in the Premises, at Tenant's request, of any materials or finish other than those which are building standard, Tenant shall pay to Landlord an amount equal to such increase in cost. Landlord hereby represents to Tenant that, as of the Execution Date of this Lease, the charge for overtime heating and cooling is \$50.00 per hour for the first (1st) floor and \$75.00 per hour for the second (2nd) floor (subject to Landlord's right, from time to time, to increase such charge to reflect actual increases in the cost of providing such services including equipment depreciation and Landlord's standard administrative fee; provided, however, that the hourly charge for the first (1st) floor shall always be 2/3 rd of the hourly charge for the second (2nd) floor.

8.6 Additional Air Conditioning Equipment. In the event Tenant requires additional air conditioning for business machines, meeting rooms or other special purposes, or because of occupancy or excess electrical loads, any additional air conditioning units, chillers, condensers, compressors, ducts, piping and other equipment, such additional air conditioning equipment will be installed and maintained by contractors approved by Landlord, which approval shall not be unreasonably withheld, at Tenant's sole cost and expense, but only if, in Landlord's reasonable judgment, the same will not cause damage or injury to the Building or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expense (unless Tenant agrees to pay for same) or materially interfere with or disturb other tenants; and Tenant shall pay to Landlord based on the readings of the existing submeter, the electricity costs with respect to such additional air conditioning equipment. All such equipment shall be submetered as provided in Section 8.1 hereof.

8.7 Repairs. Except as otherwise provided in Articles 18 and 20, and subject to Tenant's obligations in Article 14, Landlord shall keep and maintain the roof (and all components of the roof), exterior walls, structural floor slabs, columns, elevators, public stairways and corridors, public lavatories, all base building systems and equipment (including, without limitation, sanitary, electrical, heating, air conditioning, fire/life safety, plumbing or other systems servicing the Premises) and other common facilities of both the Building and the Common Areas in good condition and repair consistent with comparable first-class office buildings in Cambridge, Massachusetts.

8.8 Interruption or Curtailment of Services.

(a) When necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements which in the reasonable judgment of Landlord are desirable or necessary to be made, or of difficulty or inability in securing supplies or labor, or of strikes, or of any other cause beyond the reasonable control of Landlord, whether such other cause be similar or dissimilar to those hereinabove specifically mentioned until said cause has been removed, Landlord reserves the right temporarily to interrupt, curtail, stop or suspend (i) the furnishing of heating, elevator, air conditioning, and cleaning services and (ii) the operation of the plumbing and electric systems, provided, however, Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises. Landlord shall exercise reasonable diligence to eliminate the cause of any such interruption, curtailment, stoppage or suspension, but there shall be no diminution or abatement of rent or other compensation due from Landlord to Tenant hereunder, nor shall this Lease be affected or any of Tenant's obligations hereunder reduced, and Landlord shall have no responsibility or liability for any such interruption, curtailment, stoppage, or suspension of services or systems.

(b) Notwithstanding anything to the contrary in this Lease contained, if the Premises shall lack any service which Landlord is required to provide hereunder (thereby rendering the Premises or a portion thereof untenable) (a " **Service Interruption** ") so that, for the Landlord Service Interruption Cure Period, as hereinafter defined, the continued operation in the ordinary course of Tenant's business is materially adversely affected and if Tenant ceases to use the affected portion of the Premises during the period of untenability as the direct result of such lack of service, then, provided that Tenant ceases to use the affected portion of the Premises during the entirety of the Landlord Service Interruption Cure Period and that such untenability and Landlord's inability to cure such condition is not caused by the fault or neglect of Tenant or Tenant's agents, employees or contractors, Yearly Rent, Operating Expense Excess and Tax Excess shall thereafter be abated in proportion to such untenability until such condition is cured sufficiently to allow Tenant to occupy the affected portion of the Premises. For the purposes hereof, the " **Landlord Service Interruption Cure Period** " shall be defined as five (5) consecutive business days after Landlord's receipt of written notice from Tenant of the condition causing untenability in the Premises, provided however, that the Landlord Service Interruption Cure Period shall be ten (10) consecutive business days after Landlord's receipt of written notice from Tenant of such condition causing untenability in the Premises if either the condition was caused by causes beyond Landlord's control or Landlord is unable to cure such condition as the result of causes beyond Landlord's control.

(c) The provisions of paragraph (b) of this Section 8.8 shall not apply in the event of untenability caused by fire or other casualty, or taking (see Articles 18 and 20). The remedies set forth in this Section 8.8 shall be Tenant's sole remedies in the event of a Service Interruption.

(d) Notwithstanding anything to the contrary in this Lease contained, in the event that the Premises lack any service which Landlord is required to provide hereunder or electric current thereby rendering the Premises or any material portion thereof untenable, the untenability of which materially adversely affects the continued operation in the ordinary course of Tenant's business, and (i) if such untenability continues for ninety (90) consecutive days after Landlord's receipt of written notice of such condition from Tenant, and (ii) such untenability is not caused by the fault or neglect of Tenant, or Tenant's agents, employees, or contractors, then, provided that Tenant ceases to use the affected portion of the Premises during the entire period of such untenability, Tenant shall have the right to terminate this Lease exercisable by giving Landlord a written termination notice as follows. This Lease shall terminate as of the date ten (10) days after Landlord's receipt of Tenant's notice, unless Landlord shall have cured such condition on or before such tenth (10th) day.

8.9 Energy Conservation. Notwithstanding anything to the contrary in this Article 8 or in this Lease contained, Landlord may institute, and Tenant shall comply with, such written policies, programs and measures as may be reasonably necessary or required to comply with applicable codes, rules, regulations or standards.

8.10 Miscellaneous. All services provided by Landlord to Tenant are based upon an assumed maximum premises population of one person per one hundred fifty (150) square feet of Total Rentable Area of the Premises (one person per one hundred fifty (150) square feet of Total Rentable Area of the Premises for air conditioning).

8.11 Access. So long as Tenant shall comply with Landlord's reasonable security program for the Building, Tenant shall have access to the Premises and (for monthly pass holders) the Garage twenty-four (24) hours per day, three hundred sixty-five (365) days per year, during the Term of this Lease, except in an emergency. The Building is currently accessed by an electronic access system wherein tenants are permitted access to the Building by presenting electronic access cards at the electronic card readers. Landlord shall provide security in the Building in a manner consistent with other first-class office buildings in East Cambridge, Massachusetts.

9. OPERATING COSTS AND TAXES

9.1 Definitions. As used in this Article 9, the words and terms which follow mean and include the following:

(a) " **Operating Year** " shall mean a calendar year in which occurs any part of the Term of this Lease.

(b) " **Operating Costs in the Base Year** " shall be the amount as stated in Exhibit 1.

(c) " **Tenant's Proportionate Share** " shall be the percentage as stated in Exhibit 1.

(d) " **Taxes** " shall mean the real estate taxes and other taxes, levies and assessments imposed upon the Building and the land on which it stands and upon any personal property of Landlord used in the operation thereof, or Landlord's interest in the Building or such personal property; charges, fees and assessments for transit, housing, police, fire or other governmental services or purported benefits to the Building; service or user payments in lieu of taxes; any assessments in connection with any business improvement district in which the Building may be located or any similar program(s) in which the Building may participate; and any and all other taxes, levies, betterments, assessments and charges arising from the ownership, leasing, operating, use or occupancy of the Building or based upon rentals derived therefrom, which are or shall be imposed by National, State, Municipal or other authorities. As of the Execution Date, "Taxes" shall not include any franchise, rental, income or profit tax, capital levy or excise, provided, however, that any of the same and any other tax, excise, fee, levy, charge or assessment, however described, that may in the future be levied or assessed as a substitute for or an addition to, in whole or in part, any tax, levy or assessment which would otherwise constitute "Taxes," whether or not now customary or in the contemplation of the parties on the Execution Date of this Lease, shall constitute "Taxes," but only to the extent calculated as if the Building and the land upon which it stands is the only real estate owned by Landlord. "Taxes" shall also include expenses of tax abatement or other proceedings contesting assessments or levies. Wherever the term "Building" is used in determining

Taxes, it shall mean Taxes specific to the actual Building, or the equitably prorated and apportioned portion of those Taxes which apply to the Building together with other buildings or properties. Landlord represents and warrants that the Building is separately assessed for tax purposes from any other buildings or properties. Landlord represents that there is no tax reduction or tax exemption program in effect with respect to the Building that will expire during the Term.

(e) " **Tax Base** " shall be the amount stated in Exhibit 1 and shall apply to a Tax Period of twelve (12) months. Tax Base shall be reduced pro rata if and to the extent that the Tax Period contains fewer than twelve (12) months. Landlord represents and warrants that there are no payment-in-lieu-of-taxes or other tax reduction agreements in effect during the Tax Period of the Tax Base that will expire or phase out during the Term.

(f) " **Tax Period** " shall be any fiscal/tax period in respect of which Taxes are due and payable to the appropriate governmental taxing authority, any portion of which period occurs during the Term of this Lease, the first such Tax Period being the one in which the Rent Commencement Date occurs.

(g) " **Operating Costs** ":

(1) Definition of Operating Costs. " **Operating Costs** " shall mean all costs incurred and expenditures of whatever nature made by Landlord in the operation and management, for repair and replacements, cleaning and maintenance of the Building including, without limitation, vehicular and pedestrian passageways related to the Building, related equipment, facilities and appurtenances, elevators, and cooling and heating equipment. In the event that Landlord or Landlord's managers or agents perform services for the benefit of the Building off-site which would otherwise be performed on-site (e.g., accounting), the cost of such services shall be reasonably allocated among the properties benefiting from such service and shall be included in Operating Costs. Operating Costs shall include, without limitation, those categories of "Specifically Included Categories of Operating Costs", as set forth below, but shall not include "Excluded Costs," as hereinafter defined. If Landlord incurs Operating Costs for the Building together with one or more other buildings or properties, the shared costs and expenses shall be equitably prorated and apportioned between the Building and the other buildings or properties. Wherever the term "Building" is used in determining Operating Costs, it shall mean Operating Costs specific to the actual Building, or the equitably prorated and apportioned portion of those costs which apply to the Building together with other buildings or properties.

(2) Definition of Excluded Costs. " **Excluded Costs** " shall be defined as the following:

- (i) Costs of renovating or otherwise improving, decorating, painting or redecorating space for tenants or other occupants of the Building.
- (ii) Leasing fees or commissions, advertising and promotional expenses, legal fees, the cost of tenant improvements, build out allowances, moving expenses, assumption of rent under existing leases and other concessions incurred in connection with leasing space in the Building and costs incurred in connection with the selling or change of ownership of the Building, including brokerage commissions, consultants', attorney's and accountants' fees, closing costs, title insurance premiums, transfer taxes and interest charges.
- (iii) All depreciation and amortization, except as otherwise explicitly provided in this Article 9.
- (iv) Any cost or expense to the extent that Landlord is reimbursed other than as a payment for Operating Costs, including, but not limited to, (a) work or services performed for any tenant (including Tenant) at such tenant's cost, (b) the cost of any item for which Landlord is paid or reimbursed by warranties, service contracts, insurance proceeds or otherwise, (c) increased insurance premiums or taxes assessed specifically to any tenant of the Building, (d) charges (including applicable taxes) for electricity, water and other utilities for which Landlord is reimbursed by any tenant, and (e) costs for supplying extra services to tenants (i.e., overtime HVAC and extra cleaning); and (f) costs incurred in connection with the making of repairs which are the reimbursed by another tenant of the Building.
- (v) Wages, salaries, or other compensation paid to any executive employees above the grade of general manager, except that if any such employee performs a service which would have been performed by an outside consultant, the compensation paid to such employee for performing such service shall be included in Operating Costs, to the extent only that the cost of such service does not exceed competitive cost of such service had such service been rendered by an outside consultant.
- (vi) Interest on debt or amortization payments on any mortgage or mortgages (except to the extent that such interest is included together with the amortization of capital expenditures which are permitted to be passed through pursuant to the provisions of this Article 9).
- (vii) Expenses incurred by Landlord for repairs or other work occasioned by fire, windstorm, or other insured casualty or condemnation (excluding commercially reasonable deductibles, which shall be included).

(viii) Expenses, including without limitation, legal fees and disbursements incurred by Landlord to resolve disputes, enforce or negotiate lease terms with prospective or existing tenants or in connection with any financing, sale or syndication of the Building.

(ix) Expenses for the replacement of any item covered under warranty to the extent of the amount covered less the reasonable, out-of-pocket costs of enforcement and excluding any enforcement costs of warranties obtained for Landlord's Work.

(x) Costs to correct any penalty or fine incurred by Landlord due to Landlord's violation of any federal, state, or local law or regulation.

(xi) Expenses for any item or service which Tenant pays directly to a third party or separately reimburses Landlord (i.e., other than as a reimbursement of Operating Costs) and expenses incurred by Landlord to the extent the same are reimbursable or reimbursed from any other tenants (i.e., other than as a reimbursement of Operating Costs), occupants of the property, or third parties.

(xii) Expenses in connection with services or other benefits of a type which are not provided Tenant but which are provided to another tenant or occupant.

(xiii) Wages, salaries, or other compensation paid to any executive employees above the grade of general manager, except that if any such employee performs a service which would have been performed by an outside consultant, the compensation paid to such employee for performing such service shall be included in Operating Costs, to the extent only that the cost of such service does not exceed competitive cost of such service had such service been rendered by an outside consultant.

(xiv) Overhead and profit increment paid to subsidiaries or affiliates of Landlord for services on or to the real property, to the extent only that the costs of such services exceed competitive costs of such services were they not so rendered by a subsidiary or affiliate (provided however, that this subparagraph (xvi) shall not apply to the management fee, which shall be governed by Section 9.1(4)(g)).

(xv) Any expense for which Landlord is otherwise compensated or has the right to be compensated through the proceeds of insurance or for which the Landlord would have been compensated by insurance proceeds had it carried the coverage required in the Lease, and in all events other than the commercially reasonable deductibles.

(xvi) Expenses incurred by Landlord in order to correct any violation of applicable laws, but only to the extent any of the same are in effect and applicable to the Building as of the Commencement Date and subject to Section 9.1(g)(3) below, provided, however, that the provisions of this clause shall not preclude the inclusion of costs of compliance with applicable laws enacted prior to the date of this Lease to the extent such compliance is required for the first time by reason of any amendment, modification or reinterpretation (provided such reinterpretation is pursuant to a final judgment not subject to further appeal by a court of competent jurisdiction) of an applicable law which is imposed after the date of this Lease.

(xvii) Payments into reserves.

(xviii) All costs of purchasing (i.e., as opposed to maintenance of) major sculptures, paintings or other major works or objects of art (as opposed to decorations purchased or leased by Landlord for display in the common areas of the Building).

(xix) Any charge for Landlord's income tax, excess profit tax, franchise tax, or like tax on Landlord's business and tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments and/or to file any income tax or informational returns when due.

(xx) Costs of signs in or on the Building or complex identifying only the owner of the Building or other tenants signs.

(xxi) Landlord's charitable or political contributions.

(xxii) Costs incurred for capital improvements or any other capital expenditures as determined under generally accepted commercial office building accounting principles except for the annual charge-off of permitted Capital Expenditures explicitly provided in this Section 9.1(g)(3) below.

(xxiii) All costs incurred due to violation by Landlord or any tenant of the terms and conditions of any lease, except to the extent such cost would have been incurred absent a violation.

(xxiv) Travel and entertainment costs.

(xxv) Costs of gifts.

(xxvi) Any interest or penalties incurred as a result of Landlord's failure to timely make tax payments or to file any tax information or returns when due (including any additional interest or penalty resulting from the failure to pay taxes in time to receive the greatest discount for early payment).

(xxvii) Rentals for items (except when needed in connection with normal repairs and maintenance of permanent systems) which if purchased, rather than rented, would constitute a capital improvement to the extent that such payments exceed the amount which could have been included in Operating Expenses had Landlord purchased such equipment rather than leasing such equipment, except to the extent permitted under Section 9.1(g)(3).

(xxviii) Any costs to perform any substantial renovation to the Building, including without limitation, Landlord's proposed or currently planned renovations to the Building lobby, entrances and elevator cabs.

(xxix) Directly allocable expenses incurred for the repair, maintenance or operation of the Garage (i.e., exclusive of insurance and taxes, which shall be included in Operating Costs) and any pay-parking garage, including, but not limited to, salaries and benefits of any attendants (excluding elevators, escalators and areas providing direct access to the Garage from the Building).

(xxx) The operating expenses incurred by Landlord relative to retail stores and any specialty services in the Building, and the cost of installing, operating and maintaining any specialty service observatory, broadcasting facilities, luncheon club, museum, athletic or recreational club (except as set forth in clause (xxxi) below).

(xxxi) Cost of designing, renovating or otherwise constructing a fitness facility or other new amenity within the Building, but the cost of the repair, maintenance or use thereof shall be included in Operating Costs after deducting therefrom any revenue received by Landlord on any such facility or amenity; provided, however, that Tenant may elect, by giving notice of such election to Landlord not later than ninety (90) days after Landlord notifies Tenant of the establishment of any such new amenity, not to have the right to use such amenity, in which event no such costs shall be included in Operating Costs for purposes of this Lease.

(xxxii) Costs of replacement (as opposed to ordinary repair and maintenance) of the roof, foundation and exterior walls of the Premises (excluding replacement of damaged exterior glass).

(xxxiii) Costs of repairs necessitated by Landlord's negligence or willful misconduct.

(xxxiv) That portion of employees expenses for employees whose time is not spent directly and solely in the operation of the Premises; and any fee charged by Landlord for supervision of its own employees.

(xxxv) Landlord's general corporate overhead and administrative expenses.

(xxxvi) Rent and other costs incurred in connection with a management or leasing office to the extent the size or rental rate for such office space exceeds the size or fair market rental value of office space occupied by management personnel of comparable buildings (and Tenant agrees that the management and leasing office existing as of the Execution Date does not exceed such size).

(xxxvii) Taxes or any amounts or charges excluded from Taxes under this Lease.

(3) **Capital Expenditures.** Capital expenditures for replacements of existing capital items shall not be included in Operating Costs. Subject to subsection (i) below, if a new capital item is acquired which does not replace another capital item which was worn out, has become obsolete, etc., then there shall be included in Operating Costs for each Operating Year in which and after such capital expenditure is made the Annual Charge-Off of such capital expenditure.

(i) **Limitation.** Notwithstanding anything to the contrary herein contained, with respect to any capital expenditure, the Annual Charge-Off for such capital expenditure shall be included in Operating Costs only if:

(x) the new capital item being acquired is required by law first enacted or adopted after the Execution Date of this Lease; or

(y) The new capital item is reasonably projected to reduce Operating Costs by an amount reasonably proximate to the Annual Charge-Off (defined below) therefor, as reasonably determined by Landlord.

(ii) **Annual Charge-Off.** "Annual Charge-Off" shall be defined as the annual amount of principal and interest payments which would be required to repay a loan ("Capital Loan") in equal monthly installments over the Useful Life, as hereinafter defined, of the capital item in question on a level payment direct reduction basis at an annual interest rate equal to the Capital Interest Rate, as hereinafter defined, where the initial principal balance is the cost of the capital item in question. However, if Landlord reasonably concludes on the basis of engineering estimates that a particular capital expenditure will effect savings in Building operating costs including, without limitation, energy-related costs, and that such projected savings will, on an annual basis ("Projected Annual Savings"), exceed the Annual Charge-Off of such capital expenditure computed as aforesaid, then and in such event, the Annual Charge-Off shall be increased to an amount equal to the Projected Annual Savings; and in such circumstances, the

increased Annual Charge-Off (in the amount of the Projected Annual Savings) shall be made for such period of time as it would take to fully amortize the cost of the capital item in question, together with interest thereon at the Capital Interest Rate as aforesaid, in equal monthly payments, each in the amount of one-twelfth (1/12th) of the Projected Annual Savings, with such payments being applied first to interest and the balance to principal. In no event shall the Annual Charge-Off of any capital expenditure incurred before or during calendar year 2016 be included in Operating Expenses unless a full twelve (12) months of Annual Charge-Off thereof is included in Operating Costs in the Base Year.

(iii) Useful Life. " **Useful Life** " shall be reasonably determined by Landlord in accordance with generally accepted accounting principles and practices in effect at the time of acquisition of the capital item.

(iv) Capital Interest Rate. " **Capital Interest Rate** " shall be defined as an annual rate of either two percentage points over the so-called The Wall Street Journal prime rate at the time the capital expenditure is made or, if the capital item is acquired through third-party financing, then the actual (including fluctuating) rate paid by Landlord in financing the acquisition of such capital item.

(4) " **Specifically Included Categories of Operating Costs** ." Operating Costs shall include, but not be limited to, the following:

Taxes: Sales, Federal Social Security, Unemployment and Medicare Taxes and contributions and State Unemployment taxes and contributions accruing to and paid by Landlord on account of all employees of Landlord and/or Landlord's managing agent, who are employed in, about or on account of the Building, except that taxes levied upon the net income of Landlord and taxes withheld from employees, and "Taxes" as defined in Section 9.1(d) shall not be included herein.

Water: All charges and rates connected with water supplied to the Building and related sewer use charges.

Heat and Air Conditioning: All charges connected with heat and air conditioning supplied to the Building.

Wages: Wages and the cost of all employee benefits of all employees of Landlord and/or Landlord's managing agent who are employed in, about or on account of the Building.

Cleaning: The cost of labor and material for cleaning the Building, surrounding areaways and windows in the Building.

Elevator Maintenance: All expenses for or on account of the upkeep and maintenance of all elevators in the Building.

Management Fee: A management fee in an amount equal to three percent (3%) of the gross revenues of the Building, provided that a management fee of three percent (3%) of gross revenues (and grossed up as provided in this Lease) is included in Operating Costs in the Base Year.

Office Expenses: The cost of office expense, including, without limitation, rent, business supplies and equipment.

Electricity: The cost of all electric current for the operation of any machine, appliance or device used for the operation of the Premises and the Building, including the cost of electric current for the elevators, lights, air conditioning and heating, exclusive of tenant electricity supplied to leasable areas of the Building. If and so long as Tenant is billed directly by the electric utility for its own consumption as determined by its separate meter, or billed directly by Landlord as determined by a check meter, then Operating Costs shall include only Building and public area electric current consumption and not any leasable area electric current consumption (including electric current for HVAC air handling equipment in the Building). Wherever separate metering is unlawful, prohibited by utility company regulation or tariff or is otherwise impracticable, relevant consumption figures for the purposes of this Article 9 shall be determined by fair and reasonable allocations and engineering estimates made by Landlord.

Insurance, etc.: Fire, casualty, liability, rent loss and such other insurance as may from time to time be carried by Landlord, so long as typically carried by landlords of comparable buildings with respect to the Building, and the fees of Landlord's insurance consultants or brokers in connection therewith.

Other: Any common area or other charges which Landlord is required to pay with respect to Landlord's interest in the Building pursuant to any condominium, reciprocal easement or other similar documents applicable thereto and all other expenses customarily incurred in connection with the operation and maintenance of first-class office buildings in the City or Town wherein the Building is located including, without limitation, insurance deductible amounts.

(5) Gross-Up Provision. Notwithstanding the foregoing, in determining the amount of Operating Costs for any calendar year or portion thereof falling within the Term (including Operating Costs in the Base Year), if less than ninety-five percent (95%) of the Rentable Area of the Building shall have been occupied by tenants at any time during the period in question, then Operating Costs that vary based on occupancy for such period shall be adjusted to equal the amount such variable Operating Costs would have been for such period had occupancy been ninety-five percent (95%) throughout such period. The extrapolation of Operating Costs under this paragraph shall be performed by appropriately adjusting the cost of those components of Operating Costs that are impacted by changes in the occupancy of the Building.

9.2 Tax Excess. If in any Tax Period the Taxes exceed the Tax Base, Tenant shall pay to Landlord Tenant's Proportionate Share of such excess, such amount being hereinafter referred to as "Tax Excess". Tenant shall pay the Tax Excess as follows: commencing July 1, 2016, Tenant shall make monthly estimated payments on account of the projected Tax Excess, as reasonably estimated by Landlord on the basis of the most recent Tax data available. Such monthly estimated payments shall be made commencing on the aforesaid date and otherwise at the same time and in the same manner as Tenant's monthly payments of Yearly Rent. Landlord shall furnish to Tenant, after the end of each year, a statement setting forth in reasonable detail the basis for the computation of Tax Excess. If the total of Tenant's monthly estimated payments with respect to any Tax Period is greater than the actual Tax Excess for such Tax Period, Tenant may credit the difference against the next installment of rental or other charges due to Landlord hereunder. If the total of such payments is less than the actual Tax Excess for such Tax Period, Tenant shall pay the difference to Landlord within thirty (30) days after Landlord's bill therefor. Landlord shall, upon written request of Tenant, from time to time, provide Tenant with copies of real estate tax bills for any Tax Period with respect to which Tenant is required to pay Tax Excess.

Appropriate credit against Tax Excess shall be given for any refund obtained by reason of a reduction in any Taxes by the Assessors or the administrative, judicial or other governmental agency responsible therefor. The original computations, as well as reimbursement or payments of additional charges, if any, or allowances, if any, under the provisions of this Section 9.2 shall be based on the original assessed valuations with adjustments to be made at a later date when the tax refund, if any, shall be paid to Landlord by the taxing authorities. Expenditures for legal fees and for other similar or dissimilar expenses incurred in obtaining the tax refund may be charged against the tax refund before the adjustments are made for the Tax Period.

9.3 Operating Costs Excess. If the Operating Costs in any Operating Year exceed the Operating Costs in the Base Year, Tenant shall pay to Landlord Tenant's Proportionate Share of such excess, such amount being hereinafter referred to as "Operating Costs Excess." Tenant shall pay the Operating Costs Excess as follows: commencing January 1, 2017, Tenant shall make monthly estimated payments on account of the projected Operating Costs Excess, as reasonably estimated by Landlord on the basis of the most recent Operating Costs data or budget available. Such monthly estimated payments shall be made commencing on the aforesaid date and otherwise at the same time and in the same manner as Tenant's monthly payments of Yearly Rent. Landlord shall furnish to Tenant, within one hundred fifty (150) days after the end of each year, a statement setting forth in reasonable detail the basis for the computation of Operating Costs Excess for each year, and shall provide Tenant with reasonable supporting information upon written request therefor given sixty (60) days within two hundred seventy (270) days of Tenant's receipt of such statement. If the total of Tenant's monthly estimated payments with respect to any Operating Year is greater than the actual Operating Costs Excess for such Operating Year, Tenant may credit the difference against the next installment of rental or other charges due to Landlord hereunder. If the total of such payments is less than the actual Operating Costs Excess for such Operating Year, Tenant shall pay the difference to Landlord when billed therefor.

9.4 Part Years. If Tenant is obligated to pay Operating Costs Excess or Tax Excess for only a part of an Operating Year or a Tax Period, Tenant's Proportionate Share of the Operating Costs Excess or Tax Excess, as the case may be, in respect of such Operating Year or Tax Period shall be reduced to an amount determined by multiplying such Tenant's Proportionate Share by a fraction, the numerator of which is the number of days within such Operating Year or Tax Period for which Tenant has liability for the Operating Costs Excess or Tax Excess, as the case may be, and the denominator of which is three hundred sixty-five (365).

9.5 Effect of Taking. In the event of any taking of the Building or the land upon which it stands under circumstances whereby this Lease shall not terminate under the provisions of Article 20 then, for the purposes of determining Tax Excess there shall be substituted for the Tax Base originally provided for herein a fraction of such Tax Base, the numerator of which fraction shall be the Taxes for the first Tax Period subsequent to the condemnation or taking which takes into account such condemnation or taking, and the denominator of which shall be the Taxes for the last Tax Period prior to the condemnation or taking, which did not take into account such condemnation or taking. Tenant's Proportionate Share shall be adjusted appropriately to reflect the proportion of the Premises and/or the Building remaining after such taking.

9.6 Disputes, etc. Any disputes arising under this Article 9 may, at the election of either party, be submitted to arbitration as hereinafter provided. Any obligations under this Article 9 which shall not have been paid at the expiration or sooner termination of the Term of this Lease shall survive such expiration and shall be paid when and as the amount of same shall be determined to be due.

9.7 Tenant's Right to Examine Records.

Subject to the provisions of this Section 9.7, Tenant shall have the right, at Tenant's cost and expense, to examine all documentation and calculations prepared in determination of Operating Costs Excess. Tenant (a) Shall have the right to make such examination no more than once in respect of any period in which Landlord has given Tenant a statement of the actual amount of Operating Costs (the "Operating Costs Statement"). Tenant shall have no right to examine all documentation and calculations pursuant to this Section 9.7 unless Tenant has paid the amount shown on the Operating Costs Statement. Tenant shall exercise such right by giving Landlord written notice (the "Documentation Request") no more than one hundred eighty (180) days after Landlord gives Tenant an Operating Costs Statement in respect of such period (the "Documentation Request Due Date"). Notwithstanding anything to the contrary herein contained, Tenant shall only have the right to examine the documentation and calculations relative to Operating Costs in the Base Year for a period of one hundred eighty (180) days after Landlord gives Tenant the Operating Costs Statement with respect to the first or second Operating Year after the Base Year (but Tenant shall have the right to exercise Operating Costs in the Base Year only once).

(b) Such documentation and calculations shall be made available to Tenant at the offices where Landlord keeps such records in Massachusetts during normal Business Hours within a reasonable time after Landlord receives a Documentation Request. Landlord shall notify Tenant (the “ **Documentation Availability Notice** ”) when such documents and calculations are available for examination.

(c) Such examination (the “ **Examination** ”) may be made only by Tenant’s employees, a nationally or regionally recognized independent certified public accounting firm (a “ **Major CPA Firm** ”), or by another certified public accounting firm reasonably approved by Landlord, in either case licensed to do business in the jurisdiction where the Building is located or by Paul A. Stevens and Associates. Without limiting Landlord’s approval rights, Landlord may withhold its approval of any examiner of Tenant who is representing, or in the case of an examiner other than a Major CPA Firm has within the last two (2) years prior to Tenant’s request represented, any other tenant in the Building. In no event shall Tenant use any examiner who is being paid by Tenant on a contingent fee basis.

(d) As a condition to performing any such Examination, Tenant and its examiner(s) shall be required to execute and deliver to Landlord a confidentiality agreement, in substantially the form attached hereto as Exhibit 11. Without limiting the foregoing in the case of an examiner other than an Approved Reviewer or a Major CPA Firm, such examiner(s) shall be required to agree that it will not represent any other tenant in the Building within the two (2) years following the audit.

(e) The Examination shall be commenced within thirty (30) days after Landlord delivers the Documentation Availability Notice and, subject to Landlord’s providing Tenant and its consultants with the necessary access to books and back-up documentation promptly after delivery of the Documentation Availability Notice, shall be concluded within sixty (60) days of its commencement. Tenant shall provide Landlord with a written report (the “ **Report** ”) from its examiner summarizing the results of the Examination not later than the earlier to occur of (a) ten (10) days after Tenant’s receipt of the Report and (b) ninety-five (95) days after Landlord delivers the Documentation Availability Notice (the earlier of such dates, the “ **Report Due Date** ”).

(f) If Tenant delivers the Report to Landlord on or before the Report Due Date, and if Tenant disagrees with the Operating Costs Statement, Landlord and Tenant shall negotiate in good faith for thirty (30) days (the “ **Operating Costs Negotiation Period** ”) to agree on a resolution.

(g) If Landlord and Tenant have not agreed on a resolution within the Operating Costs Negotiation Period, then Tenant may request that the matter be determined by arbitration by giving Landlord written notice (the “ **Operating Costs Arbitration Request** ”) within thirty (30) days after the expiration of the Operating Costs Negotiation Period (the “ **Arbitration Request Due Date** ”), in which case the matter shall be submitted to arbitration in accordance with the provisions of Section 29.5 hereof.

(h) If, after the Examination with respect to any calendar year, it is finally determined that: (a) Tenant has made an overpayment on account of Operating Costs Excess, Landlord shall credit such overpayment against the next installment(s) of Yearly Rent thereafter payable by Tenant, except that if such overpayment is determined after the termination or expiration of the Term, Landlord shall promptly refund to Tenant the amount of such overpayment less any amounts then due from Tenant to Landlord; or (b) Tenant has made an underpayment on account of Operating Costs Excess, Tenant shall, within thirty (30) days of such determination, pay such underpayment to Landlord; and (c) if the amount of Operating Costs was overstated by more than five percent (5%), Landlord shall pay Tenant’s reasonable out-of-pocket cost for such audit.

(i) Time is of the essence of the provisions of this Section 9.7. Should Tenant fail to give Landlord the Documentation Request by the Documentation Request Due Date, or the Report by the Report Due Date, or the Operating Costs Arbitration Request by the Arbitration Request Due Date, then in any such case Tenant shall have no further right to question said Operating Costs, and the amounts shown on Landlord’s Operating Costs Statement shall be final as between the parties.

10. CHANGES OR ALTERATIONS BY LANDLORD

Landlord reserves the right, exercisable by itself or its nominee, at any time and from time to time without the same constituting an actual or constructive eviction and without incurring any liability to Tenant therefor or otherwise affecting Tenant’s obligations under this Lease, to make such changes, alterations, additions, improvements, repairs or replacements in or to: (i) the Building (including the Premises) and the fixtures and equipment thereof, (ii) the street entrances, halls, passages, elevators, escalators, and stairways of the Building, and (iii) the Common Areas and facilities located therein, as Landlord may deem necessary or desirable, and to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other public parts of the Building and/or the Common Areas, provided, however, that there be no unreasonable obstruction of the right of access to, or unreasonable interference with the use and enjoyment of, the Premises by Tenant. Nothing contained in this Article 10 shall be deemed to relieve Tenant of any duty, obligation or liability of Tenant with respect to making any repair, replacement or improvement or complying with any law, order or requirement of any governmental or other authority. Landlord reserves the right to adopt and at any time and from time to time to change the name or address of the Building. Neither this Lease nor any use by Tenant shall give Tenant any right or easement for the use of any door, passage, concourse or walkway within the Building or in the Common Areas, and the use of such doors, passages, concourses or walkways may be regulated or discontinued at any time and from time to time by Landlord without notice to Tenant and without affecting the obligation of Tenant hereunder or incurring any liability to Tenant therefor, provided, however, that there be no unreasonable obstruction of the right of access to, or unreasonable interference with the use of the Premises by Tenant.

If at any time any windows of the Premises are temporarily closed or darkened for any reason whatsoever including but not limited except if due to Landlord's own acts, Landlord shall not be liable for any damage Tenant may sustain thereby, and Tenant shall not be entitled to any compensation therefor nor abatement of rent, nor shall the same release Tenant from its obligations hereunder or constitute an eviction. Nothing contained herein shall affect any of Tenant's rights or remedies under Section 8.8 above.

11. FIXTURES, EQUIPMENT AND IMPROVEMENTS—REMOVAL BY TENANT

All fixtures, equipment, improvements and appurtenances attached to or built into the Premises (excluding Tenant's furniture, fixtures, and equipment) prior to or during the Term, whether by Landlord at its expense or at the expense of Tenant (either or both) or by Tenant shall be and remain part of the Premises and shall not be removed by Tenant during or at the end of the Term unless Landlord otherwise elects to require Tenant to remove such fixtures, equipment, improvements and appurtenances, in accordance with and subject to Articles 12 and/or 22 of this Lease. Landlord agrees to notify Tenant in writing whether it will be required to remove any such fixtures, equipment, improvements and appurtenances at the end of the term at the time that Landlord approved Tenant's plans for same if Tenant requests in writing that Landlord make such election at the time that Tenant requests Landlord's approval thereof, provided that Tenant shall have no obligation to remove carpeting or leasehold improvements in the Premises that are customarily found in first-class business offices. All electric, plumbing, heating and sprinkling systems, fixtures and outlets, vaults, paneling, molding, shelving, radiator enclosures, cork, rubber, linoleum and composition floors, ventilating, silencing, air conditioning and cooling equipment, shall be deemed to be included in such fixtures, equipment, improvements and appurtenances, whether or not attached to or built into the Premises. Where not built into the Premises, all removable electric fixtures, furniture, or trade fixtures or business equipment or Tenant's inventory or stock in trade shall not be deemed to be included in such fixtures, equipment, improvements and appurtenances and may be, and upon the request of Landlord will be, removed by Tenant upon the condition that such removal shall not materially damage the Premises or the Building and that the cost of repairing any damage to the Premises or the Building arising from installation or such removal shall be paid by Tenant.

12. ALTERATIONS AND IMPROVEMENTS BY TENANT

Tenant shall make no alterations, decorations, installations, removals, additions or improvements in or to the Premises ("Alterations") without Landlord's prior written consent and then only those that are made by contractors or mechanics approved by Landlord. No installations or work shall be undertaken or begun by Tenant until: (i) Landlord has approved written plans and specifications and a time schedule for such work; (ii) Tenant has made provision for either written waivers of liens from all contractors, laborers and suppliers of materials for such installations or work, with respect to any Alterations with an aggregate cost in excess of \$200,000.00, the filing of lien bonds on behalf of such contractors, laborers and suppliers, or other appropriate protective measures approved by Landlord; and (iii) with respect to any Alterations with an aggregate cost in excess of \$200,000.00, Tenant has procured appropriate surety payment and performance bonds. No amendments or additions to such plans and specifications shall be made without the prior written consent of Landlord. Landlord's consent and approval required under this Article 12 shall not be unreasonably withheld. Landlord's approval is solely given for the benefit of Landlord, and neither Tenant nor any third party shall have the right to rely upon Landlord's approval of Tenant's plans for any purpose whatsoever. Without limiting the foregoing, Tenant shall be responsible for all elements of the design of Tenant's plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans shall in no event relieve Tenant of the responsibility for such design. Landlord shall have no liability or responsibility for any claim, injury or damage alleged to have been caused by the particular materials, whether building standard or non-building standard, appliances or equipment selected by Tenant in connection with any work performed by or on behalf of Tenant in the Premises including, without limitation, furniture, carpeting, copiers, laser printers, computers and refrigerators. Any such Alterations shall be done at Tenant's sole expense and at such times and in such manner as Landlord may from time to time reasonably designate, pursuant to uniformly enforced, non-discriminatory construction rules and regulations in effect for the Building. Tenant shall reimburse Landlord, as Additional Rent, for any reasonable, out-of-pocket third-party costs (including engineers' and architects' fees and expenses but excluding in-house personnel of Landlord or its parent company) incurred by Landlord in connection with review and approval of the plans and specifications, and, with respect to Alterations that are structural or that materially affect the building systems, any inspections or other oversight by or on behalf of Landlord during the performance of such Alterations. Except for such out-of-pocket expenses, Landlord will not charge Tenant any construction management or supervisory fee in connection with Alterations, unless Landlord and Tenant otherwise agree that Landlord will manage the performance of such Alterations on Tenant's behalf. If Tenant shall make any Alterations, then Landlord may elect to require Tenant at the expiration or sooner termination of the Term of this Lease to restore the Premises to substantially the same condition as existed at the Commencement Date. Landlord agrees that Tenant will only be required to remove above-standard office improvements (including, without limitation, attached or built in fixtures, equipment and appurtenances) and, except as set forth below, will not have any obligation to remove any of Landlord's Work or the existing internal staircase(s) in the Premises. Notwithstanding the foregoing, Tenant shall at the election of Landlord remove any refrigerators and refrigeration equipment, including any associated taps, in the Premises, however affixed, and the so-called bleachers located in the first floor portion of the Premises. If Tenant so requests in writing at the time that Tenant requests Landlord's approval of such Alterations, Landlord agrees to make such election at the time that Landlord approves Tenant's plans for any such Alterations.

Notwithstanding anything to the contrary herein contained, Tenant shall have the right, without obtaining Landlord's consent, to make interior nonstructural Alterations costing not more than \$200,000.00, provided however that:

- (i) Tenant shall give prior written notice to Landlord of such Alterations;
- (ii) Tenant shall submit to Landlord plans for such Alterations if Tenant utilizes plans for such Alterations; and
- (iii) Such Alterations shall not materially affect any of the Building's systems, or the ceiling of the Premises.

13. TENANT'S CONTRACTORS—MECHANICS' AND OTHER LIENS—STANDARD OF TENANT'S PERFORMANCE—COMPLIANCE WITH LAWS

(a) Whenever Tenant shall make any Alterations in or to the Premises after the Commencement Date, Tenant will strictly observe the following covenants and agreements:

(b) Tenant agrees that it will not, either directly or indirectly, use any contractors and/or materials if, in the reasonable judgment of Landlord, their use may cause any harm to Landlord or create any difficulty, whether in the nature of a labor dispute or otherwise, in the construction, maintenance and/or operation of the Building or any part thereof.

(c) In no event shall any material or equipment be incorporated in or added to the Premises, so as to become a fixture or otherwise a part of the Building, in connection with any such Alteration which is subject to any lien, charge, mortgage or other encumbrance of any kind whatsoever or is subject to any security interest or any form of title retention agreement. No installations or work shall be undertaken or begun by Tenant until Tenant has complied with the requirements of Article 12 hereof. Any mechanic's lien filed against the Premises or the Building for work claimed to have been done for, or materials claimed to have been furnished to, Tenant shall be discharged by Tenant within ten (10) business days thereafter, at Tenant's expense by filing the bond required by law or otherwise. If Tenant fails so to discharge or bond any lien, Landlord may do so at Tenant's expense, and Tenant shall reimburse Landlord for any expense or cost incurred by Landlord in so doing within fifteen (15) days after rendition of a bill therefor.

(d) All installations or work done by Tenant shall be at its own expense and shall at all times comply with (i) laws, rules, orders and regulations of governmental authorities having jurisdiction thereof; (ii) orders, rules and regulations of any Board of Fire Underwriters, or any other body hereafter constituted exercising similar functions, and governing insurance rating bureaus; (iii) the Rules and Regulations of Landlord, initially set forth in Exhibit 4 hereof, as the same may be reasonably modified from time to time over the Term of this Lease by prior written notice to Tenant; and (iv) plans and specifications prepared by and at the expense of Tenant theretofore submitted to and approved by Landlord.

(e) Tenant shall procure all necessary permits before undertaking any work in the Premises; do all of such work in a good and workmanlike manner, employing materials of good quality and complying with all governmental requirements; and defend, save harmless, exonerate and indemnify Landlord and Landlord's managing agent from all injury, loss or damage to any person or property occasioned by or growing out of such work. Tenant shall cause contractors employed by Tenant (i) to carry the insurance required in Section II of Exhibit 3 and (ii) to submit certificates evidencing such coverage to Landlord prior to the commencement of such work.

14. REPAIRS BY TENANT—FLOOR LOAD

14.1 Repairs by Tenant. Tenant shall keep the interior, non-structural elements of the Premises neat and clean and in such repair, order and condition as the same are in on the Commencement Date or may be put in during the Term hereof, reasonable use and wearing thereof and damage by fire or by other casualty and repairs for which Landlord is responsible excepted. Tenant shall be solely responsible for the proper maintenance of all equipment and appliances operated by Tenant, including, without limitation, copiers, laser printers, computers and refrigerators. Tenant shall be responsible for janitorial services to be provided to any non-core lavatories currently existing within the Premises. Tenant shall make all repairs in and about the Premises necessary to preserve them in such repair, order and condition, which repairs shall be in quality and class equal to the original work. If Tenant shall fail to complete any required repair within thirty (30) days after Landlord's written notice thereof, Landlord may elect, at the expense of Tenant, to make any such repairs or to repair any damage or injury to the Building or the Premises caused by moving property of Tenant in or out of the Building, or by installation or removal of furniture or other property, or by misuse by, or neglect, or improper conduct of, Tenant or Tenant's servants, employees, agents, contractors, or licensees.

14.2 Floor Load—Heavy Machinery. Tenant shall not place a load upon any floor of the Premises exceeding the floor load per square foot of area which such floor was designed to carry and which is allowed by law (i.e., 1,000 pounds per square foot of floor area). Landlord reserves the right to prescribe the weight and position of all business machines and mechanical equipment, including safes, which shall be placed so as to distribute the weight. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's reasonable judgment to absorb and prevent vibration, noise and annoyance. Tenant shall not move any safe, heavy machinery, heavy equipment, freight, bulky matter, or fixtures into or out of the Building without Landlord's prior written consent. If such safe, machinery, equipment, freight, bulky matter or fixtures require special handling, Tenant agrees to employ only persons holding a Master Rigger's License to do said work, and that all work in connection therewith shall comply with applicable laws and regulations. Any such moving shall be at the sole risk and hazard of Tenant, and subject to the waiver of subrogation, Tenant will defend,

indemnify and save Landlord harmless against and from any liability, loss, injury, claim or suit resulting directly or indirectly from such moving. Proper placement of all such business machines, etc., in the Premises shall be Tenant's responsibility.

15. INSURANCE, INDEMNIFICATION, EXONERATION AND EXCULPATION

15.1 General Liability Insurance. Tenant shall procure, keep in force, maintain and pay for insurance throughout the Term in accordance with the terms and in the amounts set forth in Exhibit 3.

15.2 General. Subject to the waiver of subrogation set forth in Section 19 herein, Tenant will save Landlord, its agents and employees, harmless and will exonerate, defend and indemnify Landlord, its agents and employees, from and against any and all claims, liabilities or penalties asserted by or on behalf of any third party arising from Tenant's breach of this Lease or:

(a) On account of or based upon any injury to person, or loss of or damage to property, sustained or occurring on the Premises on account of or based upon the act, omission, fault, negligence or misconduct of any person whomsoever (except to the extent the same is caused by Landlord, its agents, contractors or employees);

(b) On account of or based upon any injury to person, or loss of or damage to property, sustained or occurring elsewhere (other than on the Premises) in or about the Building (and, in particular, without limiting the generality of the foregoing, on or about the elevators, stairways, public corridors, sidewalks, concourses, arcades, malls, galleries, vehicular tunnels, approaches, areaways, roof, or other appurtenances and facilities used in connection with the Building or Premises) arising out of the use or occupancy of the Building or Premises by Tenant, or by any person claiming by, through or under Tenant, or on account of or based upon the negligent acts or omissions or willful misconduct of Tenant, its agents, employees or contractors; and

(c) On account of or based upon (including monies due on account of) any work or thing whatsoever done (other than by Landlord or its contractors, or agents or employees of either) on the Premises during the Term of this Lease and during the period of time, if any, prior to the Commencement Date that Tenant may have been given access to the Premises.

15.3 Property of Tenant. In addition to and not in limitation of the foregoing, Tenant covenants and agrees that, to the maximum extent permitted by law, all merchandise, furniture, fixtures and property of every kind, nature and description related or arising out of Tenant's leasehold estate hereunder, which may be in or upon the Premises or Building, in the public corridors, or on the sidewalks, areaways and approaches adjacent thereto, shall be at the sole risk and hazard of Tenant, and that if the whole or any part thereof shall be damaged, destroyed, stolen or removed from any cause or reason whatsoever, no part of said damage or loss shall be charged to, or borne by, Landlord.

15.3 A Landlord's Indemnity of Tenant. Landlord, subject to the limitations on Landlord's liability contained elsewhere in this Lease, agrees to hold Tenant harmless and to defend, exonerate and indemnify Tenant from and against any and all claims, liabilities, or penalties asserted by or on behalf of any third party for damage to property or injuries to persons sustained or occurring in the Building to the extent arising from the negligence or willful misconduct of Landlord or Landlord's agents, employees or contractors.

15.4 Bursting of Pipes, etc. Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, air contaminants or emissions, electricity, electrical or electronic emanations or disturbance, water, rain or snow or leaks from any part of the Building or from the pipes, appliances, equipment or plumbing works or from the roof, street or sub-surface or from any other place or caused by dampness, vandalism, malicious mischief or by any other cause of whatever nature, unless (x) caused by or due to the negligence of Landlord, its agents, servants or employees, and (y) if Tenant knew of such condition sufficiently in advance of the occurrence of any such injury or damage as would have enabled Landlord to prevent such damage or loss had Tenant notified Landlord of such condition, only after (i) notice to Landlord of the condition and (ii) the expiration of a reasonable time (such reasonableness to take into account the potential seriousness of the condition and, in the event of imminent danger to persons or property, shall mean promptly upon receipt of such notice) after such notice has been received by Landlord without Landlord having taken all reasonable and practicable means to cure or correct such condition. In the case of (ii) above, pending such cure or correction by Landlord, Tenant shall take all reasonably prudent temporary measures and safeguards to prevent any injury, loss or damage to persons or property. Subject to the foregoing, in no event shall Landlord be liable for any loss, the risk of which is covered by Tenant's insurance or is required to be so covered by this Lease; nor shall Landlord or its agents be liable for any such damage caused by other tenants or persons in the Building or caused by operations in construction of any private, public, or quasi-public work; nor shall Landlord be liable for any latent defect in the Premises or in the Building.

15.5 Repairs and Alterations—No Diminution of Rental Value.

(a) Except as may be otherwise specifically provided in this Lease, there shall be no allowance to Tenant for diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to Tenant arising from any repairs, alterations, additions, replacements or improvements, or any related work made by Landlord, Tenant or others in or to any portion of the Building or Premises or any property adjoining the Building, or in or to fixtures, appurtenances, or equipment thereof, or for failure of Landlord or others to make any repairs, alterations, additions or improvements in or to any portion of the Building, or of the Premises, or in or to the fixtures, appurtenances or equipment thereof.

(b) Notwithstanding anything to the contrary in this Lease contained, if due to any such repairs, alterations, replacements, or improvements made by Landlord (a "Repair Interruption") or if due to Landlord's failure to make any repairs, alterations, or

improvements required to be made by Landlord (a " **Failure to Repair** "), any portion of the Premises becomes untenantable or inaccessible so that for the Premises Untenantability Cure Period, as hereinafter defined, the continued operation in the ordinary course of Tenant's business is materially adversely affected, then, provided that Tenant ceases to use the affected portion of the Premises for the conduct of its business during the entirety of the Premises Untenantability Cure Period by reason of such untenantability or inaccessibility, and that such untenantability or inaccessibility and Landlord's inability to cure such condition is not caused by the fault or neglect of Tenant or Tenant's agents, employees or contractors, Yearly Rent, Tenant's Proportionate Share of Taxes and Tenant's Proportionate Share of Operating Costs shall thereafter be abated in proportion to such untenantability until the day such condition is completely corrected and Tenant can use and access the Premises or such portion thereof for the conduct of its business therein. For the purposes hereof, the " **Premises Untenantability Cure Period** " shall be defined as four (4) consecutive business days after Landlord's receipt of written notice from Tenant of the condition causing untenantability in the Premises, provided however, that the Premises Untenantability Cure Period shall be ten (10) consecutive business days after Landlord's receipt of written notice from Tenant of such condition causing untenantability in the Premises if either the condition was caused by causes beyond Landlord's control or Landlord is unable to cure such condition as the result of causes beyond Landlord's control.

(c) The provisions of Section 15.5(b) shall not apply in the event of untenantability caused by fire or other casualty, or taking (see Articles 18 and 20). Tenant's sole remedy in the case of a Repair Interruption shall be as set forth in this Section 15.5.

16. ASSIGNMENT, MORTGAGING AND SUBLETTING

(a) Except as expressly provided in this Article 16, Tenant covenants and agrees that neither this Lease nor the Term and estate hereby granted, nor any interest herein or therein, will be assigned, mortgaged, pledged, hypothecated, encumbered or otherwise transferred, voluntarily, by operation of law or otherwise, and that neither the Premises, nor any part thereof will be encumbered in any manner by reason of any act or omission on the part of Tenant, or used or occupied, or permitted to be used or occupied, or utilized for desk space or for mailing privileges, by anyone other than Tenant, or for any use or purpose other than the Permitted Use, or be sublet, or offered or advertised for subletting without Landlord's prior written consent and subject to Section (b)(3) below of this Section 16. Notwithstanding the foregoing, it is hereby expressly understood and agreed however, if Tenant is a business entity, that the assignment or transfer of this Lease, and the Term and estate hereby granted, to any business entity into which Tenant is merged (including any merger where Tenant is the surviving entity) or with which Tenant is consolidated, which business entity shall have a net worth, as determined in accordance with generally accepted accounting principles, of at least Two Hundred Fifty Million Dollars \$250,000,000.00 or which acquires all or substantially all of Tenant's business (whether by stock purchase or otherwise) or assets, or through a reorganization of Tenant from one form of legal entity into another form of legal entity so long as the successor entity assumes by operation of law or otherwise the obligations of Tenant under this Lease, (such business entity being hereinafter called " **Permitted Assignee** "), shall not require Landlord's consent or the giving of a Recapture Offer (defined below), but upon the express condition that Permitted Assignee and Tenant shall promptly execute, acknowledge and deliver to Landlord an agreement (" **Assumption Agreement** ") in form and substance reasonably satisfactory to Landlord whereby Permitted Assignee shall agree to be independently bound by and upon all the covenants, agreements, terms, provisions and conditions set forth in this Lease on the part of Tenant to be performed, and whereby Permitted Assignee shall expressly agree that the provisions of this Article 16 shall, notwithstanding such assignment or transfer, continue to be binding upon it with respect to all future assignments and transfers. In addition to the foregoing, the transaction by which the Tenant becomes, and the trading of the Tenant's voting stock while the Tenant remains, a so-called reporting public corporation under the provisions of the Securities Exchange Act of 1934, as amended, the outstanding voting stock of which is registered in accordance with the provisions of the Securities Act of 1933, as amended, and actively traded on the New York Stock Exchange or another recognized, national securities exchange (and for the purposes hereof, the term "voting stock" shall refer to shares of stock regularly entitled to vote for the election of directors of the corporation) shall not require Landlord's consent or the giving of the Recapture Offer.

(b) Except for an assignment or sublease to a Permitted Assignee or to an Affiliated Entity, as defined below, then, notwithstanding anything to the contrary in this Lease contained:

(1) Tenant shall, prior to offering or advertising the Premises, or any portion thereof, for sublease give Landlord a Recapture Offer, as hereinafter defined.

(2) For the purposes hereof, a "Recapture Offer" shall be defined as a notice in writing from Tenant to Landlord which:

(i) States that Tenant desires to sublet the Premises, or a portion thereof.

(ii) Identifies the affected portion of the Premises (" **Recapture Premises** ").

(iii) Identifies the period of time (" **Recapture Period** ") during which Tenant proposes to sublet the Recapture Premises or to assign its interest in this Lease.

(iv) Offers to Landlord to terminate this Lease in respect of the Recapture Premises (in the case of a subletting for the remainder of the Term of this Lease) or to suspend the Term of this Lease pro tanto in respect of the Recapture Period (i.e., the Term of this Lease in respect of the Recapture Premises shall be terminated during the Recapture

Period and Tenant's rental obligations shall be reduced in proportion to the ratio of the Total Rentable Area of the Recapture Premises to the Total Rentable Area of the Premises then demised to Tenant t).

(3) Landlord shall have thirty (30) days to accept a Recapture Offer. If Landlord does not timely give written notice to Tenant accepting a Recapture Offer, then Landlord shall not unreasonably withhold, condition, or delay its consent to a sublease of the Recapture Premises for the Recapture Period, or an assignment of Tenant's interest in this Lease, as the case may be, to a Qualified Transferee, as hereinafter defined. If Landlord recaptures a portion of the Premises with access to one or more of the internal staircases serving the Premises where Tenant remains in possession of one or more of the portions of the Premises with access to such staircase(s), then, in connection with such recapture, Landlord shall perform, at its expense, such work as shall be necessary to comply with applicable Laws and to prevent access to such staircase(s) from the recaptured portion of the Premises.

(4) For the purposes hereof, a " **Qualified Transferee** " shall be defined as a person, firm or corporation which, in Landlord's reasonable opinion:

- (i) is financially responsible and of good reputation;
- (ii) shall use the Premises for no other purpose than the Permitted Use; and
- (iii) is not a Restricted Occupant, as hereinafter defined.

(5) For the purposes hereof, a " **Restricted Occupant** " shall be defined as any tenant or subtenant of premises in the Building (" **Occupant** ") unless such Occupant satisfies all three of the following criteria:

- (i) Such Occupant desires to occupy the Recapture Premises for expansion purposes only; and
- (ii) Such Occupant's occupancy of the Recapture Premises will not, either directly or indirectly, cause a vacancy in the premises which such Occupant then occupies in the Building; and
- (iii) Such Occupant's need, as to the size of premises and length of term, cannot then (i.e., at the time that Tenant requests Landlord's consent to such Occupant) be satisfied by Landlord.

(6) Notwithstanding anything to the contrary in this Article 16(b) contained:

(i) If Tenant is in default of its obligations under this Lease continuing beyond the expiration of the applicable notice, grace or cure period at the time that it makes the aforesaid offer to Landlord, such default shall be deemed to be a "reasonable" reason for Landlord withholding its consent to any proposed subletting or assignment; and

(ii) If Tenant does not enter into a sublease with a subtenant (or an assignment to an assignee, as the case may be) approved by Landlord, as aforesaid, on or before the date which is twelve (12) months after the earlier of: (x) the expiration of said thirty (30) day period, or (y) the date that Landlord notifies Tenant that Landlord will not accept Tenant's offer to terminate or suspend this Lease, then before entering into any assignment or sublease, Tenant shall again offer to Landlord, in accordance with this Article 16(b), either to terminate or to suspend this Lease in respect of the portion of the Premises proposed to be sublet (or in respect of the entirety of the Premises in the event of a proposed assignment, as the case may be). If Tenant shall make any subsequent offers to terminate or suspend this Lease pursuant to this Article 16(b), any such subsequent offers shall be treated in all respects as if it is Tenant's first offer to suspend or terminate this Lease pursuant to this Article 16(b), provided that the period of time Landlord shall have in which to accept or reject such subsequent offer shall be thirty (30) days.

(7) No subletting or assignment shall relieve Tenant of its primary obligation as party-Tenant hereunder, nor shall it reduce or increase Landlord's obligations under this Lease.

(c) Notwithstanding anything to the contrary herein contained, Tenant shall have the right, without obtaining Landlord's consent and without giving Landlord a Recapture Offer, to assign its interest in this Lease or to sublease the Premises, or any portion thereof, to an Affiliated Entity, as hereinafter defined, so long as such entity remains in such relationship to Tenant, and provided that prior to or simultaneously with such assignment, such Affiliated Entity executes and delivers to Landlord an Assumption Agreement, as hereinabove defined. For the purposes hereof, an " **Affiliated Entity** " shall be defined as any entity which is controlled by, is under common control with, or which controls Tenant. For the purposes hereof, control shall mean the direct or indirect ownership of more than fifty (50%) percent of the beneficial interest of the entity in question.

(b) If this Lease be assigned, or if the Premises or any part thereof be sublet or occupied by anybody other than Tenant, Landlord may, at any time following a default which is not cured within applicable notice and cure periods, and from time to time, collect rent and other charges from the assignee, subtenant or occupant, and apply the net amount collected to the rent and other charges herein reserved then due and thereafter becoming due, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as a tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. Any consent by Landlord to a particular assignment or subletting shall not in any way diminish the prohibition stated in the first sentence of this Article 16 or the continuing liability of Tenant named on Exhibit 1 as the party Tenant under this Lease. No assignment or subletting shall affect the purpose for which the Premises may be used as stated in Exhibit 1.

(c) In the event of an assignment of this Lease or a sublease of the Premises or any portion thereof to anyone other than a Permitted Assignee or Affiliated Entity, Tenant shall pay to Landlord fifty percent (50%) of any Net Transfer Profit (as defined below), payable in accordance with the following. In the case of an assignment of this Lease, "Net Transfer Profit": (1) shall be defined as the amount (if any) by which any consideration paid by the assignee, if any, specifically for or as an inducement to Tenant to make said assignment exceeds the reasonable attorneys' fees, architectural and engineering fees, construction costs and brokerage fees and other inducements or concessions incurred by Tenant in order to effect such transfer (collectively, "Transfer Expenses"), and (2) shall be payable concurrently with the payment to be made by the assignee to Tenant. In the case of a sublease, "Net Transfer Profit": (3) shall be defined as a monthly amount equal to the amount by which the sublease rent actually received and other charges payable by the subtenant to Tenant under the sublease exceed the sum of the rent and other charges payable under this Lease for the Premises or allocable to the sublet portion thereof, plus the Transfer Expenses incurred with respect to such sublease, and (4) shall be payable on a monthly basis concurrently with the subtenant's payment of rent to Tenant under the sublease after Tenant recovers such Transfer Expenses. Net Transfer Profit shall not include any amounts paid to Tenant for purchase or rental of furniture, fixtures or improvements or for leasehold improvements; provided, however, that Tenant shall not include the cost of any such items in Transfer Expenses.

(d) The listing of any name other than that of Tenant, whether on the doors of the Premises or on the Building directory, or otherwise, shall not operate to vest in any such other person, firm or corporation any right or interest in this Lease or in the Premises or be deemed to effect or evidence any consent of Landlord, it being expressly understood that any such listing is a privilege extended by Landlord revocable at will by written notice to Tenant.

(e) Tenant shall pay Landlord a review fee in the amount of Landlord's reasonable, out of pocket costs for Landlord's review of any requests by Tenant to sublet the Premises or assign its interest in this Lease. Such fee or costs shall be deemed to be additional rent under this Lease.

(f) Notwithstanding anything to the contrary herein contained, Tenant shall have the right, upon prior notice to Landlord but without having to obtain Landlord's consent, to sublet up to ten percent (10%) of the floor area of the Premises for Internal Sublet Offices, as hereinafter defined, to Affiliated Entities and Tenant's clients, Tenant's customers and Tenant's business partners (collectively the "Permitted Users"). For purposes of this Paragraph, an "Internal Sublet Office" shall have access to the Common Areas of the Building only through Tenant's reception area and a secondary exit from Tenant's Premises. Tenant shall be responsible for the Permitted Users complying with the terms and conditions of this Lease, and any failure of the Permitted Users to comply with the terms and conditions of this Lease shall be deemed a failure by Tenant to comply. Tenant acknowledges and agrees that it shall be responsible for all acts, omissions and negligence of the Permitted Users.

17. MISCELLANEOUS COVENANTS

Tenant covenants and agrees as follows:

17.1 Rules and Regulations. Tenant will faithfully observe and comply with the Rules and Regulations annexed hereto as Exhibit 4 and such other and further reasonable Rules and Regulations as Landlord hereafter at any time or from time to time may make and may communicate in writing to Tenant, which in the reasonable judgment of Landlord shall be necessary for the reputation, safety, care or appearance of the Building, or the preservation of good order therein, or the operation or maintenance of the Building, or the equipment thereof, or the comfort of tenants or others in the Building, provided, however, that in the case of any conflict between the provisions of this Lease and any such regulations, the provisions of this Lease shall control, and provided further that nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or the terms, covenants or conditions in any other lease as against any other tenant and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, contractors, visitors, invitees or licensees. Notwithstanding anything to the contrary in this Lease contained, Landlord agrees that it will not enforce said Rules and Regulations against Tenant in a discriminatory or arbitrary manner.

17.2 Access to Premises. Tenant shall: (i) permit Landlord to erect, use and maintain pipes, ducts and conduits in and through the Premises, provided the same do not materially reduce the floor area or materially adversely affect the appearance thereof; (ii) upon prior oral/email notice (except that no notice shall be required in emergency situations), permit Landlord and any mortgagee of the Building or the Building and land or of the interest of Landlord therein, and any lessor under any underlying lease, and their representatives, to have reasonable access to and to enter upon the Premises at all reasonable hours for the purposes of inspection or of making repairs, replacements or improvements in or to the Premises or the Building or equipment (including, without limitation, sanitary, electrical, heating, air conditioning or other systems) or of complying with all laws, orders and requirements of governmental or other authority or of exercising any right reserved to Landlord by this Lease (including the right during the progress of any such repairs, replacements or improvements or while performing work and furnishing materials in connection with compliance with any such laws, orders or requirements to take upon or through, or to keep and store within, the Premises all necessary materials, tools and equipment, provided that such storage does not adversely affect Tenant's access to or the use and occupancy of the Premises); and (iii) permit Landlord, at reasonable times, to show the Premises during ordinary Business Hours to any existing or prospective mortgagee, purchaser, or assignee of any mortgage of the Building or of the Building and the land or of the interest of Landlord therein, and during the period of twelve (12) months next preceding the Expiration Date to any person contemplating the leasing of the Premises or any part thereof. If Tenant shall not be personally present to open and permit an entry into the Premises at any time when for any reason an entry therein shall be necessary or permissible, Landlord or Landlord's agents may enter the same by a master key, or, in the event of an emergency, may forcibly enter the same, without rendering Landlord or such agents liable therefor (if during such entry Landlord or Landlord's agents

shall accord reasonable care to Tenant's property), and without in any manner affecting the obligations and covenants of this Lease; provided, however, except in an emergency, Landlord shall use reasonable efforts to schedule any access in advance with Tenant and at times when Tenant is reasonably able to have a representative present during such access. Landlord shall exercise its rights of access to the Premises permitted under any of the terms and provisions of this Lease in such manner as to minimize to the extent practicable interference with Tenant's use and occupation of the Premises.

17.3 Accidents to Sanitary and Other Systems. Tenant shall give to Landlord prompt notice of any fire or accident in the Premises or in the Building and of any damage to, or defective condition in, any part or appurtenance of the Building including, without limitation, sanitary, electrical, ventilation, heating and air conditioning or other systems located in, or passing through, the Premises. Except as otherwise provided in Articles 18 and 20, and subject to Tenant's obligations in Article 14, such damage or defective condition shall be remedied by Landlord with reasonable diligence, but if such damage or defective condition was caused by Tenant or by the employees, licensees, contractors or invitees of Tenant, the cost to remedy the same shall be paid by Tenant, subject to the waiver of subrogation in this Lease. In addition, all reasonable costs incurred by Landlord in connection with the investigation of any notice given by Tenant shall be paid by Tenant if the reported damage or defective condition was caused by Tenant or by the employees, licensees, contractors, or invitees of Tenant, subject to the waiver of subrogation in this Lease. Tenant shall not be entitled to claim any eviction from the Premises or any damages arising from any such damage or defect unless the same (i) shall have been occasioned by the negligence or willful misconduct of Landlord, its agents, servants or employees and (ii) shall not, after notice to Landlord of the condition, have been cured or corrected within thirty (30) days after such notice has been received by Landlord; and in case of a claim of eviction unless such damage or defective condition shall have rendered the Premises untenantable and they shall not have been made tenantable by Landlord within the aforesaid thirty (30) days.

17.4 Signs, Blinds and Drapes.

(a) Tenant shall put no signs in any part of the Building. Except for the building standard window blinds to be installed by Landlord, at Landlord's cost and expense, as part of Landlord's Work, no signs or blinds may be put on or in any window or elsewhere if visible from the exterior of the Building, nor may the building standard drapes or blinds be removed by Tenant. Notwithstanding the foregoing, Tenant shall have the right, during the Term of this Lease, to list Tenant's name on the Building directory. The initial listing of Tenant's name shall be at Landlord's cost and expense. Any changes, replacements or additions by Tenant to such directory shall be at Tenant's sole cost and expense. Tenant may hang its own drapes, provided that they shall not in any way interfere with the building standard drapery or blinds or be visible from the exterior of the Building and that such drapes are so hung and installed that when drawn, the building standard drapery or blinds are automatically also drawn. Any signs or lettering in the public corridors or on the doors shall conform to Landlord's building standard design. Neither Landlord's name, nor the name of the Building or the name of any other structure erected or used in conjunction therewith shall be used without Landlord's consent in any advertising material (except on business stationery or as an address in advertising matter), nor shall any such name, as aforesaid, be used in any undignified, confusing, detrimental or misleading manner. Subject to the provisions of Articles 12 and 13 above, Tenant may install a white screening graphic on portions of the exterior first floor windows (extending from approximately four feet (4') above grade level to approximately six feet (6') above grade level) of the Premises to obscure vision into the Premises from the adjoining pavement. Landlord shall have the right to approve the design and location of such screening.

(b) In addition, provided that Tenant is then leasing and occupying, in the aggregate, at least 60,000 rentable square feet in the Building, Tenant shall have the non-exclusive right, at its sole cost and expense, to install and maintain a tenant identification sign consisting of the name of Tenant on the exterior façade of the Building (the "Exterior Signage"), provided that (i) no monetary or material non-monetary default of Tenant, beyond applicable notice and cure period, has occurred hereunder and is continuing, (ii) Tenant installs such Exterior Signage within two (2) years after the time that Tenant first is in occupancy of 60,000 rentable square feet or more in the Building, (iii) Landlord approves in writing the location, size and appearance of such Exterior Signage requested by Tenant, and Landlord hereby approves the signage depicted on Exhibit 7 hereto (it being understood and agreed that Exhibit 7 depicts two (2) alternative signs and that Tenant may elect which one (1) of such alternative signs shall be installed), (iv) such Exterior Signage is in compliance with all applicable laws, codes and ordinances and Tenant has obtained all governmental permits and approvals required in connection therewith, and (v) the installation, maintenance and removal of such Exterior Signage (including, without limitation, the repair and cleaning of the Building façade upon removal of such Building Sign) is performed at Tenant's expense in accordance with the terms and conditions governing alterations pursuant to Articles 12 and 13 hereof and Landlord's reasonable regulations. Notwithstanding the foregoing provisions of this Section 17.4 to the contrary, (i) within thirty (30) days after written notice from Landlord requiring removal of the Exterior Signage (the "Removal Notice"), which Removal Notice may be given at any time when (x) the aggregate square footage of the Premises leased and occupied by Tenant or any Permitted Assignee or Affiliated Entity is less than 60,000 rentable square feet, or (y) there occurs, and remains uncured beyond applicable notice and cure period, a monetary or material non-monetary default of Tenant, or (ii) on or before the date on which the Term of the Lease expires or is terminated, Tenant shall, at Tenant's cost and expense, remove the Exterior Signage and restore all damage to the Building caused by the installation and/or removal of such Exterior Signage, which removal and restoration shall be performed in accordance with the terms and conditions governing alterations pursuant to Articles 12 and 13 hereof. If Tenant does not perform the maintenance, repair, replacement or removal work specified in this Section 17.4 within ten (10) business days after notice from Landlord, then Landlord may do so, at Tenant's cost, and Tenant shall reimburse Landlord, as additional rent, for the cost of such work within thirty (30) days after request therefor. The right to the Exterior Signage granted pursuant to this Section 17.4 is personal to Tenant and may not be exercised by any occupant, subtenant, or other assignee of Tenant. If Tenant fails to install Exterior Signage on or before the date two (2) years after the time that Tenant or any

Permitted Assignee or Affiliated Entity first is in occupancy of 60,000 rentable square feet or more, then Tenant shall have no further right to install any Exterior Signage, time being of the essence.

(c) Tenant shall have the right to install an identification sign on the door from the Patio (defined below) to the Premises provided that (i) Landlord approves in writing the location, size and appearance of such sign, (ii) such sign is in compliance with all applicable laws, codes and ordinances and Tenant has obtained all governmental permits and approvals required in connection therewith, and (iii) the installation, maintenance and removal of such sign (including, without limitation, the repair and cleaning of the affected portion of the Building upon removal of such sign) is performed at Tenant's expense in accordance with the terms and conditions governing alterations pursuant to Articles 12 and 13 hereof and Landlord's reasonable regulations.

17.5 Estoppel Certificate. Either party shall at any time and from time to time upon not less than ten (10) business days' prior notice to the other party (the "**Requesting Party**"), execute, acknowledge and deliver to the Requesting Party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which the Yearly Rent and other charges have been paid in advance, if any, stating whether or not such party is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default and such other facts as the Requesting Party may reasonably request and which are customarily included in estoppels certificates, it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective purchaser of the Building or of the Building and the land or of any interest of Landlord therein, any mortgagee or prospective mortgagee thereof, any lessor or prospective lessor thereof, any lessee or prospective lessee thereof, or any prospective assignee of any mortgage thereof. Time is of the essence in respect of any such requested certificate, both parties hereby acknowledging the importance of such certificates in mortgage financing arrangements, prospective sale and the like. If Tenant fails to so execute and deliver such estoppel certificate within such ten (10) business day period, then Landlord shall be entitled to send Tenant a second notice requesting such execution and delivery of such estoppel certificate ("**Second Notice**"), and if Tenant fails to execute and deliver such estoppel certificate within three (3) days after the Second Notice, then Tenant shall pay to Landlord a fee in the amount of Five Hundred and 00/100 Dollars (\$500.00) per day for each day beyond the third (3rd) day after the Second Notice that Tenant fails to execute and deliver such estoppel certificate. Such fee shall be in addition to Landlord's other remedies hereunder.

17.6 Prohibited Materials and Property. Tenant shall not bring or permit to be brought or kept in or on the Premises or elsewhere in the Building (i) any inflammable, combustible or explosive fluid, material, chemical or substance including, without limitation, any hazardous substances (collectively, "**Hazardous Materials**") as defined under applicable state or local law, under the Federal Comprehensive Environmental Response Compensation and Liability Act (CERCLA), 42 USC §9601 et seq., as amended, under Section 3001 of the Federal Resource Conservation and Recovery Act of 1976, as amended, or under any regulation of any governmental authority regulating environmental or health matters (collectively, "**Environmental Laws**") (except for standard office supplies and cleaning supplies used, stored, and disposed of in accordance with applicable law) or (ii) any materials, appliances or equipment (including, without limitation, materials, appliances and equipment selected by Tenant for the construction or other preparation of the Premises and furniture and carpeting) which pose any danger to life, safety or health or may cause damage, injury or death. Tenant shall not cause or permit any potentially harmful air emissions, odors of cooking or other processes, or any unusual or other objectionable odors or emissions to emanate from or permeate the Premises. The occasional presence of normal food odors generated by catered events in the Atrium shall not be considered to violate the foregoing restriction. In the event that, during the performance of any Alterations by Tenant at the Premises or during the performance of Landlord's Work, the removal, encapsulation or other remediation of Hazardous Materials determined to be present in the Premises as of the Commencement Date shall be required pursuant to any Environmental Laws, such removal, encapsulation or other remediation shall be performed by Landlord, at Landlord's expense (and in no event shall any portion of Landlord's Contribution be applied toward such cost), to the extent required by such Environmental Laws.

17.7 Requirements of Law—Fines and Penalties. Tenant at its sole expense shall comply with all laws, rules, orders and regulations, including, without limitation, all energy-related requirements, of Federal, State, County and Municipal Authorities and with any direction of any public officer or officers, pursuant to law, which shall impose any duty upon Landlord or Tenant with respect to or arising out of Tenant's use or occupancy of the Premises. Tenant shall reimburse and compensate Landlord for all expenditures made by, or damages or fines sustained or incurred by, Landlord due to nonperformance or noncompliance with or breach or failure to observe any item, covenant, or condition of this Lease upon Tenant's part to be kept, observed, performed or complied with. If Tenant receives notice of any violation of law, ordinance, order or regulation applicable to the Premises, it shall give prompt notice thereof to Landlord. During the Term, Tenant shall not be responsible for the costs to make Common Areas of the Building or any entrance to the Premises comply with applicable law, including the Americans with Disabilities Act (42 U.S.C. § 12101 et. seq.) and the regulations and Accessibility Guidelines for Buildings and Facilities issued pursuant thereto, unless the requirement to comply was triggered by either (i) Tenant's particular use of the premises (versus general office or retail use) or (ii) any improvements to the premises made by or on behalf of Tenant. However, Tenant agrees that, within the Premises, it shall be responsible for compliance with the Americans with Disabilities Act (42 U.S.C. § 12101 et. seq.) and the regulations and Accessibility Guidelines for Buildings and Facilities issued pursuant thereto.

17.8 Tenant's Acts—Effect on Insurance. Tenant shall not do or permit to be done any act or thing upon the Premises or elsewhere in the Building which will invalidate or be in conflict with any insurance policies covering the Building and the fixtures and property therein; and shall not do, or permit to be done, any act or thing upon the Premises which shall subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being carried on upon said Premises or for any other reason. Tenant at its own expense shall comply with all rules, orders, regulations and requirements of the Board

of Fire Underwriters, or any other similar body having jurisdiction, and shall not (i) do, or permit anything to be done, in or upon the Premises, or bring or keep anything therein, except as now or hereafter permitted by the Fire Department, Board of Underwriters, Fire Insurance Rating Organization, or other authority having jurisdiction, and then only in such quantity and manner of storage as will not increase the rate for any insurance applicable to the Building, or (ii) use the Premises in a manner which shall increase such insurance rates on the Building, or on property located therein, over that applicable when Tenant first took occupancy of the Premises hereunder. If by reason of the failure of Tenant to comply with the provisions hereof the insurance rate applicable to any policy of insurance shall at any time thereafter be higher than it otherwise would be, Tenant shall reimburse Landlord for that part of any insurance premiums thereafter paid by Landlord, which shall have been charged because of such failure by Tenant.

17.9 Miscellaneous. Tenant shall not suffer or permit the Premises or any fixtures, equipment or utilities therein or serving the same, to be overloaded, damaged or defaced, nor permit any hole to be drilled or made in any part thereof, except for the purpose of hanging lightweight artwork, whiteboards, tack boards, and similar wall hangings on the walls of the Premises. Tenant shall not suffer or permit any employee, contractor, business invitee or visitor to violate any covenant, agreement or obligations of Tenant under this Lease.

18. DAMAGE BY FIRE, ETC.

During the entire Term of this Lease, and adjusting insurance coverages to reflect current values from time to time:—(i) Landlord shall keep the Building (excluding Alterations installed in the Premises after the Commencement Date (“**Later Alterations**”) and any personal property or trade fixtures installed by or at the expense of Tenant) insured in accordance with Exhibit 3; and (ii) Tenant shall keep its personal property and trade fixtures in and about the Premises and the Later Alterations insured in accordance with Exhibit 3.

If any portion of the Premises required to be insured by Landlord under the preceding paragraph shall be damaged by fire or other insured casualty, or the use thereof or access thereto shall be legally prohibited (or prohibited by Landlord) due to fire or other insured casualty (regardless of whether or not such fire or other insured casualty actually damages the Premises), Landlord shall proceed with diligence, subject to the then applicable statutes, building codes, zoning ordinances, and regulations of any governmental authority, and at the expense of Landlord (but only to the extent of insurance proceeds made available to Landlord by any mortgagee of the real property of which the Premises are a part) to repair or cause to be repaired such damage, provided, however, in respect of any Later Alterations as shall have been damaged by such fire or other casualty and which (in the judgment of Landlord) can more effectively be repaired as an integral part of Landlord’s repair work on the Premises, that such repairs to such Later Alterations shall be performed by Landlord but at Tenant’s expense (which expense shall be limited to the proceeds of insurance maintained by Tenant or required to be maintained by Tenant hereunder, plus the deductible payable under the applicable policy); in all other respects, all repairs to and replacements of Tenant’s property and Later Alterations shall be made by and at the expense of Tenant. If the Premises or any part thereof shall have been rendered unfit for use and occupation hereunder by reason of such damage, the Yearly Rent (together with Operating Costs Excess and Tax Excess) and electricity charges or a just and proportionate part thereof, according to the nature and extent to which the Premises shall have been so rendered unfit, shall be suspended or abated until the Premises (except as to the property which is to be repaired by or at the expense of Tenant), or legal access thereto or use thereof as aforesaid, shall have been restored as nearly as practicably may be to the condition in which they were immediately prior to such fire or other casualty, provided, however, that if Landlord or any mortgagee of the Building or of the Building and the land or Landlord’s interest therein shall be unable to collect the insurance proceeds (including rent insurance proceeds) applicable to such damage or associated business interruption because of some action or inaction on the part of Tenant, or the employees, licensees or invitees of Tenant and such action or inaction is not cured within ten (10) days after receipt of written notice from Landlord, the cost of repairing such damage shall be paid by Tenant and there shall be no abatement of rent. Landlord shall not be liable for delays in the making of any such repairs which are due to government regulation, casualties and strikes, unavailability of labor and materials, and other causes beyond the reasonable control of Landlord, nor shall Landlord be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting from such delays in repairing such damage. If (i) the Premises (or legal access thereto or use thereof) are so damaged or prevented by fire or other casualty (whether or not insured) at any time during the last twenty-four (24) months of the Term hereof that the cost to repair such damage is reasonably estimated to exceed one third of the total Yearly Rent payable hereunder for the period from the estimated date of restoration until the Expiration Date, or (ii) the Building (whether or not including any portion of the Premises) is so damaged by fire or other casualty (whether or not insured) that substantial alteration or reconstruction or demolition of the Building shall in Landlord’s judgment be required, then and in either of such events, this Lease and the Term hereof may be terminated at the election of Landlord or Tenant by a notice in writing of its election so to terminate which shall be given within sixty (60) days following such fire or other casualty, the effective termination date of which shall be not less than thirty (30) days after the day on which such termination notice is received by the other party; provided, however, with respect to any termination under clause (ii) where the Premises have not been damaged, Tenant may elect to extend the termination date to the date that is one hundred eighty (180) days after delivery of Landlord’s termination notice. In the event of any termination, this Lease and the Term hereof shall expire as of such effective termination date as though that were the Expiration Date as stated in Exhibit 1 and the Yearly Rent shall be apportioned as of such date; and if the Premises or any part thereof shall have been rendered unfit for use and occupation by reason of such damage the Yearly Rent (together with Operating Costs Excess, Tax Excess, and Electricity Charge) for the period from the date of the fire or other casualty to the effective termination date, or a just and proportionate part thereof, according to the nature and extent to which the Premises shall have been so rendered unfit, shall be abated.

19. WAIVER OF SUBROGATION

In any case in which Tenant shall be obligated to pay to Landlord any loss, cost, damage, liability, or expense suffered or incurred by Landlord, Landlord shall allow to Tenant as an offset against the amount thereof (i) the net proceeds of any insurance collected by Landlord for or on account of such loss, cost, damage, liability or expense, and (ii) if such loss, cost, damage, liability or expense shall have been caused by a peril against which Landlord has agreed to procure insurance coverage under the terms of this Lease, the amount of such insurance coverage, whether or not actually procured by Landlord. Landlord agrees that the deductible under such policy shall be a commercially reasonable amount.

In any case in which Landlord or Landlord's managing agent shall be obligated to pay to Tenant any loss, cost, damage, liability or expense suffered or incurred by Tenant, Tenant shall allow to Landlord or Landlord's managing agent, as the case may be, as an offset against the amount thereof (i) the net proceeds of any insurance collected by Tenant for or on account of such loss, cost, damage, liability, or expense, and (ii) if such loss, cost, damage, liability or expense shall have been caused by a peril against which Tenant has agreed to procure insurance coverage under the terms of this Lease, the amount of such insurance coverage, whether or not actually procured by Tenant. Tenant agrees that the deductible under such policy shall be a commercially reasonable amount.

The parties hereto shall each procure an appropriate clause in, or endorsement on, any property insurance policy covering the Premises (including Later Alterations) and the Building and personal property, fixtures and equipment located thereon and therein, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery in favor of either party, its respective agents or employees. Each party hereby agrees that it will not make any claim against or seek to recover from the other or its agents or employees for any loss or damage to the Premises, the Building, or the claiming party's property or the property of others claiming under such claiming party resulting from perils required to be insured by such party's property insurance.

20. CONDEMNATION—EMINENT DOMAIN

In the event that the Premises or any part thereof, or the whole or any part of the Building, shall be taken or appropriated by eminent domain or shall be condemned for any public or quasi-public use, or (by virtue of any such taking, appropriation or condemnation) shall suffer any damage (direct, indirect or consequential) for which Landlord or Tenant shall be entitled to compensation, then (and in any such event) this Lease and the Term hereof may be terminated at the election of Landlord by a notice in writing of its election so to terminate which shall be given by Landlord to Tenant within sixty (60) days following the date on which Landlord shall have received notice of such taking, appropriation or condemnation. In the event that a material part of the Premises or the means of access thereto shall be so taken, appropriated or condemned, and in either case, the remainder of the Premises or the mode of access thereto is, in Tenant's reasonable judgment, unsuitable for the operation of Tenant's business in the Premises, then (and in any such event) this Lease and the Term hereof may be terminated at the election of Tenant by a notice in writing of its election so to terminate which shall be given by Tenant to Landlord within sixty (60) days following the date on which Tenant shall have received notice of such taking, appropriation or condemnation.

Upon the giving of any such notice of termination (either by Landlord or Tenant) this Lease and the Term hereof shall terminate on or retroactively as of the date on which Tenant shall be required to vacate any part of the Premises or shall be deprived of a substantial part of the means of access thereto, provided, however, that Landlord may in Landlord's notice elect to terminate this Lease and the Term hereof retroactively as of the date on which such taking, appropriation or condemnation became legally effective. In the event of any such termination, this Lease and the Term hereof shall expire as of such effective termination date as though that were the Expiration Date as stated in Exhibit 1, and the Yearly Rent (together with Operating Costs Excess and Tax Excess) shall be apportioned as of such date. If neither party (having the right so to do) elects to terminate Landlord will, with reasonable diligence and at Landlord's expense, restore the remainder of the Premises, or the remainder of the means of access, as nearly as practicably may be to the same condition as obtained prior to such taking, appropriation or condemnation in which event (i) the Total Rentable Area shall be equitably adjusted, (ii) a just proportion of the Yearly Rent, according to the nature and extent of the taking, appropriation or condemnation and the resulting permanent injury to the Premises and the means of access thereto, shall be permanently abated, and (iii) a just proportion of the remainder of the Yearly Rent, according to the nature and extent of the taking, appropriation or condemnation and the resultant injury sustained by the Premises and the means of access thereto, shall be abated until what remains of the Premises and the means of access thereto shall have been restored as fully as may be for permanent use and occupation by Tenant hereunder. Except for any award specifically reimbursing Tenant for moving or relocation expenses or for Tenant's personal property, or for the unamortized value of any leasehold improvements paid for by Tenant (in excess of any Landlord contribution), there are expressly reserved to Landlord all rights to compensation and damages created, accrued or accruing by reason of any such taking, appropriation or condemnation, in implementation and in confirmation of which Tenant does hereby acknowledge that Landlord shall be entitled to receive all such compensation and damages, grant to Landlord all and whatever rights (if any) Tenant may have to such compensation and damages, and agree to execute and deliver all and whatever further instruments of assignment as Landlord may from time to time reasonably request. In the event of any taking of the Premises or any part thereof for temporary (i.e., not in excess of one (1) year) use, (i) this Lease shall be and remain unaffected thereby, and (ii) Tenant shall be entitled to receive for itself any award made to the extent allocable to the Premises in respect of such taking on account of such use, provided, that if any taking is for a period extending beyond the Term of this Lease, such award shall be apportioned between Landlord and Tenant as of the Expiration Date or earlier termination of this Lease.

21. DE FAULT

21.1 Conditions of Limitation—Re-entry—Termination. This Lease and the herein Term and estate are, upon the condition that if (a) subject to Section 21.2, Tenant shall neglect or fail to perform or observe any of Tenant's covenants or agreements herein, including (without limitation) the covenants or agreements with regard to the payment when due of rent, additional charges, reimbursement for increase in Landlord's costs, or any other charge payable by Tenant to Landlord (all of which shall be considered as part of Yearly Rent for the purposes of invoking Landlord's statutory or other rights and remedies in respect of payment defaults); or (b) Tenant shall be involved in financial difficulties as evidenced by an admission in writing by Tenant of Tenant's inability to pay its debts generally as they become due, or by the making or offering to make a composition of its debts with its creditors; or (c) Tenant shall make an assignment or trust mortgage, or other conveyance or transfer of like nature, of all or a substantial part of its property for the benefit of its creditors, or (d) an attachment or other legal process shall issue against Tenant or its property and a sale of any of its assets shall be held thereunder, or (e) any judgment, final beyond appeal or any lien, attachment or the like shall be entered, recorded or filed against Tenant in any court, registry, etc. and Tenant shall fail to pay such judgment within sixty (60) days after the judgment shall have become final beyond appeal or to discharge or secure by surety bond such lien, attachment, etc. within sixty (60) days of such entry, recording or filing, as the case may be; or (f) the leasehold hereby created shall be taken on execution or by other process of law and shall not be revested in Tenant within sixty (60) days thereafter; or (g) a receiver, sequesterer, trustee or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or any part of Tenant's property and such appointment shall not be vacated within sixty (60) days; or (h) any proceeding shall be instituted by or against Tenant pursuant to any of the provisions of any Act of Congress or State law relating to bankruptcy, reorganizations, arrangements, compositions or other relief from creditors, and, in the case of any proceeding instituted against it, if Tenant shall fail to have such proceedings dismissed within sixty (60) days or if Tenant is adjudged bankrupt or insolvent as a result of any such proceeding, or (i) any event shall occur or any contingency shall arise whereby this Lease, or the Term and estate thereby created, would (by operation of law or otherwise) devolve upon or pass to any person, firm or corporation other than Tenant, except as expressly permitted under Article 16 hereof—then, and in any such event (except as hereinafter in Section 21.2 otherwise provided) Landlord may, by written notice to Tenant, elect to terminate this Lease; and thereupon (and without prejudice to any remedies which might otherwise be available for arrears of rent or other charges due hereunder or preceding breach of covenant or agreement and without prejudice to Tenant's liability for damages as hereinafter stated), upon the giving of such notice, this Lease shall terminate as of the date specified therein as though that were the Expiration Date as stated in Exhibit 1. Without being taken or deemed to be guilty of any manner of trespass or conversion, and without being liable to indictment, prosecution or damages therefor, Landlord may, by any lawful means, enter into and upon the Premises (or any part thereof in the name of the whole); repossess the same as of its former estate; and expel Tenant and those claiming under Tenant. The words "re-entry" and "re-enter" as used in this Lease are not restricted to their technical legal meanings.

21.2 Grace Period. Notwithstanding anything to the contrary in this Article contained, Landlord agrees not to take any action to terminate this Lease (a) for default by Tenant in the payment when due of any sum of money, if Tenant shall cure such default within five (5) business days after written notice thereof is given by Landlord to Tenant, provided, however, that no such notice need be given and no such default in the payment of money shall be curable if on two (2) prior occasions in any twelve (12) month period there had been a default in the payment of money which had been cured after notice thereof had been given by Landlord to Tenant as herein provided or (b) for default by Tenant in the performance of any covenant other than a covenant to pay a sum of money, if Tenant shall cure such default within a period of thirty (30) days after written notice thereof given by Landlord to Tenant (except where the emergency nature of the default threatens to cause bodily injury or damage to property and remedial action should appropriately take place sooner, as indicated in such written notice), or within such additional period as may reasonably be required to cure such default if the default is of such a nature that it cannot be cured within such thirty-(30)-day period, provided, however, (1) that there shall be no extension of time beyond such thirty-(30)-day period for the curing of any such default unless, not more than ten (10) days after the receipt of the notice of default, Tenant in writing (i) shall specify the cause on account of which the default cannot be cured during such period and shall advise Landlord of its intention duly to institute all steps necessary to cure the default and (ii) shall, as soon as reasonably practicable, duly institute and thereafter diligently prosecute to completion all steps necessary to cure such default and, (2) that no notice of the opportunity to cure a default need be given, and no grace period whatsoever shall be allowed to Tenant, if the default is incurable.

Notwithstanding anything to the contrary in this Section 21.2 contained, except to the extent prohibited by applicable law, any statutory notice and grace periods provided to Tenant by law are hereby expressly waived by Tenant.

21.3 Damages—Termination. Upon the termination of this Lease under the provisions of this Article 21, Tenant shall pay to Landlord the rent and other charges payable by Tenant to Landlord up to the time of such termination, shall continue to be liable for any preceding breach of covenant, and in addition, shall pay to Landlord as damages, at the election of Landlord

either:

(x) the amount (the " **Excess Amount** ") by which, at the time of the termination of this Lease (or at any time thereafter if Landlord shall have initially elected damages under subparagraph (y), below), (i) the aggregate of the rent and other charges projected over the period commencing with such termination and ending on the Expiration Date as stated in Exhibit 1 exceeds (ii) the aggregate projected rental value of the Premises for such period, as such Excess Amount is reduced to present value using a discount rate of the then-applicable federal discount rate;

or:

(y) amounts equal to the rent and other charges which would have been payable by Tenant had this Lease not been so terminated, payable upon the due dates therefor specified herein following such termination and until the Expiration Date as specified in Exhibit 1, provided, however, if Landlord shall re-let the Premises during such period, that Landlord shall credit Tenant with the net rents received by Landlord from such re-letting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such re-letting the expenses incurred or paid by Landlord in terminating this Lease, as well as the expenses of re-letting, including altering and preparing the Premises for new tenants, brokers' commissions, and all other similar and dissimilar expenses properly chargeable against the Premises and the rental therefrom, it being understood that any such re-letting may be for a period equal to or shorter or longer than the remaining Term of this Lease; and provided, further, that (i) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder and (ii) in no event shall Tenant be entitled in any suit for the collection of damages pursuant to this Subparagraph (y) to a credit in respect of any net rents from a re-letting except to the extent that such net rents are actually received by Landlord. If the Premises or any part thereof should be re-let in combination with other space, then proper apportionment on a square foot area basis shall be made of the rent received from such re-letting and of the expenses of re-letting.

In calculating the rent and other charges under Subparagraph (x), above, there shall be included, in addition to the Yearly Rent, Tax Excess and Operating Costs Excess, all other considerations agreed to be paid or performed by Tenant, on the assumption that all such amounts and considerations would have remained constant (except as herein otherwise provided) for the balance of the full Term hereby granted.

Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term of this Lease would have expired if it had not been terminated hereunder.

Landlord agrees to use reasonable efforts to relet the Premises after Tenant vacates the Premises in the event that the Lease is terminated based upon a default by Tenant hereunder. Marketing of Tenant's Premises in a manner similar to the manner in which Landlord markets other premises within Landlord's control in the Building shall be deemed to have satisfied Landlord's obligation to use "reasonable efforts."

Nothing herein contained shall be construed as limiting or precluding the recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant.

21.4 Fees and Expenses.

(a) If Tenant shall default in the performance of any covenant on Tenant's part to be performed as in this Lease contained that continues beyond the expiration of any applicable notice, grace or cure period, Landlord may immediately, or at any time thereafter, without additional notice, perform the same for the account of Tenant. If Landlord at any time is compelled to pay or elects to pay any sum of money, or do any act which will require the payment of any sum of money, by reason of the failure of Tenant to comply with any provision hereof, or if Landlord is compelled to or does incur any expense, including reasonable attorneys' fees, in instituting, prosecuting, and/or defending any action or proceeding instituted by reason of any default of Tenant hereunder, Tenant shall on demand pay to Landlord by way of reimbursement the sum or sums so paid by Landlord with all costs and actual damages, plus interest computed as provided in Article 6 hereof.

(b) Tenant shall pay Landlord's cost and expense, including reasonable attorneys' fees, incurred (i) in enforcing any obligation of the Tenant under this lease, but subject to the provisions of the following sentence or (ii) as a result of Landlord, without its fault, being made party to any litigation pending by or against Tenant or any persons claiming through or under Tenant. In the event of any litigation or other legal proceeding (e.g., arbitration) between Landlord and Tenant relating to the provisions of this Lease or Tenant's occupancy of the Premises, the losing party (i.e., based upon a judgment, final beyond appeal) shall, upon demand, reimburse the prevailing party for its reasonable costs of prosecuting and/or defending such proceeding (including, without limitation, reasonable attorneys' fees), provided however, that with respect to arbitration, the losing party shall only be obligated to reimburse the prevailing party for attorneys' fees if such fees are awarded by the arbitrator(s).

21.5 Waiver of Redemption. Tenant does hereby waive and surrender all rights and privileges which it might have under or by reason of any present or future law to redeem the Premises or to have a continuance of this Lease for the Term hereby demised after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease as herein provided. Tenant specifically waives receipt of a Notice to Quit.

21.6 Landlord's Remedies Not Exclusive. The specified remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any remedies or means of redress to which Landlord may at any time be lawfully entitled, and Landlord may invoke any remedy (including the remedy of specific performance) allowed at law or in equity as if specific remedies were not herein provided for.

22. **END OF TERM—ABANDONED PROPERTY**

Upon the expiration or other termination of the Term of this Lease, Tenant shall peaceably quit and surrender to Landlord the Premises together with all alterations and additions made thereto, broom clean, in good order, repair and condition (except as provided herein and in Section 8.7 and Articles 18 and 20) excepting only ordinary wear and use, damage by fire or other casualty and damage or repairs for which, under other provisions of this Lease, Tenant has no responsibility of repair or restoration. Tenant shall remove all of its property, including, without limitation, all telecommunication, computer and other cabling installed by or for Tenant in the Premises or elsewhere in the Building, and, to the extent specified by Landlord in writing at the time Landlord approves such installation, all alterations and additions made by Tenant and all partitions wholly within the Premises, and shall repair any damages to the Premises or the Building caused by their installation or by such removal. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the Term of this Lease.

Tenant will remove any personal property from the Building and the Premises upon or prior to the expiration or termination of this Lease and any such property which shall remain in the Building or the Premises for more than ten (10) days thereafter shall be conclusively deemed to have been abandoned, and may either be retained by Landlord as its property or sold or otherwise disposed of in such manner as Landlord may see fit. If any part thereof shall be sold, then Landlord may receive and retain the proceeds of such sale and apply the same, at its option, against the expenses of the sale, the cost of moving and storage, any arrears of Yearly Rent, additional or other charges payable hereunder by Tenant to Landlord and any damages to which Landlord may be entitled under Article 21 hereof or pursuant to law.

Any holding over by Tenant or anyone claiming under Tenant after the expiration of the Term of this Lease shall be treated as a tenancy at sufferance and shall be on the terms and conditions as set forth in this Lease, as far as applicable except that Tenant shall pay as a use and occupancy charge an amount equal to the greater of (x) one hundred fifty percent (150%) of the Yearly Rent and Tax Excess and Operating Costs Excess calculated (on a daily basis) at the highest rate payable under the terms of this Lease, for the first sixty (60) days and two hundred percent (200%) of the same thereafter, or (y) one hundred twenty-five percent (125%) of the fair market rental value of the Premises, in each case for the period measured from the day on which Tenant's hold-over commences and terminating on the day on which Tenant vacates the Premises. In addition, Tenant shall save Landlord, its agents and employees, harmless and will exonerate, defend and indemnify Landlord, its agents and employees, from and against any and all damages which Landlord may suffer on account of Tenant's hold-over in the Premises after the expiration or prior termination of the Term of this Lease.

23. **SUBORDINATION**

(a) Subject to any mortgagee's or ground lessor's election, as hereinafter provided for, and subject to the requirements of this Section 23, this Lease is subject and subordinate in all respects to all matters of record (including, without limitation, deeds and land disposition agreements), ground leases and/or underlying leases, and to the lien of all mortgages, any of which may now or hereafter be placed on or affect such leases and/or the real property of which the Premises are a part, or any part of such real property, and/or Landlord's interest or estate therein, and to each advance made and/or hereafter to be made under any such mortgages, and to all renewals, modifications, consolidations, replacements and extensions thereof and all substitutions therefor. Landlord represents that to the actual knowledge of Landlord no matter if record prohibits or restricts Tenant's rights to install signage and to use the Patio as provided in this Lease, but this representation shall not apply to any law, regulation, or order of any governmental authority, whether or not same is a matter of record. This Article 23 shall be self-operative and no further instrument or subordination shall be required. In confirmation of such subordination, Tenant shall execute, acknowledge and deliver promptly any certificate or instrument that Landlord and/or any mortgagee and/or lessor under any ground or underlying lease and/or their respective successors in interest may request. Tenant acknowledges that, where any consent of Landlord is required under this Lease, any consent or approval hereafter given by Landlord may be subject to the further consent or approval of such mortgagee, and the failure or refusal of such mortgagee to give such consent or approval shall, notwithstanding anything to the contrary in this Lease contained, constitute reasonable justification for Landlord's withholding its consent or approval. Notwithstanding anything to the contrary in this Article 23 contained, as to any future mortgages, ground leases, and/or underlying lease or deeds of trust, the herein provided subordination and attornment shall be effective only if the mortgagee, ground lessor or trustee therein, as the case may be, agrees, by a written instrument in recordable form and in the commercially reasonable, customary form of such mortgagee, ground lessor, or trustee ("Nondisturbance Agreement") that, as long as Tenant shall not be in terminable default of the obligations on its part to be kept and performed under the terms of this Lease, this Lease will not be affected and Tenant's possession hereunder will not be disturbed by any default in, termination, and/or foreclosure of, such mortgage, ground lease, and/or underlying lease or deed of trust, as the case may be. Tenant shall be responsible for paying any fees or expenses charged by such mortgagee, ground lessor or trustee in connection with such Nondisturbance Agreement. Notwithstanding the foregoing Landlord agrees to use reasonable efforts to obtain subordination, non-disturbance and attornment agreement for Tenant from its current mortgagee in the form attached hereto as **Exhibit 10**. Tenant agrees that Tenant shall pay any charges (including legal fees) required by any mortgagee as a condition to entering into any such agreement.

(b) Any such mortgagee or ground lessor may from time to time subordinate or revoke any such subordination of the mortgage or ground lease held by it to this Lease. Such subordination or revocation, as the case may be, shall be effected by written notice to Tenant and by recording an instrument of subordination or of such revocation, as the case may be, with the appropriate registry of deeds or land records and to be effective without any further act or deed on the part of Tenant. In confirmation of such subordination or of such

revocation, as the case may be, Tenant shall execute, acknowledge and promptly deliver any certificate or instrument that Landlord, any mortgagee or ground lessor may request.

(c) [Intentionally Omitted]

(d) The term “**mortgage(s)**” as used in this Lease shall include any mortgage or deed of trust. The term “**mortgagee(s)**” as used in this Lease shall include any mortgagee or any trustee and beneficiary under a deed of trust or receiver appointed under a mortgage or deed of trust. The term “**mortgagor(s)**” as used in this Lease shall include any mortgagor or any grantor under a deed of trust.

(e) If Tenant fails to execute, acknowledge and deliver any such certificate or instrument within ten (10) days after Landlord or such mortgagee or such ground lessor has made written request therefor, then Landlord shall be entitled to send Tenant a second notice requesting such execution and delivery of such certificate or instrument (“**Second Notice**”), and if Tenant fails to execute and deliver such certificate or instrument within three (3) days after the Second Notice, then Tenant shall pay to Landlord a fee in the amount of Five Hundred and 00/100 Dollars (\$500.00) per day for each day beyond the third (3rd) day after the Second Notice that Tenant fails to execute and deliver such certificate or instrument. Such fee shall be in addition to Landlord’s other remedies hereunder.

(f) Notwithstanding anything to the contrary contained in this Article 23, if all or part of Landlord’s estate and interest in the real property of which the Premises are a part shall be a leasehold estate held under a ground lease, then: (i) the foregoing subordination provisions of this Article 23 shall not apply to any mortgages of the fee interest in said real property to which Landlord’s leasehold estate is not otherwise subject and subordinate; and (ii) the provisions of this Article 23 shall in no way waive, abrogate or otherwise affect any agreement by any ground lessor (x) not to terminate this Lease incident to any termination of such ground lease prior to its Term expiring or (y) not to name or join Tenant in any action or proceeding by such ground lessor to recover possession of such real property or for any other relief.

(g) In the event of any failure by Landlord to perform, fulfill or observe any agreement by Landlord herein, in no event will Landlord be deemed to be in default under this Lease permitting Tenant to exercise any or all rights or remedies under this Lease until Tenant shall have given written notice of such failure to any mortgagee (ground lessor and/or trustee) of which Tenant shall have been advised and until a reasonable period of time (not to exceed ninety (90) days) shall have elapsed following the giving of such notice, during which such mortgagee (ground lessor and/or trustee) shall have the right, but shall not be obligated, to remedy such failure.

24. QUIET ENJOYMENT

Landlord covenants that so long as there is no default of Tenant in existence and continuing beyond the expiration of applicable notice and cure periods, Tenant shall quietly enjoy the Premises from and against the claims of all persons claiming by, through or under Landlord subject, nevertheless, to the covenants, agreements, terms, provisions and conditions of this Lease and, subject to the requirements of Section 23(a) above, the lien of the mortgages, ground leases and/or underlying leases to which this Lease is subject and subordinate, as hereinabove set forth.

Without incurring any liability to Tenant, Landlord may permit access to the Premises and open the same, whether or not Tenant shall be present, upon any demand of any receiver, trustee, assignee for the benefit of creditors, sheriff, marshal or court officer entitled to (but provided that such party shall present to Landlord the applicable order entered by a court of competent jurisdiction permitting such entry), such access for the purpose of taking possession of, or removing, Tenant’s property or for any other lawful purpose (but this provision and any action by Landlord hereunder shall not be deemed a recognition by Landlord that the person or official making such demand has any right or interest in or to this Lease, or in or to the Premises), or upon demand of any representative of the fire, police, building, sanitation or other department of the city, state or federal governments.

25. ENTIRE AGREEMENT — WAIVER — SURRENDER

25.1 Entire Agreement. This Lease and the Exhibits made a part hereof contain the entire and only agreement between the parties and any and all statements and representations, written and oral, including previous correspondence and agreements between the parties hereto, are merged herein. Tenant acknowledges that all representations and statements upon which it relied in executing this Lease are contained herein and that Tenant in no way relied upon any other statements or representations, written or oral. Any executory agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of this Lease in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

25.2 Waiver by Landlord. The failure of Landlord to seek redress for violation, or to insist upon the strict performance, of any covenant or condition of this Lease, or any of the Rules and Regulations promulgated hereunder, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. The failure of Landlord to enforce any of such Rules and Regulations against Tenant and/or any other tenant in the Building shall not be deemed a waiver of any such Rules and Regulations. No provisions of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing signed by Landlord. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the stipulated rent, nor shall any endorsement or statement on any check or any letter

accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

25.3 **Surrender.** No act or thing done by Landlord during the Term hereby demised shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid, unless in writing signed by Landlord. No employee of Landlord or of Landlord's agents shall have any power to accept the keys of the Premises prior to the termination of this Lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of this Lease or a surrender of the Premises except in connection with the natural expiration of the Term. In the event that Tenant at any time desires to have Landlord underlet the Premises for Tenant's account, Landlord or Landlord's agents are authorized to receive the keys for such purposes without releasing Tenant from any of the obligations under this Lease, and Tenant hereby relieves Landlord of any liability for loss of or damage to any of Tenant's effects in connection with such underletting.

26. INABILITY TO PERFORM—EXCULPATORY CLAUSE

(a) Except as may be otherwise specifically herein provided, this Lease and the obligations of Tenant to pay rent hereunder and perform all the other covenants, agreements, terms, provisions and conditions hereunder on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord is unable to fulfill any of its obligations under this Lease or is unable to supply or is delayed in supplying any service expressly or impliedly to be supplied or is unable to make or is delayed in making any repairs, replacements, additions, alterations, improvements or decorations or is unable to supply or is delayed in supplying any equipment or fixtures if Landlord is prevented or delayed from so doing by reason of Force Majeure, as hereinafter defined. In each such instance of inability of Landlord to perform, Landlord shall exercise reasonable diligence to eliminate the cause of such inability to perform. Similarly, except as otherwise specifically herein provided in this Lease, if Tenant is unable to perform any of its covenants or agreements under this Lease other than the payment of rent by reason of Force Majeure, Landlord shall not exercise any remedies in respect of a default arising from such inability until the applicable Force Majeure no longer exists and Tenant has had a reasonable opportunity to cure such default after the event of Force Majeure has ceased. For purposes of this Lease, "Force Majeure" shall mean any prevention, delay or stoppage due to governmental regulation, strikes, lockouts, acts of God, acts of war, terrorist acts, civil commotions, unusual scarcity of or inability to obtain labor or materials, labor difficulties, casualty or other causes reasonably beyond Landlord's control or attributable to Tenant's action or inaction.

(b) Tenant shall neither assert nor seek to enforce any claim against Landlord, or Landlord's agents or employees, or the assets of Landlord or of Landlord's agents or employees, for breach of this Lease or otherwise, other than against Landlord's interest in the Building of which the Premises are a part and in the undistributed rents, issues and profits thereof, and Tenant agrees to look solely to such interest for the satisfaction of any liability of Landlord under this Lease, it being specifically agreed that in no event shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives, and the like, disclosed or undisclosed, thereof) ever be personally liable for any such liability. This paragraph shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or to take any other action which shall not involve the personal liability of Landlord to respond in monetary damages from Landlord's assets other than Landlord's interest in said real estate, as aforesaid. In no event shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable for consequential or incidental damages. Without limiting the foregoing, in no event shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable for lost profits of Tenant. Except in the event of a breach by Tenant of its obligations under Article 22, in no event shall Tenant or Tenant's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable for consequential or incidental damages (including, without limitation, loss profits) of Landlord.

(c) Landlord shall not be deemed to be in default of its obligations under this Lease unless Tenant has given Landlord written notice of such default, and Landlord has failed to cure such default within thirty (30) days after Landlord receives such notice or such longer period of time as Landlord may reasonably require to cure such default provided that Landlord has promptly commenced to cure within such thirty (30) day period and thereafter diligently pursues the same. Except as otherwise expressly provided in this Lease, in no event shall Tenant have the right to terminate this Lease nor shall Tenant's obligation to pay Yearly Rent or other charges under this Lease abate based upon any default by Landlord of its obligations under this Lease.

27. BILLS AND NOTICES

Any notice, consent, request, bill, demand or statement hereunder by either party to the other party ("Notice") shall be in writing and shall be deemed to have been duly given when either delivered or served personally, or when delivery is first attempted or refused, provided that such Notice shall be addressed to Landlord at its address as stated in Exhibit 1 and to Tenant at the Premises (or at Tenant's address as stated in Exhibit 1, if delivered or mailed prior to Tenant's occupancy of the Premises), or if any address for notices shall have been duly changed as hereinafter provided, if addressed as aforesaid to the party at such changed address. Notices shall be delivered by hand, by United States mail (certified, return receipt requested, and prepaid), or by Federal Express or other recognized overnight delivery service which provides a receipt for, or other proof of, delivery (prepaid). Either party may at any time change the address or

specify an additional address for such Notices by delivering or mailing, as aforesaid, to the other party a notice stating the change and setting forth the changed or additional address, provided such changed or additional address is a street address within the United States.

All bills and statements for reimbursement or other payments or charges due from Tenant to Landlord hereunder shall be due and payable in full thirty (30) days, unless herein otherwise provided, after submission thereof by Landlord to Tenant. Tenant's failure to make timely payment of any amounts indicated by such bills and statements, whether for work done by Landlord at Tenant's request, reimbursement provided for by this Lease or for any other sums properly owing by Tenant to Landlord, shall be treated as a default in the payment of rent, in which event Landlord shall have all rights and remedies provided in this Lease for the nonpayment of rent. Subject to Tenant's audit rights under Section 9.7 above, if Tenant has not objected to any statement of additional rent which is rendered by Landlord to Tenant within one hundred eighty (180) days after Landlord has rendered the same to Tenant, then the same shall be deemed to be a final account between Landlord and Tenant not subject to any further dispute.

28. PARTIES BOUND — TITLE

The covenants, agreements, terms, provisions and conditions of this Lease shall bind and benefit the successors and assigns of the parties hereto with the same effect as if mentioned in each instance where a party hereto is named or referred to, except that no violation of the provisions of Article 16 hereof shall operate to vest any rights in any successor or assignee of Tenant and that the provisions of this Article 28 shall not be construed as modifying the conditions of limitation contained in Article 21 hereof.

If, in connection with or as a consequence of the sale, transfer or other disposition of the real estate (land and/or Building, either or both, as the case may be) of which the Premises are a part, Landlord ceases to be the owner of the reversionary interest in the Premises, Landlord shall be entirely freed and relieved from the performance and observance thereafter of all covenants and obligations hereunder on the part of Landlord to be performed and observed, it being understood and agreed in such event (and it shall be deemed and construed as a covenant running with the land) that the person succeeding to Landlord's ownership of said reversionary interest shall thereupon and thereafter assume, and perform and observe, any and all of such covenants and obligations of Landlord.

29. MISCELLANEOUS

29.1 Separability. If any provision of this Lease or portion of such provision or the application thereof to any person or circumstance is for any reason held invalid or unenforceable, the remainder of this Lease (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

29.2 Captions, etc. The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Lease or the intent of any provisions thereof. References to "State" shall mean, where appropriate, the Commonwealth of Massachusetts.

29.3 Broker. Tenant represents and warrants that it has not directly or indirectly dealt, with respect to the leasing of office space in the Building, with any broker or had its attention called to the Premises or other space to let in the Building, etc. by anyone other than the broker, person or firm, if any, designated in Exhibit 1. Tenant agrees to defend, exonerate and save harmless and indemnify Landlord and anyone claiming by, through or under Landlord against any claims for a commission arising out of the execution and delivery of this Lease or out of negotiations between Landlord and Tenant with respect to the leasing of other space in the Building, provided that Landlord shall be solely responsible for the payment of brokerage commissions to the broker, person or firm, if any, designated as Landlord's Broker in Exhibit 1. Landlord shall pay a brokerage commission to Tenant's Broker and Landlord's Broker, pursuant to separate agreements between Landlord and Landlord's Broker and Landlord and Tenant's Broker.

Landlord represents and warrants that, in connection with the execution and delivery of the Lease, it has not directly or indirectly dealt with any broker other than the brokers designated on Exhibit 1. Landlord agrees to defend, exonerate and save harmless Tenant and anyone claiming by, through, or under Tenant against any claims arising in breach of the representation and warranty set forth in the immediately preceding sentence.

29.4 Modifications. If in connection with obtaining financing for the Building or Landlord's interest therein, a bank, insurance company, pension trust or other institutional lender shall request reasonable modifications in this Lease as a condition to such financing, Tenant will not withhold, delay or condition its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder or materially adversely affect the leasehold interest hereby created.

29.5 Arbitration. Any disputes relating to provisions or obligations in this Lease as to which a specific provision or a reference to arbitration is made herein shall be submitted to arbitration in accordance with the provisions of applicable state law (as identified in Section 29.6), as from time to time amended. Arbitration proceedings, including the selection of an arbitrator, shall be conducted pursuant to the rules, regulations and procedures from time to time in effect as promulgated by the American Arbitration Association. Prior written notice of application by either party for arbitration shall be given to the other at least ten (10) days before submission of the application to the said Association's office in the City or County wherein the Building is situated (or the nearest other city or county having an Association office). The arbitrator shall hear the parties and their evidence. The decision of the arbitrator shall be binding and conclusive, and judgment upon the award or decision of the arbitrator may be entered in the appropriate court of law (as identified on

Exhibit 1), and the parties consent to the jurisdiction of such court and further agree that a ny process or notice of motion or other application to the Court or a Judge thereof may be served outside the State or Commonwealth wherein the Building is situated by registered mail or by personal service, provided a reasonable time for appearance is all owed. The costs and expenses of each arbitration hereunder and their apportionment between the parties shall be determined by the arbitrator in his award or decision. No arbitrable dispute shall be deemed to have arisen under this Lease prior to (i) the expiration of the period of twenty (20) days after the date of the giving of written notice by the party asserting the existence of the dispute together with a description thereof sufficient for an understanding thereof; and (ii) where a Tenant payment (e.g., Tax Excess or Operating Costs Excess under Article 9 hereof) is in issue, the amount billed by Landlord having been paid by Tenant.

29.6 Governing Law. This Lease is made pursuant to, and shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts and any applicable local municipal rules, regulations, by-laws, ordinances and the like.

29.7 Assignment of Rents. Subject to any contrary terms in any SNDA executed by Tenant and any mortgage holder or ground lessor pursuant to Section 23(a) above, with reference to any assignment by Landlord of its interest in this Lease, or the rents payable hereunder, conditional in nature or otherwise, which assignment is made to or held by a bank, trust company, insurance company or other institutional lender holding a mortgage or ground lease on the Building or Landlord's interest therein, Tenant agrees:

(a) that the execution thereof by Landlord and the acceptance thereof by such mortgagee and/or ground lessor shall never be deemed an assumption by such mortgagee and/or ground lessor of any of the obligations of Landlord thereunder, unless such mortgagee and/or ground lessor shall, by written notice sent to Tenant, specifically otherwise elect; and

(b) that, except as aforesaid, such mortgagee and/or ground lessor shall be treated as having assumed Landlord's obligations thereunder only upon foreclosure of such mortgagee's mortgage or deed of trust or termination of such ground lessor's ground lease and the taking of possession of the Premises after having given notice of its exercise of the option stated in Article 23 hereof to succeed to the interest of Landlord under this Lease.

29.8 Representation of Authority. By his execution hereof each of the signatories on behalf of the respective parties hereby warrants and represents to the other that he or she is duly authorized to execute this Lease on behalf of such party. If either Landlord or Tenant is a corporation, the applicable party hereby appoints the signatory whose name appears below on behalf of such party as its attorney-in-fact for the purpose of executing this Lease for and on behalf of such party.

29.9 Expenses Incurred by Landlord Upon Tenant Requests. Except in connection with requests by Tenant to sublet the Premises or assign its interest in this Lease, as to which the review fee set forth in Article 16 shall apply, Tenant shall, upon demand, reimburse Landlord for all reasonable expenses, including, without limitation, legal fees, incurred by Landlord in connection with all requests by Tenant for consents, approvals or execution of collateral documentation related to this Lease, including, without limitation, costs incurred by Landlord in the review and approval of Tenant's plans and specifications in connection with proposed alterations to be made by Tenant to the Premises and requests by Tenant for Landlord to execute waivers of Landlord's interest in Tenant's property in connection with third party financing by Tenant. Such costs shall be deemed to be additional rent under this Lease. The provisions of this Section 29.9 shall not apply to the Landlord's Work, which is governed by the provisions of Article 4 above.

29.10 Survival.

(a) Without limiting any other obligation of Tenant which may survive the expiration or prior termination of the Term of this Lease, all obligations on the part of Tenant to indemnify, defend, or hold Landlord harmless, as set forth in this Lease (including, without limitation, Tenant's obligations under Sections 13(d), 15.3, and 29.3) shall survive the expiration or prior termination of the Term of this Lease.

(b) Without limiting any other obligation of Landlord which may survive the expiration or prior termination of the Term of this Lease, all obligations on the part of Landlord to indemnify, defend, or hold Tenant harmless, as set forth in this Lease (including, without limitation, Landlord's obligations under Sections 2.2, 9.1(e) and 29.3 shall survive the expiration or prior termination of the Term of this Lease.

29.11 Financial Statements. Tenant, within fifteen (15) days after request, shall provide Landlord with a current financial statement and such other information as Landlord may reasonably request in order to create a "business profile" of Tenant and determine Tenant's ability to fulfill its obligations under this Lease. The foregoing obligation shall be waived during any period of time in which Tenant's stock is publicly traded on a nationally recognized exchange or such information is available on Tenant's website.

29.12 Parking.

(a) Number of Passes. During the Term of this Lease, Tenant shall have the right to use, and shall be obligated to pay for, the number of monthly parking passes specified in Exhibit 1 for use in the garage located beneath the Building (" **Building Garage** "). The Building Garage is sometimes hereinafter referred to as the " **Garage** ." The passes in the Building Garage are referred to as the " **Parking Passes** ." The Parking Passes shall be paid for by Tenant at the then current prevailing rate in the Garage, as such rate may vary from time to time. Landlord hereby represents to Tenant that, as of the Execution Date of this Lease, the charge for Parking Passes is \$250.00 per month, per pass, subject to increase from time to time.

(b) Garage Operator. Landlord hereby reserves the right to enter into a management agreement or lease with an entity for the Garage (" **Garage Operator** "). In such event, Tenant, upon request of Landlord, shall enter into a parking agreement with the Garage

Operator and pay the Garage Operator the monthly charge established hereunder, and Landlord shall have no liability for claims arising through acts or omissions of the Garage Operator unless caused by the negligence or willful misconduct of Landlord. It is understood and agreed that the identity of the Garage Operator may change from time to time during the Term. In connection therewith, any parking lease or agreement entered into between Tenant and a Garage Operator shall be freely assignable by such Garage Operator or any successors thereto.

(c) No Liability – Garage. Neither Landlord nor any Garage Operator shall be responsible for money, jewelry, vehicles or other personal property lost in or stolen from the Garage regardless of whether such loss or theft occurs when the Garage or other areas therein are locked or otherwise secured. Except as caused by the negligence or willful misconduct of Landlord or any Garage Operator or their respective agents, contractors, or employees and without limiting the terms of the preceding sentence, neither Landlord nor any Garage Operator shall be liable for any loss, injury or damage to persons using the Garage or vehicles or other property therein, it being agreed that, to the fullest extent permitted by Law, the use of the Garage shall be at the sole risk of Tenant and its employees.

(d) General Provisions. Tenant shall have no right to sublet, assign, or otherwise transfer said Parking Passes, other than in connection with an assignment or sublease permitted or consented to pursuant to Article 16. No deductions or allowances shall be made for days when Tenant or any of its employees does not utilize the parking facilities or for Tenant utilizing less than all of the Parking Passes. Said Parking Passes will be on an unassigned, non-reserved basis, and shall be subject to the rules and regulations from time to time in force.

(e) Parking Rules and Regulations. Landlord or the Garage Operator shall have the right from time to time to promulgate reasonable rules and regulations regarding the Garage, the Parking Passes and the use thereof, including, but not limited to, rules and regulations controlling the flow of traffic to and from various parking areas, the angle and direction of parking and the like. Tenant shall comply with and cause its employees to comply with all such rules and regulations as well as all reasonable additions and amendments thereto.

(f) No Overnight Storage. Tenant shall not store or permit its employees to store any vehicles overnight in the Garage without the prior written consent of the Garage Operator. Except for emergency repairs, Tenant and its employees shall not perform any work on any vehicles while located in the Garage or on the Property. If it is necessary for Tenant or its employees to leave a vehicle in the Garage overnight, Tenant shall provide Landlord and the Garage Operator with prior notice thereof designating the license plate number and model of such vehicle.

(g) Temporary Closure. Landlord and the Garage Operator shall have the right to temporarily close the Garage or certain areas therein in order to perform necessary repairs, maintenance and improvements to the Garage; provided, however, if the Garage or any portion thereof such that Tenant is unable to use its Parking Passes is closed for more than one (1) day, Tenant shall receive an abatement of the monthly fee per parking space until the Garage (or portion thereof) is fully operational.

(h) Access Cards. The Garage Operator may elect to provide parking cards or keys to control access to the Garage. In such event, Landlord or the Garage Operator shall provide Tenant with one card or key for each Parking Pass that Tenant is entitled to hereunder, provided that Landlord or the Garage Operator shall have the right to require Tenant or its employees to place a reasonable deposit on such access cards or keys and to pay a fee for any lost or damaged cards or keys.

(i) Bicycles. Landlord agrees that it, or the Garage Operator, shall at all times during the Term provide bicycle storage racks in the Garage for the non-exclusive use of Tenant and its employees, subject to reasonable rules and regulations therefor provided to Tenant from time to time.

29.13 Anti-Terrorism Representations. Tenant represents and warrants to Landlord that:

(a) Tenant is not, and shall not during the Term of this Lease become, a person or entity with whom Landlord is restricted from doing business under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (commonly known as the “**USA Patriot Act**”) and Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and regulations promulgated pursuant thereto, including, without limitation, persons and entities named on the Office of Foreign Asset Control Specially Designated Nationals and Blocked Persons List (collectively, “**Prohibited Persons**”); and

(b) To the best of Tenant’s knowledge, Tenant is not currently conducting any business or engaged in any transactions or dealings, or otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises; and

(c) Tenant will not in the future during the Term of this Lease knowingly engage in any transactions or dealings, or be otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises.

Landlord represents and warrants to Tenant that:

(a) Landlord is not, and shall not during the Term of this Lease become, a person or entity with whom Tenant is restricted from doing business under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (commonly known as the “**USA Patriot Act**”) and Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and regulations promulgated pursuant thereto, including, without

limitation, persons and entities named on the Office of Foreign Asset Control Specially Designated Nationals and Blocked Persons List (collectively, " **Prohibited Persons** "); and

(d) To the best of Landlord's knowledge Landlord is not currently conducting any business or engaged in any transactions or dealings, or otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises; and

(e) Landlord will not in the future during the Term of this Lease knowingly engage in any transactions or dealings, or be otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises.

29.14 Waiver of Trial by Jury. Landlord and Tenant hereby waives any right to trial by jury in any action, proceeding or brought by either Landlord or Tenant on any matters whatsoever arising out of or any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises and/or any claim of injury or damage, including but not limited to, any summary process eviction action.

29.15 No Offset. Except as may be otherwise expressly provided in this Lease, in no event shall Tenant have the right to terminate or cancel this Lease or to withhold rent or to set-off any claim or damages against rent as a result of any default by Landlord or breach by Landlord of its covenants or warranties or promises under this Lease, except in the case of a wrongful eviction of Tenant from the Premises (constructive or actual) by Landlord continuing after notice to Landlord thereof and a reasonable opportunity for Landlord to cure the same in the time periods set forth herein. Further, except as expressly provided in this Lease, Tenant shall not assert any right to deduct the cost of repairs or any monetary claim against Landlord from rent thereafter due and payable, but shall look solely to Landlord for satisfaction of such claim.

29.16 Tenant's Option to Extend the Term of the Lease.

(a) On the conditions, which conditions Landlord may waive, at its election, by written notice to Tenant at any time, that as of the time of option exercise and as of the commencement of the hereinafter described additional term, (i) Tenant is not in default of its covenants and obligations under the Lease, continuing beyond the expiration of any applicable notice, grace and cure period and (ii) Tenant has not assigned this Lease or sublet more than twenty-five percent (25%) of the Premises (except to a Permitted Assignee or Affiliated Entity), Tenant shall have the option (" **Extension Option** ") to extend the Term of this Lease for one (1) additional period of five (5) years, such additional term commencing as of the expiration of the initial Term of the Lease (" **Extension Term** "). Tenant may exercise its Extension Option by giving Landlord written notice (" **Extension Notice** ") not earlier than fifteen (15) months and not later than twelve (12) months prior to the Expiration Date of the initial Term of the Lease. Upon the timely giving of the Extension Notice, the Term of this Lease shall be deemed extended upon all of the terms and conditions of this Lease. If Tenant fails to timely give the Extension Notice, as aforesaid, Tenant shall have no further right to extend the Term of this Lease, time being of the essence of this Section 29.16.

(b) The Yearly Rent during the Extension Term shall be based upon the Fair Market Rental Value, as defined in and determined pursuant to Subparagraph (e) of this Section 29.16, as of the commencement of the Extension Term, of the Premises then demised to Tenant.

(c) Tenant shall have no further option to extend the Term of the Lease other than the Extension Term.

(d) Notwithstanding the fact that Tenant's exercise of the Extension Option shall be self-executing, as aforesaid, the parties shall promptly execute a lease amendment reflecting the Extension Term after Tenant exercises the Extension Option, except that, if has not yet been determined, the Yearly Rent payable in respect of the Extension Term may not be set forth in said amendment. In such event, after such Yearly Rent is determined, the parties shall execute a written agreement confirming the same. The execution of such lease amendment shall not be deemed to waive any of the conditions to Tenant's exercise of its rights under this Section 29.16, unless otherwise specifically provided in such lease amendment.

(e) (i) " **Fair Market Rental Value** " shall be computed as of the commencement of the Extension Term at the then current annual rental charge (i.e., the sum of Yearly Rent plus escalation and other charges), including provisions for subsequent increases and other adjustments for leases or agreements to lease (including letters of intent, if executed by both Landlord and Tenant) then currently being executed in comparable space located in the Building, or in comparable first-class office buildings located in East Cambridge, Massachusetts. In determining Fair Market Rental Value, all relevant factors shall be considered.

(ii) Dispute as to Fair Market Rental Value

Landlord shall initially designate Fair Market Rental Value by notice to Tenant thereof given at least eleven (11) months before the Expiration Date. If Tenant disagrees with Landlord's designation of a Fair Market Rental Value, the parties shall negotiate in good faith for thirty (30) days after Landlord's initial designation (" **Negotiation Period** ") to reach agreement on the Fair Market Rental Value. If the parties have not reached agreement on the Fair Market Rental Value by the end of the Negotiation Period, then the Fair Market Rental Value shall be submitted to arbitration as follows: Fair Market Rental Value shall be determined by impartial arbitrators, one to be chosen by the Landlord, one to be chosen by Tenant, and a third to be selected, if necessary, as below provided. The unanimous written decision of the two first chosen, without selection and participation of a third arbitrator, or otherwise, the written decision of a majority of three arbitrators chosen and selected as aforesaid, shall be conclusive and binding upon Landlord and Tenant. Landlord and Tenant shall each notify the other of its chosen arbitrator within ten (10) business days following the expiration of the Negotiation Period and, unless such two arbitrators shall have reached a

unanimous decision within thirty (30) days after their designation, they shall so notify the Boston office of the American Arbitration Association (or such organization as may succeed to said American Arbitration Association) and request him/her to select an impartial third arbitrator, who shall be a real estate broker dealing with like types of properties, with a minimum of ten (10) years' experience in office leasing in Cambridge, Massachusetts, to determine Fair Market Rental Value as herein defined. Such third arbitrator and the first two chosen shall, subject to commercial arbitration rules of the American Arbitration Association, hear the parties and their evidence and render their decision within thirty (30) days following the conclusion of such hearing and notify Landlord and Tenant thereof. If either party fails to designate its chosen broker within ten (10) business days following the expiration of the Negotiation Period, which failure continues for five (5) business days after written notice thereof, the other party's broker shall determine Fair Market Rental Value acting alone. Landlord and Tenant shall bear the expense of the third arbitrator (if any) equally. The decision of the arbitrator(s) shall be binding and conclusive, and judgment upon the award or decision of the arbitrator(s) may be entered in the appropriate court of law (as identified on **Exhibit 1**); and the parties consent to the jurisdiction of such court and further agree that any process or notice of motion or other application to the Court or a Judge thereof may be served outside the Commonwealth of Massachusetts by registered mail or by personal service, provided a reasonable time for appearance is allowed. If the dispute between the parties as to a Fair Market Rental Value has not been resolved before the commencement of Tenant's obligation to pay rent based upon such Fair Market Rental Value, then Tenant shall pay Yearly Rent and other charges under the Lease in respect of the Premises in question based upon the Fair Market Rental Value designated by Landlord until either the agreement of the parties as to the Fair Market Rental Value, or the decision of the arbitrators, as the case may be, at which time Tenant shall pay any underpayment of rent and other charges to Landlord, or Landlord shall refund any overpayment of rent and other charges to Tenant.

29.17 Tenant's Right of First Offer.

On the conditions, which conditions Landlord may waive, at its election, by written notice to Tenant at any time, that as of the time of option exercise and as of the commencement of the hereinafter described additional term, (i) Tenant is not in default under the Lease beyond any applicable notice, grace and cure periods, (ii) not more than twenty-five percent (25%) of the Premises is sublet, other than to a Permitted Assignee or an Affiliated Entity, (iii) the Lease has not been assigned other than to a Permitted Assignee or an Affiliated Entity and (iv) the RFO Premises, as hereinafter defined, is intended for the exclusive use of Tenant or any Permitted Assignee or an Affiliated Entity during the Term, Tenant shall have the following one time right ("Right of First Offer") to lease the RFO Premises, as hereinafter defined, when the RFO Premises become available for lease to Tenant, as hereinafter defined. Notwithstanding the foregoing, Tenant shall have no right to exercise its Right of First Offer if less than twenty-four (24) months remain in the Term of the Lease, unless (i) Tenant has not yet exercised the Extension Option, (ii) the Extension Option has not lapsed unexercised, and (iii) simultaneously with giving an RFO Exercise Notice (as hereinafter defined), Tenant timely and properly exercises the Extension Option as set forth in Section 29.16 above (and, in such event, the prohibition set forth in Section 29.16 above, on giving the Extension Notice more than fifteen (15) months before the Expiration Date of the initial Term shall be waived, if necessary). In any case where Tenant has no right to exercise its Right of First Offer (that is, during the last twenty-four (24) months of the Term of the Lease if Tenant does not have any remaining right to exercise the Extension Option, or if the aforesaid conditions are not met), Landlord shall not be obligated to deliver Landlord's RFO Notice (as hereinafter defined) to Tenant.

(a) Definition of RFO Premises

"RFO Premises" shall be defined as any area on the third (3rd) or fourth (4th) floor of the Building, when such area becomes available for lease to Tenant, as hereinafter defined, during the Term of this Lease. For the purposes of this Section 29.17, an RFO Premises shall be deemed to be "available for lease to Tenant" if, during the Term of this Lease, Landlord, in its reasonable judgment, determines that such area will become available for leasing to Tenant (i.e. when Landlord determines that the then occupant of the RFO Premises will vacate the RFO Premises and that the holder(s) of any superior rights to the RFO Premises will not exercise such rights, and when Landlord intends to offer such area for lease). Tenant acknowledges that the portion of the RFO Premises located on the third floor of the Building (the "Third Floor RFO Premises") are currently vacant. Notwithstanding anything to the contrary herein contained, Tenant's right of first offer shall not apply to the Third Floor RFO Premises until Landlord has leased all or a portion of the Third Floor RFO Premises to a third party and thereafter the Third Floor RFO Premises or such portion thereof that has been so leased once again become "available for lease"; provided, however, if any portion of the Third Floor RFO Premises is not subject to an executed lease by the first (1st) anniversary of the Rent Commencement Date, then the portion of the Third Floor RFO Premises not so leased shall thereafter be deemed "available for lease" if the other conditions thereto are met. In no event shall Landlord offer RFO Premises to Tenant more than two (2) years prior to the date such RFO Premises will be available for occupancy by Tenant.

(b) Exercise of Right to Lease RFO Premises

Landlord shall give Tenant written notice ("Landlord's RFO Notice") at the time that Landlord determines, as aforesaid, that an RFO Premises will become available for lease to Tenant. Landlord's RFO Notice shall set forth the location and size of the RFO Premises, Landlord's designation of the Fair Market Rental Value (as defined in Subparagraph (e) of Section 29.16 above, but ignoring all references to "renewal") applicable to the RFO Premises and the RFO Premises Commencement Date. Tenant shall have the right, exercisable upon written notice given to Landlord within ten (10) business days after the receipt of Landlord's RFO Notice, to either: (i) lease the RFO Premises at the Fair Market Rental Value set forth in Landlord's RFO Notice ("RFO Exercise Notice"), or (ii) lease the RFO Premises but provide Landlord with a counteroffer of Landlord's designation of Fair Market Rental Value ("Tenant's Objection Notice"). If Tenant timely and properly provides an RFO Exercise Notice, Tenant shall lease the RFO Premises and the Fair

Market Rental Value shall be as set forth in Landlord's RFO Notice. If Tenant timely and properly provides Tenant's Objection Notice, then Tenant shall lease the RFO Premises, and the Fair Market Rental Value shall be determined as follows: Fair Market Rental Value shall be determined by impartial arbitrators, one to be chosen by the Landlord, one to be chosen by Tenant, and a third to be selected, if necessary, as below provided. Each arbitrator shall be a broker affiliated with a major Boston commercial real estate brokerage firm and each arbitrator shall have at least ten (10) years' experience dealing in properties of a nature and type generally similar to the Building located in East Cambridge, Massachusetts. The unanimous written decision of the two first chosen, without selection and participation of a third arbitrator, or otherwise, the written decision of a majority of three arbitrators chosen and selected as aforesaid, shall be conclusive and binding upon Landlord and Tenant. Landlord and Tenant shall each notify the other of its chosen arbitrator within ten (10) business days following the call for arbitration and, unless such two arbitrators shall have reached a unanimous decision within thirty (30) days after their designation, they shall so notify the President of the Boston office of the American Arbitration Association (or such organization as may succeed to said American Arbitration Association) and request him to select an impartial third arbitrator, having the qualifications set forth above, to determine Fair Market Rental Value as herein defined. Such third arbitrator and the first two chosen shall, subject to commercial arbitration rules of the American Arbitration Association, hear the parties and their evidence and render their decision within thirty (30) days following the conclusion of such hearing and notify Landlord and Tenant thereof. Landlord and Tenant shall bear the expense of the third arbitrator (if any) equally. The decision of the arbitrator shall be binding and conclusive, and judgment upon the award or decision of the arbitrator may be entered in the appropriate court of law (as identified on Exhibit 1); and the parties consent to the jurisdiction of such court and further agree that any process or notice of motion or other application to the Court or a Judge thereof may be served outside the Commonwealth of Massachusetts by registered mail or by personal service, provided a reasonable time for appearance is allowed. If the dispute between the parties as to a Fair Market Rental Value has not been resolved before the commencement of Tenant's obligation to pay rent based upon such Fair Market Rental Value, then Tenant shall pay Yearly Rent and other charges under the Lease in respect of the Premises in question based upon the Fair Market Rental Value designated by Landlord until either the agreement of the parties as to the Fair Market Rental Value, or the decision of the arbitrators, as the case may be, at which time Tenant shall pay any underpayment of rent and other charges to Landlord, or Landlord shall refund any overpayment of rent and other charges to Tenant. If Tenant does not timely and properly provide either an RFO Exercise Notice or Tenant's Objection Notice, time being of the essence, then Tenant shall have no further right to lease all or any portion of the RFO Premises that were the subject of Landlord's RFO Notice, but shall continue to have rights other RFO Premises, if any, which have not yet been offered to Tenant pursuant to this Section 29.17. Notwithstanding the foregoing if the RFO Premises that were the subject of Landlord's RFO Notice shall not be leased (which term shall include a letter of intent that results in a lease) by the date that is one (1) year after the deadline for Tenant to have given a RFO Exercise Notice or Tenant's Objection Notice with respect to such Landlord's RFO Notice, then Tenant's Right of First Offer hereunder shall again apply to such RFO Premises.

(c) Lease Provisions Applying to RFO Premises

The leasing to Tenant of the RFO Premises shall be upon all of the same terms and conditions of the Lease, except as follows:

(1) RFO Premises Commencement Date

The RFO Premises Commencement Date shall be the later of: (x) the RFO Premises Commencement Date as set forth in Landlord's RFO Notice, or (y) the date that Landlord delivers the RFO Premises to Tenant in the condition set forth in subparagraph (d) below.

(2) Expiration Date

The Expiration Date in respect of the RFO Premises shall be the Expiration Date of the Lease.

(3) Yearly Rent

The Yearly Rent rental rate in respect of the RFO Premises shall be based upon the Fair Market Rental Value determined as set forth above.

(d) Condition of RFO Premises

Tenant shall take the RFO Premises "as-is" in its then (i.e. as of the date of delivery) state of construction, finish, and decoration, without any obligation on the part of Landlord to construct or prepare the RFO Premises for Tenant's occupancy, unless otherwise set forth in Landlord's RFO Notice, but broom clean and free of Hazardous Materials (or with same encapsulated in accordance with applicable Environmental Laws) in any event. The foregoing shall not operate to exclude or waive any improvement allowances, rent abatement, free rent or other concessions determined to be part of the Fair Market Rental Value.

(c) Termination of Right of First Offer

The rights of Tenant hereunder with respect to an RFO Premises shall terminate on the earlier to occur of: (i) Tenant's failure to exercise its Right of First Offer within the ten (10) business day period provided in Section 29.17(b) above; and (iii) the date Landlord otherwise would have provided Landlord's RFO Notice to Tenant, if one or more of the requirements set forth in the first paragraph of this Section 29.17 is not met on the date Landlord otherwise would have provided Landlord's RFO Notice to Tenant.

(f) Subordination. Notwithstanding anything herein to the contrary, Tenant's Right of First Offer is subject and subordinate to any rights that Landlord may grant to the holder of the tenant's interest under the lease Landlord is currently negotiating with Symantec Corporation. During such period of time that Landlord or its affiliates shall own One Canal and/or Ten Canal, as the case may be, at Tenant's request, Landlord shall provide, to the best of its knowledge, information on any office space available at One Canal or Ten Canal (or whichever of such buildings shall be owned by Landlord or its affiliates at the time of the request), which information shall include the square footage of any such available space in either such building that Landlord is aware will be available during the twelve (12) month period after such notification.

(g) Execution of Lease Amendments

Notwithstanding the fact that Tenant's exercise of the above-described option to lease the RFO Premises shall be self-executing, as aforesaid, the parties hereby agree promptly to execute a lease amendment reflecting the addition of the RFO Premises. The execution of such lease amendment shall not be deemed to waive any of the conditions to Tenant's exercise of the herein option to lease the RFO Premises, unless otherwise specifically provided in such lease amendment.

29.18 Emergency Generator

(a) Tenant, subject to Landlord's review and approval of Tenant's plans therefor, shall have the right to install a supplemental generator (the "Generator" which term shall include associated power and fuel lines), to provide emergency additional electrical capacity to the Premises during the Term, in an electrical capacity to be reasonably approved by Landlord. Tenant's plans for the Generator shall include a secondary containment system to protect against and contain any release of hazardous materials. The Generator shall be placed in an area (the "Generator Area") measuring approximately 20' x 20' to be designated by Landlord on the roof and, with respect to such associated power and fuel lines, in such conduits or other areas as Landlord shall designate. Notwithstanding the foregoing, Tenant's right to install the Generator shall be subject to Landlord's approval of the manner in which the Generator is installed, the manner in which any fuel pipe is installed, the manner in which any ventilation and exhaust systems are installed, the manner in which any cables are run to and from the Generator to the Premises and the measures that will be taken to eliminate any vibrations or sound disturbances from the operation of the Generator, including, without limitation, any necessary 2 hour rated enclosures or sound installation. Landlord shall have the right to require an acceptable enclosure to hide or disguise the existence of the Generator and to minimize any adverse effect that the installation of the Generator may have on the appearance of the Building and the Property. Tenant shall be solely responsible for obtaining all necessary governmental and regulatory approvals and for the cost of installing, operating, maintaining and removing the Generator. Tenant shall not install or operate the Generator until Tenant has obtained and submitted to Landlord copies of all required governmental permits, licenses and authorizations necessary for the installation and operation of the Generator. In addition to, and without limiting Tenant's obligations under the Lease, Tenant shall comply with all applicable environmental and fire prevention Laws pertaining to Tenant's use of the Generator Area. Tenant shall also be responsible for the cost of all utilities consumed in the operation of the Generator.

(b) Tenant shall be responsible for assuring that the installation, maintenance, operation and removal of the Generator shall in no way damage any portion of the Building or the Generator Area. To the maximum extent permitted by law, the Generator and all appurtenances in the Generator Area shall be at the sole risk of Tenant, and, except in connection with Landlord's gross negligence or willful misconduct, Landlord shall have no liability to Tenant if the Generator or any appurtenances installations are damaged for any reason. Subject to the waiver of subrogation provision of this Lease, Tenant agrees to be responsible for any damage caused to the Building or Property in connection with the installation, maintenance, operation or removal of the Generator and, in accordance with the terms of Article 15 hereof, to indemnify, defend and hold Landlord harmless from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable architects' and attorneys' fees (if and to the extent permitted by law), which may be imposed upon, incurred by, or asserted against Landlord in connection with the installation, maintenance, operation or removal of the Generator, including, without limitation, any environmental and hazardous materials claims. In addition to, and without limiting Tenant's obligations under the Lease, Tenant covenants and agrees that the installation and use of the Generator and appurtenances shall not adversely affect the insurance coverage for the Building. If for any reason, the installation or use of the Generator and/or the appurtenances shall result in an increase in the amount of the premiums for such coverage, then Tenant shall be liable for the full amount of any such increase.

(c) Tenant shall be responsible for the installation, operation, cleanliness, maintenance and removal of the Generator and the appurtenances, all of which shall remain the personal property of Tenant, and shall be removed by Tenant at its own expense at the expiration or earlier termination of the Lease. Tenant shall repair any damage caused by such removal, including the patching of any holes to match, as closely as possible, the color surrounding the area where the Generator and appurtenances were attached. Such maintenance and operation shall be performed in a manner to avoid any unreasonable interference with any other tenants or Landlord. Tenant shall take the Generator Area "as is" in the condition in which the Generator Area is in as of the date Tenant installs the

Generator, without any obligation on the part of Landlord to prepare or construct the Generator Area for Tenant's use or occupancy. Without limiting the foregoing, Landlord makes no warranties or representations to Tenant as to the suitability of the Generator Area for the installation and operation of the Generator. Tenant shall have no right to make any changes, alterations, additions, decorations or other improvements to the Generator Area without Landlord's prior written consent in accordance with the standards for Alterations in this Lease. Tenant agrees to maintain the Generator, including without limitation, any enclosure installed around the Generator in good condition and repair. Tenant shall be responsible for performing any maintenance and improvements to any enclosure surrounding the Generator so as to keep such enclosure in good condition.

(d) Tenant, upon prior notice to Landlord and subject to the rules and regulations enacted by Landlord, shall have access to the Generator and its surrounding area for the purpose of installing, repairing, maintaining and removing said Generator.

(e) Tenant shall only test the Generator before or after Business Hours and at a time mutually agreed to in writing by Landlord and Tenant in advance. Tenant shall be permitted to use the Generator Area solely for the maintenance and operation of the Generator and the Generator Area are solely for the benefit of Tenant. All electricity generated by the Generator may only be consumed by Tenant in the Premises.

(f) Landlord shall have no obligation to provide any services, including, without limitation, electric current, to the Generator Area.

(g) Tenant shall have no right to sublet the Generator Area or to assign its interest in the Generator Area hereunder, unless such assignment or sublease is in connection with the assignment of Tenant's interest under the Lease or a sublease of the Premises.

29.19 Roof Area.

(a) Tenant shall have the right to use the Roof Area, as hereinafter defined, to install supplemental HVAC systems, cell tower boosters, high frequency wireless local area network equipment, local exhaust equipment, and/or a communication satellite dish or antenna ("Equipment") for a period commencing as of the date that Tenant installs any of the Equipment in the Roof Area ("Roof Area Commencement Date") and terminating as of the expiration or earlier termination of the Term of the Lease. The "Roof Area" shall be an area on the roof of the Building designated by Landlord. Tenant shall be permitted to use the Roof Area solely for installation of the Equipment. Such installation shall be designed in such manner as to be easily removable and so as not to damage the roof of the Building. The Equipment and any replacement shall be subject to Landlord's approval, not to be unreasonably withheld, conditioned or delayed. Tenant's use of the Roof Area shall be upon all of the conditions of the Lease, except as follows:

(b) Tenant shall have no obligation to pay Yearly Rent, Tax Excess or Operating Expense Excess in respect of the Roof Area.

(c) Landlord shall have no obligation to provide any services to the Roof Area.

(d) Tenant shall have no right to make any changes, alterations, signs, decoration, or other improvements to the Roof Area or to the Equipment without Landlord's prior written consent, which consent Landlord shall not unreasonably withhold, condition or delay.

(e) Tenant shall have no right of access to the roof of the Building unless Tenant has given Landlord reasonable advance notice and unless Tenant's representatives are accompanied by a representative of Landlord. Landlord shall provide Tenant with twenty-four (24) hour access to the Roof Area, subject to Landlord's reasonable security procedures and restrictions based on emergency conditions and to other causes beyond Landlord's reasonable control. Tenant shall give Landlord reasonable advance written notice of the need for access to the Roof Area (except that such notice may be oral in an emergency), and Landlord must be present during any entry by Tenant onto the Roof Area. Each notice for access shall be in the form of a work order referencing the lease and describing, as applicable, the date access is needed, the name of the contractor or other personnel requiring access, the name of the supervisor authorizing the access/work, the areas to which access is required, the Building common elements to be impacted (risers, electrical rooms, etc.) and the description of new equipment or other Equipment to be installed and evidence of Landlord's approval thereof. In the event of an emergency, such notice shall follow within five (5) days after access to the Roof Area.

(f) At the expiration or prior termination of Tenant's right to use the Roof Area, Tenant shall remove all Installations (including, without limitation, the Equipment) from the Roof Area and any associated cables, etc., elsewhere in the Building.

(g) Tenant shall be responsible for the cost of repairing any damage to the roof of the Building caused by the installation or removal of any Equipment.

(h) Tenant shall have no right to sublet the Roof Area.

(i) No other person, firm or entity (including, without limitation, other tenants, licensees or occupants of the Building) shall have the right to benefit from the services provided by the Equipment other than Tenant, Tenant's Affiliates, assignees, subtenants and permitted occupants and their respective agents, employees and invitees.

(j) In the event that Landlord performs repairs to or replacement of the roof, Tenant shall, at Tenant's cost, remove the Equipment until such time as Landlord has completed such repairs or replacements. Tenant recognizes that there may be an interference with Tenant's use of the Equipment in connection with such work. Landlord shall use reasonable efforts to complete such work as promptly as possible and to perform such work in a manner which will minimize or, if reasonably possible, eliminate any interruption in Tenant's use of the Equipment.

(k) Any services required by Tenant in connection with Tenant's use of the Roof Area or the Equipment shall be installed by Tenant, at Tenant's expense, subject to Landlord's prior approval, not to be unreasonably withheld, conditioned or delayed.

(l) To the maximum extent permitted by law, all Equipment in the Roof Area shall be at the sole risk of Tenant, and Landlord shall have no liability to Tenant in the event that any Equipment is damaged for any reason.

(m) Tenant shall take the Roof Area "as-is" in the condition in which the Roof Area is in as of the Roof Area Commencement Date. Landlord makes no warranties or representations to Tenant as to the suitability of the Roof Area for the installation and operation of the Equipment. Tenant shall have no right to make any changes, alterations, additions, decorations or other improvements to the Roof Area without Landlord's prior written consent, not to be unreasonably withheld.

(n) Tenant shall comply with all applicable laws, ordinances and regulations in Tenant's use of the Roof Area and the Equipment.

(o) Landlord shall have the right, upon sixty (60) days' notice to Tenant, to require Tenant to relocate the Roof Area to another area ("**Relocated Rooftop Area** ") on the roof of the Building suitable for the use of the Equipment. In such event, Tenant shall on or before the sixtieth (60th) day after Landlord gives such notice, relocate all of its Equipment from the Roof Area to the Relocated Rooftop Area. Any relocations of the Roof Area shall be at Landlord's cost and expense.

(p) In addition to complying with the applicable construction provisions of the Lease, Tenant shall not install or operate Equipment in any portion of the Roof Area until (x) Tenant shall have obtained Landlord's prior written approval, which approval will not be unreasonably withheld, conditioned or delayed, of Tenant's plans and specifications for the placement and installation of the Equipment in the Roof Area, and (y) Tenant shall have obtained and delivered to Landlord copies of all required governmental and quasi-governmental permits, approvals, licenses and authorizations necessary for the lawful installation, operation and maintenance of the Equipment. The parties hereby acknowledge and agree, by way of illustration and not limitation, that Landlord shall have the right to withhold its approval of Tenant's plans and specifications hereunder, and shall not be deemed to be unreasonable in doing so, if Tenant's intended placement or method of installation or operation of the Equipment (i) may subject other licensees, tenants or occupants of the Building, or other surrounding or neighboring landowners or their occupants, to signal interference, Tenant hereby acknowledging that a shield may be required in order to prevent such interference, (ii) does not minimize to the fullest extent practicable the obstruction of the views from the windows of the Building that are adjacent to the Equipment, if any, or (iii) may constitute a violation of any consent, approval, permit or authorization necessary for the lawful installation of the Equipment.

(q) In addition to the indemnification provisions set forth in the Lease which shall be applicable to the Roof Area, Tenant shall, to the maximum extent permitted by law and subject to the provisions of Article 19 above, indemnify, defend, and hold Landlord, its agents, contractors and employees harmless from any and all claims, losses, demands, actions or causes of actions suffered by any person, firm, corporation, or other entity arising from the negligence or willful misconduct of Tenant, its agents, employees or contractors in connection with Tenant's use of the Roof Area.

(r) Landlord shall have the right to designate or identify the Equipment with or by a lease or license number (or other marking) and to place such number (or marking) on or near such Equipment.

29.20 Dog Friendly Premises.

Notwithstanding anything to the contrary contained elsewhere in the Lease, provided that Tenant itself and/or Permitted Transferees and Affiliated Entities are leasing the equivalent square footage of one full floor in the Building, Tenant shall be permitted to bring fully domesticated and trained dogs, kept by the Tenant's employees as pets into the Premises, on the following terms and conditions (the "**Dog Rules and Regulations** ").

(a) Tenant must submit its application(s) for each dog via Landlord's designated tenant work order request system. Landlord requires property management's in person pre-screening of all dogs prior to application approval.

(b) Tenant's employee must submit to Landlord copies of the dog's current license and vaccinations upon application.

(c) Tenant (i) must maintain company liability insurance reasonably acceptable to Landlord against dog incidents and provide Landlord with evidence of such coverage, and (ii) takes full responsibility for the management of its permitted dogs and issues that arise within its premises and the Building related to the dogs it permits. Such incidents may include, but are not limited to co-employee issues, co-tenant complaints, and guest concerns, dog interactions with other dogs, additional maintenance, and dog behavior. Tenant agrees that Landlord shall have no responsibility or liability whatsoever for any loss, damage, or injury whatsoever caused by any such dogs, and Tenant shall indemnify, defend and hold Landlord harmless against and from all liabilities, obligations, damages, penalties, claims, actions, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and other professional fees (if and to the extent permitted by Law), which may be imposed upon, incurred by or asserted against Landlord in connection with any such dogs.

(d) Any Tenant desiring to permit dogs will be responsible for all dog related housekeeping and maintenance expenses determined as necessary by Landlord and incurred by Landlord in the maintenance of Tenant's premises beyond building standard contract services.

(e) This right is limited to three (3) dogs on the First Floor Premises and up to five (5) dogs on the Second Floor Premises at any one time.

(f) Access to and egress from the Building and tenant premises shall be as follows:

- (i) Enter or exit the Building using only the service entrance next to the Building loading dock using an approved access device.
- (ii) Access or exit the elevator bank using only the service corridor utilizing an approved access device.
- (iii) Access and exit the Second Floor Premises only via the Service Elevator designated specifically for dog accessibility or via the internal staircase between the First Floor Premises and the Second Floor Premises.
- (iv) Access or depart Tenant's Premises without entering any other areas of the Building such as common area restrooms or stairwells, or other, except as set forth in clauses (i)-(iii) above.

(g) Dogs are not permitted on passenger elevators, in restrooms, fire stairwells (except in an emergency), bicycle room, the conference facility, the locker rooms, the main lobby, or in any Building public or common space existing currently or designated as such by Landlord in the future, except the areas designated in clauses (i)-(iii) above.

(h) Dogs are not permitted in the landscaped areas adjacent to the property and cannot be in the vicinity of either the Canal Street or First Street entrances to the building lobby.

(i) Landlord reserves the right, from time to time, to ban certain breeds of dogs, at its sole discretion, and to modify the Dog Rules & Regulations as it deems necessary.

(j) Any violation of these rules shall entitle Landlord to disallow any and all dogs in the Premises thereafter by notice to Tenant thereof. If Tenant continues to bring dogs into the Building after receiving such notice from Landlord, then such action shall constitute a default under the Lease.

(k) The rights of Tenant under this Section 29.20 are personal to HubSpot, Inc. and any Permitted Assignee, and may not be exercised by any other tenant, subtenant, licensee, or other occupant of the Premises or any portion thereof.

Additional restrictions:

- Dogs in excess of 40 pounds, taller than 24 inches (or otherwise, in the reasonable discretion of Landlord or its property manager), and not "house broken" are prohibited from the Building.
- Any observed aggressive behavior, such as growling, barking, chasing, nipping or biting will result in the dog being permanently removed from the Building.
- Any dog with excessive odors or perceived to be unhealthy, unclean, infested with fleas/ticks/other, or not adequately groomed, will not be permitted into the Building.
- All dogs must be attended at all times; must always be on a leash when outside the Premises as access and exit occurs and while on the exterior property of Landlord.
- Tenants are required to clean up after their dogs whether in any designated dog relief area, or on sidewalks and streets, pursuant to any applicable City of Cambridge ordinance.
- Any dog "accidents" or failure of Tenant to clean up after its permitted dogs will result in any offending dog being banned permanently from the Building. Additionally, "puppy pads" or similar indoor relief treatments and measures are strictly prohibited.
- Tenants shall be responsible for the cost of all cleaning, pest control (e.g. treatment for ticks and fleas), and all other items associated with their dogs, which costs shall be Additional Rent.

29.21 Soda Fountain.

Tenant shall have the right to install one (1) or more soda fountains in the Premises in accordance with the provisions of Article 12 above, and Tenant will not be required to remove such soda fountains at the end of the Term.

29.22 Exterior Patio Space.

Tenant shall have the exclusive right to use the so-called patio area located adjacent to the First Floor Premises shown on **Exhibit 8** attached hereto ("Patio "), subject to Landlord's reasonable rules and regulations with respect thereto in effect from time to time and to the terms and conditions set forth below. Use of the Patio in shall be without charge to Tenant, but Landlord may pass through to Tenant its actual costs incurred due to Tenant's exclusive use of the Patio (such as excess cleaning costs). Tenant shall have the right to section off the Patio, in a first-class manner and subject to Landlord's reasonable approval, from the rest of the Building and to prevent other tenants in the Building from using the Patio during the Term. Tenant shall have the right to install electrical outlets in the Patio subject to the provisions of Articles 12 and 13 above.

Tenant shall keep the Patio neat and free of trash, and Tenant shall be responsible for all non-structural maintenance and repairs to the Patio. Landlord shall have no obligation to provide any services to the Patio. To the extent applicable, all provisions of this Lease

shall apply to Tenant's use of the Patio, provided that Tenant shall not be required to pay Base Rent or Additional Rent on account of Operating Expenses and Taxes with respect to the Patio, and Landlord shall not be required to provide any services to the Patio. In no event shall the square footage of the Patio be included in the Rentable Area of the Premises. Tenant's right granted herein to use the Patio is neither transferable nor assignable except in connection with a permitted assignment of the Lease or permitted sublet of the Premises. In no event shall any smoking be permitted on the Patio. Tenant may install heaters on the patio, provided, however, that such heaters must be removed by Tenant and stored by Tenant when such heaters are not in use.

Tenant's lease of the Patio shall be upon all of the terms and conditions set forth in the Lease applicable to the Premises, except to the extent inconsistent with the terms of this Section 29.22.

Tenant shall take the Patio "as-is," in the condition in which the Patio is in as of the date hereof, without any obligation on the part of Landlord to provide any leasehold improvements to the Patio and without any representation or warranty by Landlord to Tenant as to the condition of the Patio or the Building.

Tenant may, at its sole cost and expense, place furniture (the "Furniture") in the Patio, provided that (A) the Furniture is of a first-class standard of quality and appearance consistent with the design and construction of the Building; (B) the Furniture shall not be used or placed in the Patio until (1) its design, size, color and position are first approved by Landlord in writing, which approval shall not be unreasonably withheld, conditioned or delayed, and (2) its method of attachment or installation is first approved by Landlord in writing, which approval may be withheld in Landlord's reasonable discretion; (C) Tenant shall be solely responsible for stacking and securing the Furniture when not in use and for removing the Furniture from the Patio and storing same within the Premises during the off-season determined by Tenant and reasonably approved by Landlord; and (D) Tenant shall be solely responsible for any destruction, damage, theft or vandalism of, or to, the Furniture. Tenant hereby covenants and agrees that it shall not: (x) erect or place any canopy or other enclosure or covering on the Patio; or (y) permit any music or other similar sounds to be heard in the Patio without Landlord's prior written approval, which shall not be unreasonably withheld, conditioned or delayed. Tenant shall have the right to play music after business hours and during social events, provided that such music does not disturb or interfere with the rights of other tenants in the Building and provided that such music is not in violation of applicable City of Cambridge noise ordinance or materially interferes with other tenants' use, occupancy or quiet enjoyment of the Premises.

The rights of Tenant under this Section 29.22 are personal to HubSpot, Inc. and any Permitted Assignee (and any affiliates or permitted occupants), and may not be exercised by any other tenant, subtenant, licensee, or other occupant of the Premises or any portion thereof

Prior to the expiration of the Term of the Lease or within two (2) business days after any earlier termination of this Lease, Tenant, at its sole cost and expense, shall remove the Furniture from the Patio and restore the Patio to its condition prior to Tenant's use thereof, ordinary wear and tear excepted. If Tenant fails to do so, then Landlord may remove the Furniture and restore the Patio, and Tenant shall reimburse Landlord for the cost of such removal and restoration immediately upon demand.

IN WITNESS WHEREOF the parties hereto have executed this Deed of Lease in multiple copies, each to be considered an original hereof, as a sealed instrument on the day and year noted in Exhibit I as the Execution Date.

LANDLORD:

BCSP CAMBRIDGE TWO PROPERTY LLC,
a Delaware limited liability company

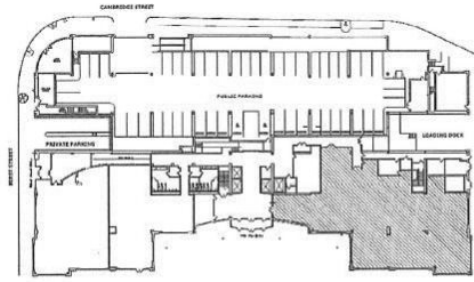
By: /s/ Philip J. Brannigan, Jr.
Name: Philip J. Brannigan, Jr.
Title: Managing Director

TENANT:

HUBSPOT, INC.,
a Delaware corporation

By: /s/ John P. Kelleher
Name: John P. Kelleher
Title: Secretary & General Counsel
Hereunto Duly Authorized

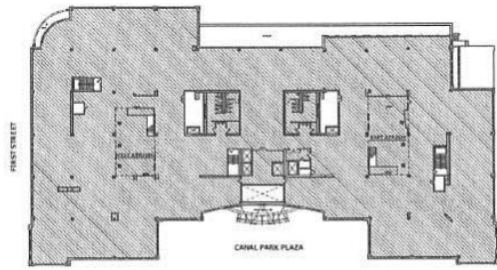
EXHIBIT 2, SHEET 1
LEASE PLAN, FIRST FLOOR PREMISES



2 CANAL PARK **FIRST FLOOR**



EXHIBIT 2, SHEET 2
LEASE PLAN, SECOND FLOOR PREMISES



2 CANAL PARK SECOND FLOOR



NELSON

EXHIBIT 3

INSURANCE PROVISIONS

1. TENANT INSURANCE

- A. Tenant shall procure, maintain and pay for, from a company or companies lawfully authorized to do business in the jurisdiction in which the Building is located having a rating of A-VIII or better by AM Best and otherwise reasonably acceptable to Landlord, the following types of insurance as will protect the Tenant and Landlord against claims which may be claimed to have occurred from and after the time Tenant and/or its contractors first enter the Premises and continuing through the expiration of the Term of this Lease or, if later, the last day that Tenant or anyone claiming by, through or under Tenant is in occupancy of all or a portion of the Premises:
- (i) Commercial General Liability Insurance, as hereinafter defined, with the following minimum limits:
 - (a) \$1,000,000 Each Occurrence;
 - (b) \$2,000,000 General Aggregate
 - (c) \$1,000,000 Personal and Advertising Injury; and
 - (d) \$2,000,000 Products-Completed Operations Aggregate.
 - (ii) Umbrella/Excess Liability Insurance, as hereinafter defined, with a per occurrence and annual aggregate limit of \$4,000,000 per location (" Umbrella Limit ").
 - (iii) Property Insurance, as hereinafter defined, insuring Tenant's personal property and trade fixtures in and about the Premises and the Later Alterations (as defined in Article 18) in an amount equal to one hundred percent (100%) replacement cost value.
 - (iv) Terrorism coverage, where commercially available, is recommended.
- B. In no event shall Landlord be responsible for Tenant's business interruption exposure or loss which shall be the Tenant's sole responsibility. The foregoing shall not, however, affect any provisions for rent abatement which are specifically set forth in the Lease.
- C. All insurance required of Tenant (and Tenant's contractors) shall be primary and non-contributory and maintained under valid and enforceable policies, for the full limits and coverage terms required herein. To the extent such a provision is then available from Tenant's insurer, such insurance shall provide that it shall not be canceled or the coverages be changed or reduced below the minimum amounts and coverages required under this Lease without at least thirty (30) days' (10 days' in the event of cancellation for nonpayment of premium) prior written notice to Landlord, and in any event, Tenant shall provide Landlord with at least thirty (30) days' prior written notice of any such cancellation or reduction in the amounts or types of such insurance below the minimum amounts and coverages required under this Lease. On or before the time Tenant and/or its contractors enter the Premises in accordance with Articles 4 and 12 of this Lease and thereafter not less than ten (10) days prior to the expiration date of each expiring policy, certificates of insurance evidencing insurance coverage required herein together with evidence satisfactory to Landlord of the payment of all premiums for such policies, shall be delivered by Tenant to Landlord, and certificates as aforesaid of such policies shall, upon request of Landlord, be delivered by Tenant to the holder of any mortgage affecting the Premises.
- D. Landlord may require, from time to time additional insurance coverages and limits as may be reasonable and customary for similar first-class office buildings in the Cambridge, Massachusetts.
- E. In the event Tenant subleases all or any part of the Premises, Tenant shall require its subtenant(s) to also carry and maintain the same insurance coverage terms and limits as required herein of Tenant.
- F. Landlord makes no representation or warranty to Tenant that the amount of insurance required to be carried by Tenant under the terms of this Lease is adequate to fully protect Tenant's interests. Tenant is encouraged to evaluate its insurance needs and obtain whatever additional types or amounts of insurance that it may deem desirable or appropriate.

2. TENANT CONTRACTOR INSURANCE

- A. Tenant shall cause contractors employed by Tenant to carry:
- (i) Worker's Compensation Insurance in compliance with statutory requirements, and Employer's Liability Insurance, as hereinafter defined,
 - (ii) Automobile Liability Insurance, and
 - (iii) Commercial General Liability and Umbrella Liability Insurance covering such contractors on or about the Premises in the amount stated in Section 1.A. above or in such other reasonable amount as Landlord shall require.

- B. Tenant shall submit, or shall cause such contractors employed by Tenant to submit, certificates evidencing such coverage to Landlord prior to the commencement of any Alterations in or to the Premises and at least 15 days prior to any policy renewals.
- C. All insurance carried by Tenant's Contractors shall be primary and non-contributory and Tenant shall cause each of Tenant's contractors to require and maintain the foregoing insurance requirements of its subcontractors and sub-subcontractors at all tiers.

3. LANDLORD INSURANCE

During the entire Term of this Lease, and adjusting insurance coverages to reflect current values from time to time, Landlord shall keep the Building (excluding Later Alterations, as defined in Article 18, and any personal property or trade fixtures belonging to Tenant or those claiming by, through or under Tenant) insured against loss or damage caused by any peril covered under fire, extended coverage and all risk insurance in an amount equal to one hundred percent (100%) replacement cost value above foundation walls.

Landlord shall maintain Liability insurance with a limit of \$5,000,000 per occurrence and in the aggregate and such coverage may be achieved by a combination of CGL and Umbrella liability policies.

Landlord shall maintain or cause to be maintained Garage keepers Legal Liability coverage with limits that are reasonable and customary for similar properties and exposures in the same geographic region.

If and to the extent Landlord or Landlord's property manager has any employees, Landlord shall maintain or cause its property manager to maintain statutory workers' compensation insurance and employer's liability insurance in a commercially reasonable amount determined by Landlord.

4. DEFINITIONS

- A. Commercial General Liability Insurance : commercial general liability insurance including coverage for bodily injury (inclusive of but not limited to coverage for death, and mental anguish), property damage, premises operations, personal & advertising injury, independent contractors, products and completed operations, and contractual liability coverages. Such policy shall provide coverage on an occurrence form and be endorsed to have the General Aggregate set forth above apply on a per location basis, and the deductibles and/or self-insured retentions thereunder shall be commercially reasonable. The Contractual General Liability Insurance shall include coverage sufficient to meet Tenant's indemnity obligations in this Lease to the extent they are insurable. Landlord, Landlord's managing agent any other parties requested by Landlord from time to time in writing shall each be added as an additional insured (using form CG2010(11/85) or equivalent, or another form reasonably approved by Landlord in writing) on a primary non-contributory basis on the Commercial General Liability Insurance policy.
- B. Umbrella/Excess Liability Insurance : umbrella/excess liability insurance on a follow form basis with a per occurrence and annual aggregate limit of the Umbrella Limit set forth above per location. Coverage shall be excess of Commercial General Liability Insurance (including products and completed operations coverage), Automobile Liability Insurance (if applicable) and Employer's Liability Insurance (if applicable) with coverage being concurrent with and not more restrictive than the underlying insurance policies and shall include the same additional insured provisions as the Commercial General Liability Insurance, and the deductibles and/or self-insured retentions thereunder shall be commercially reasonable.
- C. Property Insurance : property insurance against loss or damage caused by any peril covered under an all risk insurance policy or its equivalent. The Property Insurance policy shall include coverage for business interruption including extra expense to insure Tenant's ongoing business operations at Premises should the Tenant be unable to continue operations due to an insurable event. Tenant is also responsible for any and all boiler & machinery/machinery and equipment insurance relating to its own equipment, and such Property Insurance shall include such coverage. The deductibles and/or self-insured retentions under such Property Insurance shall be commercially reasonable. The proceeds of such Property Insurance shall first be used for the replacement or restoration of such personal property or trade fixtures and the Later Alterations until such restoration or replacement is complete and then to mitigate business interruption loss and extra expense. Such insurance shall include waivers of subrogation (as included in Article 19).
- D. Employer's Liability Insurance : employer's liability insurance in the amount of \$500,000 each accident for bodily injury by accident, \$500,000 each employee for bodily injury by disease, and \$500,000 policy limit for bodily injury by disease, or such other amount as may be required by the Umbrella/Excess Liability Insurance to effect umbrella coverage.

EXHIBIT 4

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls or other parts of the Building not occupied by any tenant shall not be obstructed or encumbered by any tenant or used for any purpose other than ingress and egress to and from the Premises, and if the Premises are situated on the ground floor of the Building, the tenant thereof shall, at said tenant's own expense, keep the sidewalks and curb directly in front of said Premises clean and free from ice and snow. Landlord shall have the right to control and operate the public portions of the Building, and the facilities furnished for the common use of the tenants, in such a manner as Landlord deems best for the benefit of the tenants generally. No tenant shall permit the visit to its premises of persons in such numbers or under such conditions as to interfere with the use and enjoyment by other tenants of the entrances, corridors, elevators and other public portions or facilities of the Building.
2. No awnings or other projections shall be attached to the outside walls of the Building without the prior written consent of Landlord. No drapes, blinds, shades, or screens shall be attached to or hung in, or used in connection with any window or door of the Premises, without the prior written consent of Landlord. Such awnings, projections, curtains, blinds, shades, screens or other fixtures must be of a quality, type, design and color, and attached in the manner approved by Landlord. Drapes installed by the tenant for their use must be cleaned by the tenant. Landlord shall have the right to require Tenant to remove, in Landlord's reasonable discretion, any items placed on the windowsills of the Premises that are visible from outside of the Building.
3. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by tenant on any part of the outside or inside of the Premises or Building without the prior written consent of Landlord. In the event of the violation of the foregoing by any tenant, Landlord may remove same without any liability, and may charge the expense incurred by such removal to the tenant or tenants violating this rule. Interior signs on doors and directory tablet shall be inscribed, painted or affixed for each tenant by Landlord at the expense of such tenant, and shall be of a size, color and style acceptable to Landlord.
4. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors or vestibules without the prior written consent of Landlord.
5. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees, shall have caused the same.
6. There shall be no marking, painting, drilling into or in any way defacing any part of the Premises or the Building. No boring, cutting or stringing of wires shall be permitted. Tenant shall not construct, maintain, use or operate within the Premises or elsewhere within or on the outside of the Building, any electrical device, wiring or apparatus in connection with a loud speaker system or other sound system.
7. No bicycles, vehicles or animals, birds or pets of any kind (other than animals providing assistance to persons with disabilities) shall be brought into or kept in or about the Premises, and no cooking shall cause or permit any unusual or objectionable odors to be produced upon or emanate from the Premises.
8. The Premises shall not be used for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods or property of any kind at auction.
9. No tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises of those having business with them whether by the use of any musical instrument, radio, talking machine, unmusical noise, whistling, singing, or in any other way. No tenant shall throw anything out of the doors or windows or down the corridors or stairs.
10. No inflammable, combustible or explosive fluid, chemical or substance shall be brought or kept upon the Premises.
11. No additional locks or bolts of any kind shall be placed upon any of the doors, or windows by any tenant, nor shall any changes be made in existing locks or the mechanism thereof. The doors leading to the corridors or main halls shall be kept closed during Business Hours except as they may be used for ingress or egress. Each tenant shall, upon the termination of its tenancy, restore to Landlord all keys to stores, offices, storage, and toilet rooms either furnished to or otherwise procured by such tenant, and in the event of the loss of any keys, so furnished, such tenant shall pay to Landlord the cost thereof.
12. All removals, or the carrying in or out of any safes, freight, furniture or bulky matter of any description must take place during the hours which Landlord or its Agent may determine from time to time. Landlord reserves the right to inspect all freight to be brought into the Building and to exclude from the Building all freight which violates any of these Rules and Regulations or this Lease of which these Rules and Regulations are a part.
13. Landlord shall have the right to prohibit any advertising by any tenant which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability as a building for offices, and upon written notice from Landlord, tenant shall refrain from or discontinue such advertising.

14. Any person employed by any tenant to do janitorial work within the Premises must obtain Landlord's consent and such person shall, while in the Building and outside of said Premises, comply with all instructions issued by the Superintendent of the Building. No tenant shall engage or pay any employees on the Premises, except those actually working for such tenant on said Premises.

15. Landlord reserves the right to exclude from the Building at all times any person who is not known or does not properly identify himself to the building management or watchman on duty. Landlord may at his option require all persons without access cards who are admitted to or leaving the Building between the hours of 6:00 p.m. and 8:00 a.m., Monday through Saturday, Sundays and legal holidays to register. Each tenant shall be responsible for all persons for whom it authorizes entry into or exit out of the Building, and shall be liable to Landlord for all acts of such persons.

16. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purpose.

17. Each tenant, before closing and leaving the premises at any time, shall see that all windows are closed and all lights turned off.

18. The requirements of tenant will be attended to only upon application at the office of the Building. Employees shall not perform any work or do anything outside of the regular duties, unless under special instruction from the management of the Building.

19. Canvassing, soliciting and peddling in the Building are prohibited, and each tenant shall cooperate to prevent the same.

20. Only hand trucks equipped with rubber tires and side guards may be used in the Building.

21. Access plates to underfloor conduits shall be left exposed. Where carpet is installed, carpet shall be cut around access plates. Where tenant elects not to provide removable plates in their carpet for access into the underfloor duct system, it shall be the tenant's responsibility to pay for the removal and replacement of the carpet for any access needed into the duct system at any time in the future.

22. Mats, trash or other objects shall not be placed in the public corridors.

23. Landlord does not maintain or clean suite finishes which are non-standard, such as kitchens, bathrooms, wallpaper, special lights, etc. However, should the need for repairs arise, Landlord will arrange for the work to be done at the tenant's expense.

24. Landlord will furnish and install light bulbs for the building standard fluorescent or incandescent fixtures only. For special fixtures, the tenant will stock his own bulbs, which will be installed by Landlord when so requested by the tenant.

25. Tenant shall comply with all workplace smoking Laws. There shall be no smoking in bathrooms, elevator lobbies, elevators, and other common areas, or anywhere in the Building or the Garage or within the no-smoking zones outside the Building as designated by Landlord, from time to time (Tenant acknowledging that the entire Building is smoke-free).

26. Each tenant shall handle its newspapers and "office paper" in the manner required by applicable law and shall conform with any recycling plan instituted by Landlord.

27. Prior to serving alcoholic beverages in the Premises, Tenant shall obtain from Landlord a copy of Landlord's then-current policies regarding alcoholic beverages, and shall comply therewith (including, without limitation, compliance with the insurance requirements set forth therein).

28. Violation of these rules and regulations, or any amendments thereto, shall be a default under this Lease, entitling Landlord to all remedies therefor.

29. Landlord may upon request by any tenant, waive the compliance by such tenant of any of the foregoing rules and regulations, provided that (i) no waiver shall be effective unless signed by Landlord or Landlord's authorized Agent, (ii) any such waiver shall not relieve such tenant from the obligation to comply with such rule or regulation in the future unless expressly consented to by Landlord, and (iii) no waiver granted to any tenant shall relieve any other tenant from the obligation of complying with the foregoing rules and regulations unless such other tenant has received a similar waiver in writing from Landlord.

30. In the event of any conflict between any provisions in this Lease and these rules and regulations, the provisions set forth in this Lease shall control.

EXHIBIT 5

FORM OF COMMENCEMENT DATE AGREEMENT

Reference is made to that certain Lease by and between **[[Landlord name]]**, a _____, Landlord, and _____, a _____, Tenant, and dated _____.

Landlord and Tenant hereby confirm and agree that:

1. The Commencement Date under this Lease is _____.
2. The Rent Commencement Date under this Lease is _____.
3. The Expiration Date under this Lease is _____.

4. With respect to the initial build-out of the Premises, Tenant shall be required to remove the following items at the expiration or earlier termination of the Lease: all telecommunication, computer, and other cabling installed by or for Tenant in the Premises or elsewhere in the Building, and _____. Tenant's obligations to remove any further Alterations to the Premises shall be governed by the provisions of the Lease, including, without limitation, Articles 12 and 22 thereof.

This Commencement Date Agreement is executed as of _____, 201_____.

LANDLORD:

,
a _____
By: _____
Name: _____
Title: _____

TENANT:

,
a _____
By: _____
Name: _____
Title: _____
Hereunto Duly Authorized _____

EXHIBIT 6

FORM OF LETTER OF CREDIT

BENEFICIARY:

ISSUANCE DATE:

_____, 201__

[[LANDLORD]]

IRREVOCABLE STANDBY
LETTER OF CREDIT NO.

ACCOUNTTEE/APPLICANT:

MAXIMUM/AGGREGATE
CREDIT AMOUNT:

\$ _____

USD: _____

LADIES AND GENTLEMEN:

We hereby establish our irrevocable letter of credit in your favor for account of the applicant up to an aggregate amount not to exceed \$ _____ US Dollars available by your draft(s) drawn on ourselves at sight accompanied by:

Your statement, signed by a purportedly authorized officer/official certifying that the Beneficiary is entitled to draw upon this Letter of Credit (in the amount of the draft submitted herewith) pursuant to this Lease (the "Lease") dated _____ by and between _____, as Landlord, and _____, as Tenant.

Draft(s) must indicate name and issuing bank and credit number and must be presented at this office.

You shall have the right to make partial draws against this Letter of Credit from time to time.

Funds will be made available to Beneficiary on the same day as a sight draft is presented by Beneficiary.

This Letter of Credit is transferable without charge to you at any time and from time to time and may be transferred in its entirety only. In the event of a transfer, we reserve the right to require reasonable evidence of such transfer as a condition to any draw hereunder. Any such transfer is to be effective at our counters and is contingent upon:

- A. The satisfactory completion of our transfer form attached hereto; and
- B. The return of the original of this Letter of Credit and all amendments thereto for endorsement thereon by us to the transferee.

This Letter of Credit shall expire at our office on _____, 201__ (the "Stated Expiration Date"). It is a condition of this Letter of Credit that the Stated Expiration Date shall be deemed automatically extended without amendment for successive one (1) year periods from such Stated Expiration Date, unless at least forty-five (45) days prior to such Stated Expiration Date (or any anniversary thereof) we shall notify you and the Accountee/Applicant in writing by certified mail (return receipt) that we elect not to consider this Letter of Credit extended for any such additional one (1) year period.

We expressly agree and acknowledge that we shall not refuse to pay on any draw permitted under this Letter of Credit in the event that the Accountee/Applicant opposes, contests or otherwise attempts to interfere with any attempt by Landlord to draw down from said Letter of Credit.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the "Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Publication No. 500 (1993 Revision)".

EXHIBIT 7
EXTERIOR SIGN LOCATION

A vertical sign specification form. At the top is a logo for "CADWELL SIGN" with a stylized tree icon. Below the logo is the text "HubSpot". The form contains several fields: "NAME", "ADDRESS", "PHONE", "WEBSITE", and "QR CODE". There are checkboxes for "ILLUMINATED" and "REMOVABLE".

CADWELL SIGN
1000 North Street
Boston, MA 02111
www.cadwell-sign.com

NAME: HubSpot

ADDRESS: 1000 North Street
Boston, MA 02111

PHONE: 617-552-1000

WEBSITE: www.hubspot.com

ILLUMINATED

REMOVABLE

QR CODE: [QR Code]



2.5" deep fabricated horizontal grain brushed stainless steel lettering (non-illuminated). Sprocket shape is custom painted Pantone 151 C (satin finish), flush mount to building.
 33.22 square feet (allowance per City of Cambridge zoning bylaws is 60 square feet in area, maximum, for wall signs).

CADWELL SIGN
 Making Signs Right

Cadwell Signage Inc.
 1000 Highway 101
 Cambridge, MA 02142
 617.352.1100
www.cadwell.com

HubSpot

Product: _____
 Installation: _____
 Size: _____
 Material: _____
 Color: _____

Illuminated
 Non-Illuminated

Notes: _____



EXHIBIT 8

PATIO

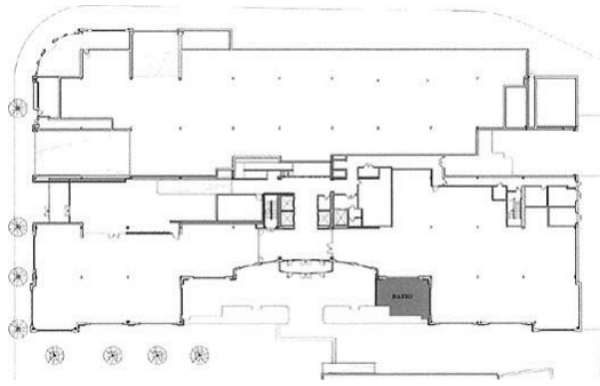


Exhibit 8 - 1

EXHIBIT 9
CLEANING SPECIFICATIONS

2 Canal Park

Overview

This Base Cleaning Specification has been designed to standardize the cleaning programs. Used in conjunction with the site-specific requirements section, it includes industry best practices as well as green cleaning processes to ensure a healthy and safe environment for the people who visit or work in our buildings.

It is based on a five-day-per-week service schedule and is formatted into three sections:

Section one includes the area types that can be found in both the common areas or the suite areas. The task and frequency sets associated with these area types remain constant regardless of “where” the areas are found.

Section two includes the area types that are found in the common areas only. These may, at times, require the cleaning tasks to be performed more frequently to recover from heavy use.

Section three includes the area types within the suites. Cleaning for these areas is focused on the needs commonly associated with tenant activities. In each case, the specifications are expressed in the industry-standard format utilizing annual frequencies (see Frequency Chart below).

Frequency Chart

<u>EXAMPLES OF FREQUENCY REQUIRED</u>	<u>ANNUAL FREQUENCY</u>
Five day service (daily)	260
Four times weekly	208
Twice weekly	104
Weekly service	52
Monthly service	12
Quarterly service	4
Yearly service	1

Specifications for Area Types Found in Common Areas and/or Suite Areas

Atriums, Entrances & Lobbies

<u>Task Description</u>	<u>Annual Frequency</u>
Clean door glass and other adjacent glass areas.	260
Dust furniture and spot clean all horizontal and vertical surfaces.	260
Empty general trash, replace liners when soiled or torn. Remove trash to designated area.	260
clean ash urns.	260
Spot clean carpet using approved carpet spotting equipment and supplies.	260
Dust mop floors with a water-based chemically treated dust mop.	260
Damp mop floors to remove dirt and spills.	260
Fully vacuum all walk-off mats	260
Vacuum entry door thresholds.	52
Dust areas above shoulder level and below knee level.	52
Spot clean telephones and sanitize receivers.	52
Burnish finished floor using electric burnisher.	48
Polish entry door thresholds.	12
Dust or vacuum air vents to remove loose dust, soil and cobwebs.	12
Dust window treatments including horizontal and vertical blinds.	4
Clean and polish wood furniture to restore finish. Exception: Citizens Bank Floors.	4
Vacuum fabric furniture.	4
Machine scrub hard surface floors.	4
Damp wipe light fixture exteriors to remove stains, dust and cobwebs.	1
Damp wipe trash containers to remove soil and stains.	1

Break Areas & Kitchenettes

<u>Task Description</u>	<u>Annual Frequency</u>
Empty break room trash, replace liners and tie-off at corners, clean obvious food and spills from exterior of trash container. Remove trash to designated area.	260
Dust and damp wipe horizontal and vertical break room surfaces including tops of microwave. Interior Microwave cleaning is an extra, please provide unit cost.	260
Dust mop floors with a water-based chemically treated dust mop.	260
Damp mop floors to remove dirt and spills.	260
Fully vacuum all carpeted areas from wall to wall.	260
Spot clean carpet using approved carpet spotting equipment and supplies.	260
Dust areas above shoulder level and below knee level.	52
Damp wipe trash containers to remove soil and stains.	12
Damp wipe air vents to remove dust, soil and cobwebs.	4
Dust window treatments including horizontal and vertical blinds.	4
Machine scrub and recoat floors using approved floor finish.	3
Hot-water extract carpeted areas using approved equipment and supplies.	2
Damp wipe light fixture exteriors to remove stains, dust and cobwebs.	1
Completely strip and refinish floors, apply three coats of approved floor finish and buff.	1

Copy / Mail / Fax Areas

<u>Task Description</u>	<u>Annual Frequency</u>
Empty general trash, replace liners when soiled or torn. Remove trash to designated area.	260
Spot clean carpet using approved carpet spotting equipment and supplies.	260
Using a backpack, spot vacuum carpets and hard surfaces to remove visible dirt, dust and debris.	208
Spot mop floors to remove visible dirt and spills.	208
Dust furniture and spot clean all horizontal and vertical surfaces.	52
Dust areas above shoulder level and below knee level.	52
Fully vacuum all carpeted areas from wall to wall.	52
Damp mop floors to remove dirt and spills.	52
Dust or vacuum air vents to remove loose dust, soil and cobwebs.	4
Dust window treatments including horizontal and vertical blinds.	4
Machine scrub and recoat floors using approved floor finish.	3
Dust light fixtures to remove exterior dust and cobwebs.	1
Damp wipe trash containers to remove soil and stains.	1

Conference Rooms

<u>Task Description</u>	<u>Annual Frequency</u>
Dust furniture and spot clean all horizontal and vertical surfaces.	260
Spot clean interior partition and door glass.	260
Empty general trash, replace liners when soiled or torn. Remove trash to designated area.	260
Spot clean carpet using approved carpet spotting equipment and supplies.	260
Vacuum carpeted traffic lanes and spot vacuum hard-to-reach areas.	208
Damp wipe dry erase boards and trays.	52
Dust areas above shoulder level and below knee level.	52
Spot clean telephones and sanitize receivers.	52
Fully vacuum all carpeted areas from wall to wall.	52
Dust or vacuum air vents to remove loose dust, soil and cobwebs.	4
Dust window treatments horizontal and vertical blinds coordinated with manager.	1
Dust light fixtures to remove exterior dust and cobwebs.	1
Damp wipe trash containers to remove soil and stains.	1

Elevators

<u>Task Description</u>	<u>Annual Frequency</u>
Clean elevator walls, doors, carpets, tile, hard surface floors, ceiling and stainless steel.	260
Vacuum elevator track.	104
Polish elevator tracks and all associated bright work including metal frames and other metallic surfaces.	52
Damp wipe light fixture exteriors to remove stains, dust and cobwebs.	1
	1

Janitor Closets

<u>Task Description</u>	<u>Annual Frequency</u>
Clean janitors' room sinks and floors, organize shelves and inspect equipment.	260
Dust or vacuum air vents to remove loose dust, soil and cobwebs.	4
Dust light fixtures to remove exterior dust and cobwebs.	1
Damp wipe trash containers to remove soil and stains.	1

Restrooms, Common

<u>Task Description</u>	<u>Annual Frequency</u>
Perform all daily restroom cleaning procedures; apply germicidal cleaner to all fixtures, refill dispensers, empty trash and replace liners, remove trash to designated area, spot clean mirrors and partitions, wipe fixtures & bright work clean, sweep and mop floors with germicidal cleaner.	260
With a germicidal cleaner, completely damp wipe restroom partitions including high/low areas.	52
Dust or vacuum air vents to remove loose dust, soil and cobwebs.	12
Wash restroom walls with germicidal cleaner.	12
Machine scrub restroom floors with germicidal cleaner.	12
Damp wipe light fixture exteriors to remove stains, dust and cobwebs.	12
Damp wipe trash containers and to remove soil and stains.	52

Stairwells, Common

<u>Task Description</u>	<u>Annual Frequency</u>
Spot clean carpeted stairs using approved carpet spotting equipment and supplies.	260
Spot mop hard surface or tile stairs.	208
Spot vacuum stairs using a backpack vacuum.	208
Damp mop stairs to remove dirt and spills.	208
Vacuum stairways, dust vertical and horizontal surfaces and spot clean.	52
Dust light fixtures to remove exterior dust and cobwebs.	1
Completely strip and refinish tiled landings, apply three coats of approved floor finish .	1

Trash Dumpster Enclosures

<u>Task Description</u>	<u>Annual Frequency</u>
Police exterior trash dumpster areas to remove litter.	52

Specifications for Area Types Found in Suites

Only Corridors, Suite

<u>Task Description</u>	<u>Annual Frequency</u>
Dust corridor furniture; spot clean all horizontal and vertical surfaces including interior and door glass.	260
Clean and polish drinking fountains.	260
Empty general trash, replace liners when soiled or torn. Remove trash to designated area.	260
Spot clean carpet using approved carpet spotting equipment and supplies.	260
Fully vacuum corridor carpets from wall to wall.	260
Dust mop hard surface floors with a water-based chemically treated dust mop.	260
Damp mop or auto scrub floors to remove dirt and spills.	260
Dust areas above shoulder level and below knee level.	52
Dust or vacuum air vents to remove loose dust, soil and cobwebs.	4
Dust window treatments including horizontal and vertical blinds.	4
Damp wipe light fixture exteriors to remove stains, dust and cobwebs.	1
Damp wipe trash containers to remove soil and stains.	1

Executive Offices, Suite

<u>Task Description</u>	<u>Annual Frequency</u>
Spot clean carpet using approved carpet spotting equipment and supplies.	260
Empty general trash, replace liners when soiled or torn. Remove trash to designated area.	260
Dust mop floors with a water-based chemically treated dust mop.	260
Damp mop floors to remove dirt and spills.	260
Fully vacuum carpets from wall to wall to remove dirt, dust and debris.	260
Dust furniture and spot clean all horizontal and vertical surfaces.	260
Dust areas above shoulder level and below knee level.	52
Dust or vacuum air vents to remove loose dust, soil and cobwebs.	4
Dust window treatments including horizontal and vertical blinds.	4
Dust light fixtures to remove exterior dust and cobwebs.	1
Damp wipe trash containers to remove soil and stains.	1

<u>Task Description</u>	<u>Annual Frequency</u>
Spot clean carpet using approved carpet spotting equipment and supplies.	260
Empty general trash, replace liners when soiled or torn. Remove trash to designated area.	260
Spot mop floors to remove visible dirt and spills.	260
Using a backpack, spot vacuum carpets to remove visible dirt, dust and debris.	260
Dust furniture and spot clean all horizontal and vertical surfaces.	52
Dust areas above shoulder level and below knee level.	52
Fully vacuum all carpeted areas from wall to wall.	52
Using a backpack, fully vacuum or dust mop hard surface floors to remove dirt, dust, etc.	52
Damp mop floors to remove dirt and spills.	52
Dust or vacuum air vents to remove loose dust, soil and cobwebs.	4
Dust window treatments including horizontal and vertical blinds.	4
Dust light fixtures to remove exterior dust and cobwebs.	1
Damp wipe trash containers to remove soil and stains.	1

EXHIBIT 10

FORM OF NONDISTURBANCE AGREEMENT

SUBORDINATION, NONDISTURBANCE, AND ATTORNMEN T AGREEMENT

This SUBORDINATION, NONDISTURBANCE, AND ATTORNMEN T AGREEMENT (this "Agreement") is entered into as of _____, 2015 (the "Effective Date"), between BANK OF AMERICA, N.A., a national banking association, as Administrative Agent on behalf of itself and other lenders who may become parties to the Loan Agreement (as defined below) from time to time, whose address is 225 Franklin Street, Boston, Massachusetts 02109, Attention: Commercial Real Estate Banking ("Mortgagee"), and _____, a _____, whose address is _____ ("Tenant"), with reference to the following facts:

A. BCSP CAMBRIDGE TWO PROPERTY LLC, a Delaware limited liability company, whose address is c/o Beacon Capital Partners, LLC, 200 State Street, 5th Floor, Boston, Massachusetts 02109 ("Landlord"), owns the real property located at Two Canal Park, Cambridge, MA (such real property, including all buildings, improvements, structures and fixtures located thereon, "Landlord's Premises"), as more particularly described in Schedule A.

B. Mortgagee and Lenders (as defined in the Loan Agreement) have made (or agreed to make) a loan to Landlord in the original principal amount of \$75,200,000.00 (the "Loan") pursuant to that certain Loan Agreement dated March 3, 2015 by and among Landlord, Lenders and Mortgagee (as amended or otherwise modified from time to time, the "Loan Agreement").

C. To secure the Loan, Landlord has encumbered (or will encumber) Landlord's Premises by entering into that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, each dated March 3, 2015, for the benefit of Mortgagee (as may be amended, increased, renewed, extended, spread, consolidated, severed, restated, or otherwise changed from time to time, the "Mortgage") recorded in the Middlesex (South) County Registry of Deeds (the "Land Records") on March 3, 2015 in Book 64997, Page 1.

D. Pursuant to a Lease, dated as of _____, [as amended on _____, _____ and _____, _____] ([as amended] the "Lease"), Landlord demised to Tenant a portion of Landlord's Premises as more particularly described in the Lease ("Tenant's Premises").

[E. A memorandum or short form of the Lease [is to be recorded in the Land Records prior to the recording of this Agreement.] [was recorded in the Land Records on _____, at Book _____, Page _____].]

F. Tenant and Mortgagee desire to agree upon the relative priorities of their interests in Landlord's Premises and their rights and obligations if certain events occur.

NOW, THEREFORE, for good and sufficient consideration and intending to be legally bound hereby, Tenant and Mortgagee agree:

1. Definitions. The following terms shall have the following meanings for purposes of this Agreement.

1.1 "Construction-Related Obligation(s)" means any obligation of Landlord under the Lease to make, pay for, or reimburse Tenant for any alterations, demolition, or other improvements or work at Landlord's Premises, including Tenant's Premises, if applicable. Construction-Related Obligations shall not include: (a) reconstruction or repair following fire, casualty or condemnation; or (b) day-to-day maintenance and repairs.

1.2 "Foreclosure Event" means: (a) foreclosure under the Mortgage; (b) any other exercise by Mortgagee of rights and remedies (whether under the Mortgage or under applicable law, including bankruptcy law) as holder of the Loan and/or the Mortgage, as a result of which Successor Landlord, as defined herein, becomes owner of Landlord's Premises; or (c) delivery by Landlord to Mortgagee (or its designee or nominee) of a deed or other conveyance of Landlord's interest in Landlord's Premises in lieu of any of the foregoing.

1.3 "Former Landlord" means Landlord and any other party that was landlord under the Lease at any time before the occurrence of any attornment under this Agreement.

1.4 "Offset Right" means any right or alleged right of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction, or abatement against Tenant's payment of Rent, as defined herein, or performance of Tenant's other obligations under the Lease, arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

1.5 "Rent" means any fixed rent or base rent and additional rent under the Lease.

1.6 "Successor Landlord" means any party that becomes owner of Landlord's Premises as the result of a Foreclosure Event.

1.7 "Termination Right" means any right of Tenant to cancel or terminate the Lease or to claim a partial or total eviction arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

2. Subordination. The Lease, including all rights of first refusal, purchase options and other rights of purchase, shall be, and shall at all times remain, subject and subordinate to the Mortgage, the lien and security interest imposed by the Mortgage and the right to enforce such lien or security interest, and all advances made under or secured by the Mortgage.

3. Nondisturbance, Recognition, and Attornment.

3.1 No Exercise of Mortgage Remedies Against Tenant. So long as the Lease has not been terminated on account of Tenant's default that has continued beyond applicable notice and cure periods (an "Event of Default"), Mortgagee shall not name or join Tenant as a defendant in any exercise of Mortgagee's rights and remedies arising upon a default under the Mortgage unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or prosecuting such rights and remedies. In the latter case, Mortgagee may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease, disaffirm the Lease or otherwise adversely affect Tenant's rights under the Lease or this Agreement in such action.

3.2 Nondisturbance and Attornment. If the Lease has not been terminated on account of an Event of Default by Tenant, then, if Successor Landlord takes title to Landlord's Premises or succeeds to the interest of the Landlord under the Lease: (a) Successor Landlord shall not terminate or disturb Tenant's possession of Tenant's Premises under the Lease, except in accordance with the terms of the Lease and this Agreement; (b) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (c) Tenant shall recognize and attorn to Successor Landlord as Tenant's direct landlord under the Lease as affected by this Agreement; provided, however, Tenant shall be under no obligation to pay to the Successor Landlord any rent or other sum payable pursuant to the Lease until Tenant receives a notice from Successor Landlord in accordance with Section 6 below that it has succeeded to the interest of Landlord under the Lease; and (d) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Landlord and Tenant.

3.3 Further Documentation. The provisions of this Article shall be effective and self-operative without any need for Successor Landlord or Tenant to execute any further documents. Tenant and Successor Landlord shall, however, confirm the provisions of this Article in writing upon request by either of them.

3.4 Default Under Mortgage. In the event that Mortgagee notifies Tenant of a default that has continued beyond applicable notice and cure periods under the Mortgage and demands that Tenant pay its rent and all other sums due under the Lease directly to Mortgagee, Tenant shall honor such demand and pay directly to Mortgagee the full amount of its rent and all other sums due under the Lease, without offset, or as otherwise required pursuant to such notice beginning with the payment next due after such notice of default, without inquiry as to whether a default actually exists under the Mortgage and notwithstanding any contrary instructions of or demands from Landlord.

4. Protection of Successor Landlord. Notwithstanding anything to the contrary in the Lease or the Mortgage, Successor Landlord shall not be liable for or bound by any of the following matters:

4.1 Claims Against Former Landlord. Any Offset Right that Tenant may have against any Former Landlord relating to any event or occurrence before the date of attornment, including any claim for damages of any kind whatsoever as the result of any breach by Former Landlord that occurred before the date of attornment. (The foregoing shall not limit (a) Tenant's right to exercise against Successor Landlord any Offset Right otherwise available to Tenant because of events occurring or continuing after the date of attornment, or (b) Successor Landlord's obligation to correct any conditions that existed as of the date of attornment and violate Successor Landlord's obligations as landlord under the Lease.)

4.2 Acts or Omissions of Former Landlord. Any act, omission, default, misrepresentation, or breach of warranty, of any previous landlord (including Former Landlord) (other than to cure defaults of a continuing nature) or obligations accruing prior to Successor Landlord's actual ownership of the Property; provided, however, that any Successor Landlord shall be liable and responsible for the performance of all covenants and obligations of Landlord under the Lease accruing from and after the date that it takes title to the Property.

4.3 Prepayments. Any payment of Rent that Tenant may have made to Former Landlord more than thirty (30) days before the date such Rent was first due and payable under the Lease with respect to any period after the date of attornment other than, and only to the extent that, the Lease expressly required such a prepayment, and except to the extent said Rent was paid to or received by Mortgagee.

4.4 Payment, Security Deposit. Any obligation (a) to pay Tenant any sum(s) that any Former Landlord owed to Tenant, or (b) with respect to any security deposited with Former Landlord, unless such security was actually delivered to Mortgagee. This Section is not intended to apply to Landlord's obligation to make any payment that constitutes a Construction-Related Obligation.

4.5 Modification, Amendment. Any modification or amendment of the Lease made without Mortgagee's written consent, if such amendment or modification (a) causes an offset of rent and/or reduces rent, (b) affects the size or measurement of the Premises, (c) changes the Term of the Lease, or (d) increases the obligations of Landlord under the Lease, unless the same is made in order to comply with applicable law, and exclusive of any amendment to the Lease memorializing the exercise of any rights of Tenant expressly contained in the Lease, including, without limitation, any option to expand the Premises or extend the Term.

4.6 Surrender, Etc. Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to the express terms of the Lease.

4.7 Construction-Related Obligations. Except as expressly provided below, any Construction-Related Obligation of Landlord under the Lease. Notwithstanding the foregoing, Successor Landlord shall be bound by the obligations of Landlord and the rights of Tenant under the last two sentences Section 4.5 of the Lease (i.e., Tenant's right to a rent credit and to terminate this Lease in the event of late delivery).

5. Exculpation of Successor Landlord. Notwithstanding anything to the contrary in this Agreement or the Lease, upon any attornment pursuant to this Agreement, the Lease shall be deemed to have been automatically amended to provide that Successor Landlord's obligations and liability under the Lease shall never extend beyond Successor Landlord's (or its successors' or assigns') interest, if any, in Landlord's Premises from time to time, including the rents and proceeds therefrom, including insurance and condemnation proceeds, Successor Landlord's interest in the Lease, and the proceeds from any sale or other disposition of Landlord's Premises by Successor Landlord (collectively, "Successor Landlord's Interest"). Tenant shall look exclusively to Successor Landlord's Interest (or that of its successors and assigns) including the rents and proceeds therefrom for payment or discharge of any obligations of Successor Landlord under the Lease as modified by this Agreement. If Tenant obtains any money judgment against Successor Landlord with respect to the Lease or the relationship between Successor Landlord and Tenant, then Tenant shall look solely to Successor Landlord's Interest (or that of its successors and assigns) to collect such judgment. Tenant shall not collect or attempt to collect any such judgment out of any other assets of Successor Landlord. In addition to any limitation of liability set forth in this Agreement, Mortgagee and/or its successors and assigns shall under no circumstances be liable for any incidental, consequential, punitive, or exemplary damages. Nothing contained herein shall affect the limitations on Tenant's liability set forth in Section 26(b) or elsewhere in the Lease.

6. Mortgagee's Right to Cure.

6.1 Notice to Mortgagee. Notwithstanding anything to the contrary in the Lease or this Agreement so long as the mortgage is outstanding, before exercising any Termination Right, Tenant shall provide Mortgagee with notice of the breach or default by Landlord giving rise to same (the "Default Notice") and, thereafter, the opportunity to cure such breach or default as provided for below. All notices hereunder shall be given in the manner prescribed in Section 8.1 below.

6.2 Mortgagee's Cure Period. After Mortgagee receives a Default Notice, Mortgagee shall have a period of thirty (30) days beyond the time available to Landlord under the Lease in which to cure the breach or default by Landlord. Mortgagee shall have no obligation to cure (and shall have no liability or obligation for not curing) any breach or default by Landlord, except to the extent that Mortgagee agrees or undertakes otherwise in writing.

7. Confirmation of Facts. Tenant represents to Mortgagee and to any Successor Landlord, as of the Effective Date, that Tenant has full authority to enter into this Agreement, which has been duly authorized by all necessary actions.

8. Miscellaneous.

8.1 Notices. All notices or other communications required or permitted under this Agreement shall be in writing and given by certified mail (return receipt requested) or by nationally recognized overnight courier service that regularly maintains records of items delivered. Each party's address is as set forth in the opening paragraph of this Agreement, subject to change by notice under this Section. Notices shall be effective the next business day after being sent by overnight courier service, and five (5) business days after being sent by certified mail (return receipt requested).

8.2 Successors and Assigns. This Agreement shall bind and benefit the parties, their successors and assigns, any Successor Landlord, and its successors and assigns. If Mortgagee assigns the Mortgage, then upon delivery to Tenant of written notice thereof accompanied by the assignee's written assumption of all obligations under this Agreement, all liability of the assignor shall terminate.

8.3 Entire Agreement. This Agreement constitutes the entire agreement between Mortgagee and Tenant regarding the subordination of the Lease to the Mortgage and the rights and obligations of Tenant and Mortgagee as to the subject matter of this Agreement.

8.4 Interaction with Lease and with Mortgage. If this Agreement conflicts with the Lease, then this Agreement shall govern as between the parties hereto and any Successor Landlord, including upon any attornment pursuant to this Agreement. This Agreement supersedes, and constitutes full compliance with, any provisions in the Lease that provide for subordination of the Lease to, or for delivery of nondisturbance agreements by the holder of, the Mortgage. Mortgagee confirms that Mortgagee has consented to Landlord's entering into the Lease.

8.5 Mortgagee's Rights and Obligations. Except as expressly provided for in this Agreement, Mortgagee shall have no obligations to Tenant with respect to the Lease. If an attornment occurs pursuant to this Agreement, then all rights and obligations of Mortgagee under this Agreement shall terminate, without thereby affecting in any way the rights and obligations of Successor Landlord provided for in this Agreement.

8.6 Interpretation: Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the Commonwealth of Massachusetts, excluding its principles of conflict of laws.

8.7 Amendments. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

8.8 Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

8.9 Mortgagee's Representation. Mortgagee represents that Mortgagee has full authority to enter into this Agreement, and Mortgagee's entry into this Agreement has been duly authorized by all necessary actions.

8.10 Captions. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.

8.11 Partial Invalidity. If any term or provision of this Agreement or the application thereof to any person, firm or corporation, or circumstance, shall be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons, firms or corporations, or circumstances, other than those as to which it is held invalid, shall both be unaffected thereby, and each term or provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered under seal by Mortgagee and Tenant as of the Effective Date.

MORTGAGEE:

BANK OF AMERICA, N.A.,
a national banking association,
as Administrative Agent

By: _____ [SEAL]
Name: Emily B. Rush
Title: Senior Vice President

TENANT :

a _____

By: _____ [SEAL]
Name: _____
Title: _____

COMMONWEALTH OF MASSACHUSETTS)
)
COUNTY OF SUFFOLK) ss.

On _____, 2015, before me, _____, personally appeared Emily B. Rush, the Senior Vice President of BANK OF AMERICA, N.A., on behalf of such national banking association, as Administrative Agent.

I certify under PENALTY OF PERJURY under the laws of the Commonwealth of Massachusetts that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 2015, before me, _____, personally appeared _____, the _____ of _____, on behalf of such _____.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

LANDLORD'S CONSENT

Landlord acknowledges the foregoing Agreement. The foregoing Agreement shall not alter, waive or diminish any of Landlord's obligations under the Mortgage or, as between Landlord and Tenant, any of Landlord's or Tenant's obligations under the Lease. The above Agreement discharges any obligations of Mortgagee under the Mortgage and related loan documents to enter into a nondisturbance agreement with Tenant. Tenant is hereby authorized to pay its rent and all other sums due under the Lease directly to Mortgagee upon receipt of a notice as set forth in Section 3.4 of the foregoing Agreement from Mortgagee and Tenant is not obligated to inquire as to whether a default actually exists under the Mortgage. Landlord is not a party to the above Agreement.

LANDLORD :

BCSP CAMBRIDGE TWO PROPERTY LLC , a Delaware limited liability company

By:

Name: Nancy J. Broderick
Title: Managing Director

COMMONWEALTH OF MASSACHUSETTS)
)
COUNTY OF SUFFOLK), ss.

On _____, 2015, before me, _____, personally appeared Nancy J. Broderick, the Managing Director of BCSP CAMBRIDGE TWO PROPERTY LLC, on behalf of such limited liability company.

I certify under PENALTY OF PERJURY under the laws of the Commonwealth of Massachusetts that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

SCHEDULE A

Description of Landlord's Premises

TRACT I - FEE SIMPLE

A certain parcel of land in the Commonwealth of Massachusetts, County of Middlesex, City of Cambridge at the southeasterly corner of First Street and Cambridge Street, shown as Parcel F on a plan by Cullinan Engineering Company, Inc. entitled "Plan of Property owned by City of Cambridge, First Street, Cambridge Street, Cambridge, Massachusetts" dated March 13, 1985 drawn by Cullinan Engineering Co., Inc., and recorded with the Middlesex South Registry of Deeds as Plan No. 291 of 1985 in Book 16059, Page 439 (hereinafter "Plan"), bounded and described as follows:

Beginning at the intersection of the relocated easterly sideline of First Street and the northerly sideline of Otis Way as shown on the Plan;

THENCE N 09 degrees 28' 49" E along the relocated easterly sideline of First Street, One Hundred Forty-Nine and 91/100 (149.91) feet;

THENCE northeasterly along a curve to the right having a radius of Thirty-Eight and 00/100 (38.00) feet at the intersection of the relocated easterly sideline of First Street and the relocated southerly sideline of Cambridge Street as shown on the Plan, a length of Sixty and 32/100 (60.32) feet;

THENCE S 79 degrees 34' 01" E along the relocated southerly sideline of Cambridge Street, Two Hundred Thirty and 59/100 (230.59);

THENCE southeasterly along a curve to the right having a radius of Seventy and 00/100 (70.00) feet on the relocated southerly sideline of Cambridge Street, a length of Twenty-Nine and 18/100 (29.18) feet;

THENCE S 55 degrees 40' 57" E along the relocated southerly sideline of Cambridge Street, Forty-Five and 91/100 (45.91) feet;

THENCE S 10 degrees 18' 55" W by land now or formerly of the City of Cambridge, One Hundred Fifty-Eight and 33/100 (158.33) feet;

THENCE N 80 degrees 31' 11" W by land and now or formerly of the City of Cambridge and along the northerly sideline of Otis Way, respectively, as shown on the Plan, Three Hundred Thirty-Six and 79/100 (336.79) feet to The Point of Beginning.

TRACT II-EASEMENT

Exclusive easements A (foundation and pile cap easement), and B (twenty-five-foot wide construction and maintenance easement), and non-exclusive easements C (4,564 square foot service, access and utility easement), D (below-ground parking easement) and E (pedestrian access easement over Otis Way and five-foot wide foundation and pile cap easement), all as set forth in deed recorded in Book 16059, Page 439 in accordance with the terms thereof as affected by Modification of Deed and Grant of Easement dated June 21, 1999 recorded in Book 30383, Page 405.

TRACT III-EASEMENT

Permanent rights and easement for below-ground tie-backs contained in Tieback and Indemnity Agreement dated November 15, 1989 recorded in Book 20427, Page 501.

TRACT IV-EASEMENT

Rights and easements contained in Easement Agreement dated July 28, 1998 between EOP-One Canal Park L.L.C., as grantor, and Two Canal Park Limited Partnership, as grantee, recorded in Book 29131, Page 340.

TRACT V-LICENSE

Terms and conditions of License No. 2491 dated November 13, 1990 recorded in Book 20912, Page 398; as affected by Partial Certificate of Compliance dated June 2, 1994 recorded in Book 24609, Page 45; as affected by Certificate of Compliance dated June 7, 1999 recorded in Book 30843, Page 421.

EXHIBIT 11

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement is entered into as of this _____ day of _____, 20____, by and between **BCSP CAMBRIDGE TWO PROPERTY LLC**, a Delaware limited liability company (" Landlord"), with an address c/o Beacon Capital Partners, 200 State Street, 5 th Floor, Boston, Massachusetts 02109, and **HUBSPOT, INC.**, a Delaware corporation (" Tenant"), with an address at Two Canal Park, Cambridge, Massachusetts 02141.

WHEREAS, Tenant entered into a certain lease (the "Lease") dated April _____, 2015, with respect to certain premises in that certain building located at Two Canal Park, Cambridge, Massachusetts 02141 (the "Building");

WHEREAS, Tenant has requested to conduct an examination of the records maintained by Landlord with respect to Operating Costs paid by Tenant under the Lease for Operating Year 20____ (the "Examination"), and has requested that (" Consultant") be permitted to conduct the Examination;

WHEREAS, the parties do wish to provide for the confidentiality of certain proprietary documents and other sensitive business information that Landlord has or may produce to Tenant and Consultant in connection with the Examination;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The parties acknowledge and agree that all documents produced by Landlord in the course of the Examination shall be treated as confidential and shall be used by Tenant solely for the purposes of conducting an examination of Operating Costs for Operating Year 20____ and for no other purpose or purposes.
2. Tenant shall not, except as specifically provided in Paragraph 4 below, disclose any such confidential documents or any summary of the contents thereof, to any persons not bound by this Confidentiality Agreement, it being understood and agreed upon that Tenant may show confidential documents to its employees, brokers, attorneys, or independent auditors who are shown this Confidentiality Agreement and agree to be bound hereby. In addition, Tenant may disclose such confidential documents as may be necessary in connection with any arbitration between Landlord and Tenant with respect to such Operating Costs.
3. All such confidential documents shall be maintained in safe and secure facilities at the offices of Tenant. Upon the termination of the Examination and final resolution of any arbitration between Landlord and Tenant with respect thereto, Tenant shall return all confidential documents and all summaries or excerpts thereof to Landlord.
4. Tenant may disclose confidential documents as required by an order of a court of competent jurisdiction, including a subpoena duces tecum, provided the Tenant shall (a) object to production on the grounds of this Confidentiality Agreement, and (b) promptly upon receipt of said order or subpoena, and in no event less than three (3) days after receipt of said order or subpoena or seventy-two (72) hours prior to the time a response is due, whichever is earlier due (unless a response is due in less than such time), notify Landlord in writing of the order or subpoena. In addition, Tenant may disclose confidential documents as may be agreed upon in writing by Landlord.
5. Each of Tenant and Consultant shall advise its employees and independent auditors of the terms of this Confidentiality Agreement and shall be responsible for any failure by any of their respective current or former employees and independent auditors to abide by the terms of this Confidentiality Agreement.
6. In recognition of the confidential nature of the documents and the other business information that Landlord will provide to Tenant under this Confidentiality Agreement and to ensure against any inadvertent disclosure of confidential information, Consultant and any of its employees and independent auditors who review any confidential documents shall not, for a period of two (2) years after the date hereof, consult with, represent or otherwise provide any services to any other current, former or prospective tenant at any building owned by Landlord relating to the examination of any operating expense documentation for any such building. The parties agree that this Paragraph 6 shall survive the breach or termination of this Confidentiality Agreement.
7. Tenant acknowledges and agrees that the extent and irreparable nature of the damages which may result from a breach of this Confidentiality Agreement may make the legal remedies available to Landlord for such a breach inadequate. Accordingly, in the event of a breach of this Confidentiality Agreement, Tenant acknowledges that Landlord will be entitled to immediate injunctive relief without proof of actual damages, in addition to and not in substitution for any other remedy Landlord may have at law or in equity.
8. This Confidentiality Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.
9. This Confidentiality Agreement shall constitute the entire understanding between the parties concerning the subject matter of this Confidentiality Agreement and supersedes and replaces all prior negotiations, proposed amendments and agreements, written and oral, concerning the subject matter of this Confidentiality Agreement.

10. The undersigned do hereby represent and warrant that they have authority to enter into this Confidentiality Agreement on behalf of themselves and their respective affiliates, subsidiaries or related entities.

11. This Confidentiality Agreement shall be binding upon and inure to the benefit of the successors, successors-in-title, assigns, heirs and personal representatives of the parties.

12. Capitalized terms used but not defined herein shall have the meanings given to them in the Lease.

13. **EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER IN CONTRACT, STATUTE, TORT (SUCH AS NEGLIGENCE) OR OTHERWISE) RELATING TO THIS CONFIDENTIALITY AGREEMENT.**

14. Tenant hereby represents and warrants that the Consultant is not being paid on a contingent fee basis in connection with the Examination.

[*Signature Page Follows*]

WITNESS, the execution hereof by facsimile or otherwise, in any number of counterpart copies, each of which shall be deemed an original for all purposes, as of the date and year first above written.

LANDLORD:

BCSP CAMBRIDGE TWO PROPERTY LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

TENANT:

HUBSPOT, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____
Hereunto Duly Authorized

EXHIBIT 1

JOINDER OF INDEPENDENT CONSULTANT

The undersigned, ("Consultant"), a _____, with an address at _____, has been retained by Tenant to conduct the Examination. Consultant hereby joins in the foregoing Confidentiality Agreement dated as of _____, 20____ by and between BCSP CAMBRIDGE TWO PROPERTY LLC AND HUBSPOT, INC., and agrees to be bound by all of the terms thereof. The execution of this Joinder by Consultant and the delivery of an executed original hereof to Landlord is an express pre-condition to Consultant and Tenant commencing the Examination. Consultant hereby represents and warrants that it is not being paid on a contingent fee basis in connection with the Examination.

CONSULTANT:

By: _____

Name: _____

Title: _____

Hereunto Duly Authorized

Date Signed: _____

FIRST AMENDMENT TO LEASE

This **FIRST AMENDMENT TO LEASE** (the "**Amendment**") dated this 10th day of August, 2016 (the "**Effective Date**") is made by and between **TWO CANAL PARK MASSACHUSETTS, LLC**, a Delaware limited liability company, as successor-in-interest to **BCSP CAMBRIDGE TWO PROPERTY, LLC** (the "**Landlord**"), and **HUBSPOT, INC.**, a Delaware corporation (the "**Tenant**").

RECITALS:

- A. WHEREAS, Landlord and Tenant entered into that certain Lease dated April 23, 2015 (the "**Lease**") whereby Tenant leases from Landlord certain premises consisting of approximately: (i) 9,170 rentable square feet on the first (1st) floor and (ii) approximately 50,602 rentable square feet on the second (2nd) floor for a total of 59,772 rentable square feet (the "**Existing Premises**") in the building located at Two Canal Park, Cambridge, Massachusetts; and
- B. WHEREAS, the Expiration Date with respect to the Term of the Lease is scheduled to expire on January 31, 2026 (the "**Expiration Date**"); and
- C. WHEREAS, Landlord and Tenant have agreed to lease additional space in the Building to Tenant on the first (1st) floor of the Building consisting of approximately 8,188 rentable square feet substantially shown on the floor plan attached hereto as **Exhibit A** (the "**Expansion Premises**") on the terms and conditions set forth herein.

AGREEMENT:

NOW THEREFORE, in consideration of the promises contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Recitals. The recitals set forth above are incorporated herein and made a part of this Amendment as if set forth herein in full.
2. Capitalized Terms. All capitalized terms used in this Amendment that are not defined in this Amendment shall have the meanings ascribed to such terms in the Lease. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the definitions set forth in this Amendment shall control.
3. Term for Expansion Premises. Subject to the terms and conditions set forth herein, the Term of the Lease with respect to the Expansion Premises shall commence on the date Landlord delivers possession of the Expansion Premises to Tenant vacant, broom clean, free of tenants, occupants, property and debris, in compliance with all applicable Laws and free of all Hazardous Materials that are required to be removed, remediated, or encapsulated pursuant to applicable Environmental Laws (defined below) and with the base building systems including, without limitation, HVAC, mechanical, plumbing, electrical, elevator services, roofing, fire safety access and emergency egress systems serving the Premises in good working order (the "**Expansion Premises Commencement Date**") and expire on the Expiration Date under the Lease. Except as otherwise expressly provided herein, Tenant's lease of the Expansion Premises shall be on all of the terms and conditions of the Lease, including, without limitation, Tenant's extension rights, dog rights and rights to install a soda fountain, and the Term of the Lease with respect to the Expansion Premises shall be coterminous with the Term of the Lease for the Existing Premises, as the same may be earlier terminated or extended as provided in the Lease.

Accordingly, as of the Expansion Premises Commencement Date, the Premises as set forth on Exhibit I-1 the Lease shall be deleted in its entirety and replaced with the following:

Premises: A portion of the first (1st) floor of the Building, containing approximately 9,170 rentable square feet, substantially as shown on the Lease Plan, attached hereto and incorporated herein as Exhibit 2, Sheet 1 (" **First Floor Premises** ")

The entirety of the second (2nd) floor of the Building, containing approximately 50,602 rentable square feet, substantially shown on the Lease Plan, attached hereto and incorporated herein as Exhibit 2, Sheet 1 (“**Second Floor Premises**”)

A portion of the first (1st) floor of the Building containing approximately 8,188 rentable square feet substantially shown on the floor plan attached as **Exhibit A** to the First Amendment to Lease and incorporated herein (the “**Expansion Premises**”).

Total Area of the Premises: 67,960 square feet
 Total Area of the Building: 206,567 square feet

4. **Yearly Rent for Expansion Premises.** Effective as of the Expansion Premises Rent Commencement Date (as hereinafter defined), Tenant shall pay Yearly Rent with respect to the Expansion Premises in accordance with the following schedule and in accordance with all other terms and conditions applicable to the payment of Base Rent under the Lease:

Term for Expansion Premises	Yearly Rent	Monthly Payment	Per Rentable Square Foot of Expansion Premises
First Rent Year	\$524,032.00	\$43,669.33	\$64.00
Second Rent Year	\$532,220.00	\$44,351.67	\$65.00
Third Rent Year	\$540,408.00	\$45,034.00	\$66.00
Fourth Rent Year	\$548,596.00	\$45,716.33	\$67.00
Fifth Rent Year	\$556,784.00	\$46,398.67	\$68.00
Sixth Rent Year	\$564,972.00	\$47,081.00	\$69.00
Seventh Rent Year	\$573,160.00	\$47,763.33	\$70.00
Eighth Rent Year	\$581,348.00	\$48,445.67	\$71.00
From the day immediately following the expiration of the Eight Rent Year through the Expiration Date	\$589,536.00	\$49,128.00	\$72.00

The “**Expansion Premises Rent Commencement Date**” shall be the date that is six (6) months following the Expansion Premises Commencement Date. Tenant shall have no obligation to pay Yearly Rent with respect to the Expansion Premises for the period commencing on the Expansion Premises Commencement Date and expiring as of the day before the Expansion Premises Rent Commencement Date.

For purposes hereof, a “**Rent Year**” shall mean, with respect to the Expansion Premises, any twelve (12) month period during the Term of the Lease commencing as of the Expansion Premises Rent Commencement Date, or as of any anniversary of the Expansion Premises Rent Commencement Date, except that if the Expansion Premises Rent Commencement Date does not occur on the first day of a calendar month, then (i) the first Rent Year shall further include the partial calendar month in which the first anniversary of the Expansion Premises Commencement Date occurs, and (ii) the remaining Rent Years shall be the successive twelve-(12)-month periods following the end of such first Rent Year.

After the Expansion Premises Commencement Date, Landlord and Tenant shall confirm the Expansion Premises Commencement Date, the Expansion Premises Rent Commencement Date and the Yearly Rent with respect to the Expansion Premises in the form attached hereto as **Exhibit C** (the “**Expansion Premises Commencement Date Letter**”).

5. Tax Excess for Expansion Premises. The Tax Base with respect to the Expansion Premises shall be the actual amount of Taxes for the fiscal year 2017 (i.e., July 1, 2016, through June 30, 2017). Tenant shall pay to Landlord Tenant's Expansion Premises Proportionate Share (as hereinafter defined) of the amount by which Taxes with respect to the Expansion Premises exceed Taxes with respect to the Tax Base with respect to the Expansion Premises in accordance with the terms and conditions of the Lease. " **Tenant's Expansion Premises Proportionate Share** " shall be 3.96%.

6. Operating Excess for Expansion Premises. The Operating Costs in the Base Year with respect to the Expansion Premises shall be the actual amount of Operating Costs for the calendar year 2017. Tenant shall pay to Landlord Tenant's Expansion Premises Proportionate Share of the amount by which Operating Costs with respect to the Expansion Premises exceed Operating Costs with respect to the Base Year for the Expansion Premises in accordance with the terms and conditions of the Lease.

7. Amendment to Parking. In connection with this Amendment, and effective as of the Expansion Premises Commencement Date, Tenant shall have the right to use five (5) additional Parking Passes.

Accordingly, Section 29.12 Parking set forth on Exhibit I-3 shall be deleted in its entirety and replaced with the following:

Section 29.12 Parking:

Number of Parking Passes: Forty-One (41), as more fully set forth in Section 29.12 hereof.

8. Security Deposit. As of the Effective Date, Landlord is currently holding the Security Deposit in the amount of \$855,028.00 which shall continue to be held by Landlord in connection with the terms and conditions of the Lease.

9. Condition of Expansion Premises. Except for the Improvement Allowance as more particularly described on **Exhibit B** attached hereto and except as set forth in Section 3 of this Amendment, Landlord shall not be obligated to make any improvements or contribute any allowances and Tenant shall take occupancy of the Expansion Premises in its "as-is" condition. The foregoing shall not limit or relieve Landlord of any of Landlord's express obligations under the Lease.

10. Exterior Patio Space. In consideration of Tenant's agreement to not pursue legal action resulting from the material disturbances to Tenant's quiet enjoyment of the Existing Premises set forth in Section 14 below, Landlord agrees to provide Tenant with the exclusive use of the ground floor patio space adjacent to the Expansion Premises at no additional rental or other charge on the same terms and conditions as are applicable to the Patio under Section 29.22 of the Lease.

11. Exterior Signage. In addition to Tenant's Exterior Signage rights under Section 17.4 of the Lease, Tenant shall have the right to install one (1) additional exterior sign on the façade of the Expansion Premises containing the name and logo of Tenant.

12. Dog Friendly Premises. Landlord agrees to reasonably cooperate with Tenant to agree upon a reasonable expansion of Tenant's rights under Section 29.20 of the Lease.

13. Brokers. Tenant represents to Landlord that Tenant has not dealt with any broker in connection with this Amendment other than CBRE/New England representing Landlord exclusively (" **Landlord's Broker** "), and T3 Advisors, LLC, representing Tenant exclusively (" **Tenant's Broker** "), and warrants that no other broker is or may be entitled to any commission in connection therewith. Tenant agrees to indemnify, defend and hold harmless Landlord and Landlord's agents from all damages, liability and expense (including reasonable attorneys' fees) arising from any claims or demands of any other brokers or finders for any commission alleged to be due such brokers or finders in connection with their participation in the negotiation with Tenant of this

Amendment. Landlord represents and warrants that, in connection with the execution and delivery of the Lease, it has not directly or indirectly dealt with any broker other than the Landlord's Broker and the Tenant's Broker. Landlord agrees to defend, exonerate and save harmless Tenant and anyone claiming by, through, or under Tenant against any claims arising in breach of the representation and warranty set forth in the immediately preceding sentence. Landlord shall pay any commissions due to Landlord's Broker and Tenant's Broker pursuant to a separate agreement between Landlord and Landlord's Broker.

14. Release by Tenant; Amendment Contingency. Reference is hereby made to those letters received by Landlord and dated May 31, 2016 and July 1, 2016, sent to Landlord on behalf of Tenant (the "**Letters**"). Provided Landlord causes the Expansion Premises Commencement Date to occur by not later than October 15, 2016, Tenant agrees to waive and release any and all claims against Landlord in connection with the Letters. This Amendment is contingent upon Landlord entering into that certain Termination Agreement with respect to the current occupant of the Expansion Premises. In the event this contingency is not satisfied by August 31, 2016, Tenant or Landlord may elect to terminate this Amendment by delivery of written notice to the other party and in such event this Amendment shall terminate in its entirety, including, without limitation, the waiver and release set forth in this Section 14 of Tenant's claims against Landlord with respect to the matters addressed in the Letters.

15. Counterparts. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

16. Confirmation of Lease. Except as amended by this Amendment, all terms and provisions of the Lease shall remain in full force and effect.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be executed as of the Effective Date.

LANDLORD:

TWO CANAL PARK MASSACHUSETTS, LLC

a Delaware limited liability company

By: **BAY STATE REIT, LLC**
a Delaware limited liability company, its Manager

By: **U.S. REAL ESTATE INVESTMENT FUND REIT, INC.**
a Delaware corporation, its Manager

By: /s/ Peter Palandjian
Name: Peter Palandjian
Title: President and Treasurer

TENANT:

HUBSPOT, INC.

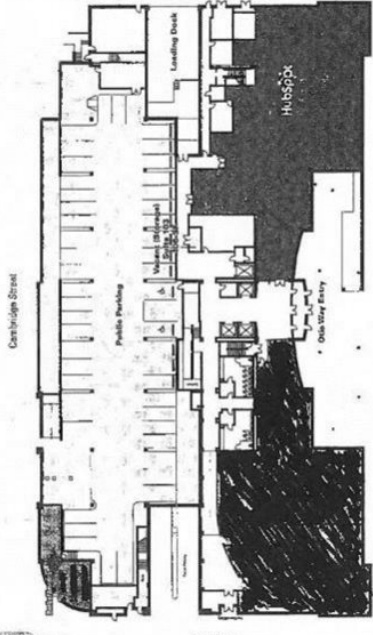
a Delaware corporation

By: /s/ John P. Kelleher
Name: John P. Kelleher
Title: Secretary and General Counsel

EXHIBIT "A"
EXPANSION PREMISES
ATTACHED HERETO

PROPERTY OVERVIEW

TWO
First Floor



Exit Way

LEASE EXPIRATION

Sheet

Note: All areas shown herein are subject to the terms of the lease agreement. The lease agreement is located in the Appendix of this document.

EXHIBIT "B"

IMPROVEMENT ALLOWANCE

1. Landlord shall provide to Tenant a tenant improvement allowance of up to \$70.00 per rentable square foot of the Expansion Premises (the "**Improvement Allowance**") provided, however, the Improvement Allowance shall be prorated and reduced to reflect the number of months remaining in the Term as of the Expansion Premises Commencement Date compared to the number of months in the original Term of the Lease, to be used by Tenant to pay for the cost to construct certain improvements with respect to the Expansion Premises ("**Tenant's Improvements**"). In addition, Landlord shall provide Tenant with an additional allowance of up to \$2.00 per rentable square foot of the Expansion Premises (\$16,376.00) (the "**Demolition Allowance**") to be used by Tenant toward the cost of demolition of the existing demising wall in the Expansion Premises.
2. Landlord agrees that Tenant may apply the Improvement Allowance towards hard construction costs, soft costs (such as permitting, architectural and engineering fees), voice and data wiring and cabling costs, and furniture, fixtures and equipment expenses.
3. Tenant acknowledges that all costs for the Tenant Improvements in excess of the Improvement Allowance shall be at the sole cost and expense of the Tenant and shall payable within thirty (30) days of receipt of invoice from Landlord.
4. All Tenant Improvements shall: (a) be subject to all terms and conditions of the Lease, including but not limited to Section 12; (b) based on plans and specifications previously approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed; (c) performed in a good and workmanlike manner by contractors previously approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed; and (d) be in compliance with all applicable laws and regulations.
5. Landlord shall disburse the Improvement Allowance and Demolition Allowance to Tenant on a periodic basis (but no more than once per month) upon receipt from Tenant of: (i) reasonable documentation of payment by Tenant for materials and labor, as the case may be; and (ii) partial lien waivers or final lien waivers, if applicable, from any contractors or laborers hired by Tenant to perform any improvements to the Premises. Tenant must utilize the Improvement Allowance on or before eighteen (18) months following the Expansion Premises Commencement Date, the failing of which shall cause Tenant to forfeit the Improvement Allowance or any remainder thereof. Tenant shall not be permitted to apply any unused Improvement Allowance toward Rent.
6. Landlord shall pay for the cost of Tenant's space planning allowance with respect to the Expansion Premises in an amount not to exceed (\$.10) per rentable square foot of the Expansion Premises (\$818.80). Tenant's architect shall invoice Landlord directly.

EXHIBIT "C"

EXPANSION PREMISES COMMENCEMENT DATE CERTIFICATE

DATE: _____, 2016

RE: First Amendment to Lease dated _____, 2016 (the "**Amendment** ") by and between Two Canal Park Massachusetts, LLC ("**Landlord** "), and Hubspot, Inc. ("**Tenant** ") with respect to premises located at Two Canal Park, Cambridge, Massachusetts

Dear Tenant:

This certificate shall constitute the Expansion Premises Commencement Date Certificate referenced in Section 4 of the Amendment. All capitalized terms not defined herein shall have the same meaning ascribed to them in the Amendment.

1. The Expansion Premises Commencement Date shall be _____.
2. The Expansion Premises Rent Commencement Date shall be _____.
3. Yearly Rent shall be paid in accordance with the following schedule:

[NOTE: INSERT EXACT DATES FOR TERM ONCE DETERMINED]

Term for Expansion Premises	Yearly Rent	Monthly Payment	Per Rentable Square Foot of Expansion Premises
First Rent Year	\$524,032.00	\$43,669.33	\$64.00
Second Rent Year	\$532,220.00	\$44,351.67	\$65.00
Third Rent Year	\$540,408.00	\$45,034.00	\$66.00
Fourth Rent Year	\$548,596.00	\$45,716.33	\$67.00
Fifth Rent Year	\$556,784.00	\$46,398.67	\$68.00
Sixth Rent Year	\$564,972.00	\$47,081.00	\$69.00
Seventh Rent Year	\$573,160.00	\$47,763.33	\$70.00
Eighth Rent Year	\$581,348.00	\$48,445.67	\$71.00
From the day immediately following the expiration of the Eight Rent Year through the Expiration Date	\$589,536.00	\$49,128.00	\$72.00

IN WITNESS WHEREOF, Landlord and Tenant have caused this Expansion Premises Commencement Date Certificate to be executed as of the date set forth above.

LANDLORD:

TWO CANAL PARK MASSACHUSETTS, LLC

a Delaware limited liability company

By: **BAY STATE REIT, LLC**
a Delaware limited liability company, its Manager

By: **U.S. REAL ESTATE INVESTMENT FUND REIT, INC.**
a Delaware corporation, its Manager

By: _____
Name: Peter Palandjian
Title: President and Treasurer

TENANT:

HUBSPOT, INC.

a Delaware corporation

By: _____
Name: _____
Title: _____

HUBSPOT, INC.
AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT

This AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Agreement") is entered into as of April 4, 2012, by and between COMERICA BANK ("Bank") and HUBSPOT, INC., a Delaware corporation ("Borrower").

RECITALS

A. Borrower and Bank are parties to that certain Loan and Security Agreement dated as of June 29, 2010, as amended from time to time including by that First Amendment to Loan and Security Agreement dated as of April 25, 2011 (collectively, the "Original Agreement").

B. Borrower has informed Bank that in June of 2011 it acquired all of the outstanding capital stock of PERFORMABLE, INC., a Delaware corporation ("Performable"), pursuant to Agreement and Plan of Merger, dated June 15, 2011 (in the form delivered to Bank as of the Closing Date, the "Performable Acquisition Agreement"), by and among Borrower, Sox Acquisition Corp., a Delaware corporation ("Sox"), Bruins Acquisition Corp., a Delaware corporation ("Bruins" and, together with Sox, the "Merger Subs" each having been created as a wholly-owned subsidiary of Borrower for the sole purpose of the Performable acquisition), Performable, Borrower Stockholders (as defined therein), and the Stockholder Representative (as defined therein), pursuant to which Sox was merged with and into Performable, with Performable continuing as the surviving corporation (and Sox ceasing legal existence), and, in a second step, Performable was merged with and into Bruins, continuing legal existence under the name "Performable, Inc." (the "Performable Acquisition"). Certain Events of Default have occurred and are continuing under the Original Agreement resulting from: (a) the Performable Acquisition causing violations of Sections 6.10, 7.3, 7.4 and 7.7 of the Original Agreement, (b) transfers of assets and property from Performable to Borrower subsequent to the Performable Acquisition not otherwise permitted under the Original Agreement causing violations of Sections 7.1 and 7.8 of the Original Agreement and (c) Borrower's failure to deliver to Bank timely the written statement regarding the Events of Default noted in clauses (a) and (b) above, as required under Section 6.2(c) of the Original Agreement (collectively, the "Existing Defaults").

C. Borrower has requested that Bank waive the Existing Defaults, to make available to Borrower a revolving line of credit and a growth capital credit facility, which extensions of credit the Borrower will use for the purposes permitted hereunder, and amend certain provisions of the Loan Documents in connection herewith. In connection with the extension of such new credit hereunder and the waiver and to document the amendments requested by Borrower in connection therewith, Borrower has requested that Bank amend and restate the terms of the Original Agreement. This Agreement sets forth the terms on which Bank will advance credit to Borrower, and Borrower will repay the amounts owing to Bank.

AGREEMENT

The parties agree as follows:

I. DEFINITIONS AND CONSTRUCTION.

1.1 Definitions. Any term used in the Code and not defined herein shall have the meaning given to the term in the Code. As used in this Agreement, the following terms shall have the following definitions:

"Account Debtor" means any Person who is obligated on an Account, chattel paper, or a general intangible.

"Accounts" means all presently existing and hereafter arising accounts, contract rights, payment intangibles, and all other forms of obligations owing to Borrower arising out of the sale or lease of goods (including, without limitation, the licensing of software and other technology), the licensing, sale or other transfer of any intellectual property of Borrower or any of its Subsidiaries, or the rendering of services by Borrower, whether or not earned by performance, and including, without limitation, all accounts, contract rights and payment intangibles of Borrower under or in respect of term license agreements, subscription license agreements and maintenance contracts, and also including all accounts, payment intangibles and other forms of obligations owing to Borrower under

April 4, 2012

any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's Books relating to any of the foregoing.

"Advance" or "Advances" means a cash advance or cash advances under the Revolving Line.

"Advance Rate" means, for any date of determination, the percentage equal to (a) the sum of the monthly Subscription Renewal Rates for each of the three consecutive months ending on or immediately prior to such date, divided by (b) three (3). In no event shall the Advance Rate be greater than one (1.00).

"Affiliate" means, with respect to any Person, any Person that owns or controls directly or indirectly such Person, any Person that controls or is controlled by or is under common control with such Person, and each of such Person's senior executive officers, directors, and partners.

"Aggregate Consideration" means, with respect to any acquisition under Section 7.3, the total aggregate consideration paid or payable by Borrower or any of its Subsidiaries, including all cash and non-cash consideration, any assumption of Indebtedness, deferred purchase price and any earn out obligations or liabilities.

"Bank Expenses" means all reasonable costs or expenses (including reasonable attorneys' fees and expenses, whether generated in-house or by outside counsel) incurred in connection with the preparation, negotiation, administration, and enforcement of the Loan Documents; Collateral audit fees; and Bank's reasonable attorneys' fees and expenses (whether generated in-house or by outside counsel) incurred in amending, enforcing or defending the Loan Documents (including fees and expenses of appeal), incurred before, during and after an Insolvency Proceeding, whether or not suit is brought.

"Borrower State" means Delaware, the state under whose laws Borrower is organized.

"Borrower's Books" means all of Borrower's books and records including: ledgers; records concerning Borrower's assets or liabilities, the Collateral, business operations or financial condition; and all computer programs, or tape files, and the equipment, containing such information.

"Borrowing Base" means, as of any date of determination, an amount equal to the product of (a) the Advance Rate, as of such date, multiplied by (b) the Recurring Subscription Revenues for the three month period ending on the last day of the month immediately preceding such date (or such date if the date of determination is the last day of a month), as determined by Bank with reference to the most recent Borrowing Base Certificate delivered by Borrower or from other information then available to Bank including information obtained from working capital or other similar audits conducted by or on behalf of Bank, less such reserves as may be established, by Bank in its good faith credit judgment, from time to time; provided, that the advance rate is subject to adjustment by Bank after the Closing Date, in its good faith credit judgment.

"Business Day" means any day that is not a Saturday, Sunday, or other day on which banks in the State of California are authorized or required to close.

"Cash" means unrestricted cash and cash equivalents.

"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" shall mean a transaction, or series of related transactions, after the Closing Date, in which any "person" or "group" (within the meaning of Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of a sufficient number of shares of all classes of Equity Interests then outstanding of Borrower ordinarily entitled to vote in the election of directors, empowering such "person" or "group" to elect a majority of the Board of Directors of Borrower, who did not have such power before such transaction.

"Chief Executive Office State" means Massachusetts, where Borrower's chief executive office is located.

"Closing Date" means the date of this Agreement.

April 4, 2012

"Code" means the California Uniform Commercial Code as amended or supplemented from time to time.

"Collateral" means the property described on Exhibit A attached hereto and all Negotiable Collateral to the extent not described on Exhibit A; provided however, the Collateral shall not include more than sixty-five percent (65%) of the issued and outstanding voting Equity Interests owned or held of record by Borrower in any Excluded Foreign Subsidiary.

"Collateral Access Agreement" means an agreement in form and substance satisfactory to Bank in its sole discretion, pursuant to which a mortgagee or lessor of real property on which Collateral is stored or otherwise located, or a warehouseman, processor, contract manufacturer, equipment holder, co-location facility or other bailee of any Collateral, that acknowledges the Liens of Bank and waives or subordinates any Liens held by such Person on such Collateral and, includes such other agreements with respect to the Collateral, including agreements relating to access to the Collateral, as Bank may require in its sole discretion, as the same may be amended, restated or otherwise modified from time to time.

"Collateral State" means the state or states where the Collateral is located, which is Massachusetts.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designed to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

"Copyrights" means any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held.

"Credit Extension" means each Advance, Existing Equipment Advance, Growth Capital Advance or any other extension of credit by Bank to or for the benefit of Borrower hereunder.

"Environmental Laws" means all laws, rules, regulations, orders and the like issued by any federal state, local foreign or other governmental or quasi-governmental authority or any agency pertaining to the environment or to any hazardous materials or wastes, toxic substances, flammable, explosive or radioactive materials, asbestos or other similar materials.

"Equipment" means all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any right, title or interest.

"Equity Interests" means, with respect to any Person, any of the shares of capital stock of (or other ownership, membership or profit interests in) such Person, any of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership, membership or profit interests in) such Person, any of the securities convertible into or exchangeable for shares of capital stock of (or other ownership, membership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and any of the other ownership, membership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"Event of Default" has the meaning assigned in Article 8.

"Excluded Deposit Accounts" means deposit accounts maintained by Borrower or Subsidiaries of Borrower that are identified on the Schedule or as to which Borrower has provided with prior written notice, so long as the US Dollar-equivalent value of the deposits in each such account is at all times less than Two Hundred Fifty Thousand Dollars (\$250,000), and the aggregate US Dollar-equivalent value of the deposits in all such accounts is at all times less than Two Hundred Fifty Thousand Dollars (\$250,000).

April 4, 2012

"Excluded Foreign Subsidiary" means any Foreign Subsidiary that is a controlled foreign corporation (as defined in the IRC) in respect of which either (a) the pledge of all of the voting Equity Interests or any of the assets of such Foreign Subsidiary as Collateral or (b) the guaranteeing by such Foreign Subsidiary of the Obligations would result in material adverse tax consequences to Borrower.

"Existing Equipment Advance" has the meaning given in Section 2.1(e).

"Existing Equipment Advance Maturity Date" means June 1, 2012.

"Foreign Subsidiary" means, in relation to any Person, any Subsidiary of that Person that is organized under the laws of a jurisdiction other than the United States of America or any of the States (or the District of Columbia) thereof.

"GAAP" means generally accepted accounting principles, consistently applied, as in effect from time to time in the United States of America.

"Guarantor" means any Person who from time to time may guaranty all or any portion of the Obligations.

"Guaranty Documents" has the meaning given in Section 8.11.

"Growth Capital Advance(s)" means a cash advance or cash advances under the Growth Capital Line.

"Growth Capital Availability End Date" means April 4, 2013.

"Growth Capital Line" means Credit Extensions of up to Five Million Dollars (\$5,000,000) in the aggregate.

"Growth Capital Maturity Date" means October 1, 2015.

"Indebtedness" means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations.

"Insolvency Proceeding" means any proceeding commenced by or against any Person or entity under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Intellectual Property" means all of each Loan Party's right, title, and interest in and to the following:

(a) Copyrights, Trademarks and Patents;

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design rights which may be available to Borrower now or hereafter existing, created, acquired or held;

(d) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, 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

(e) All amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"Inventory" means all present and future inventory in which Borrower has any interest, including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Borrower's Books relating to any of the foregoing.

"Investment" means any beneficial ownership of (including stock, partnership or limited liability company interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

"IRC" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

April 4, 2012

"Letter of Credit" means a commercial or standby letter of credit or similar undertaking issued by Bank at Borrower's request in accordance with Section 2.1.

"Letter of Credit Facility" means a facility for Letters of Credit not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000).

"Letter of Credit Facility Maturity Date" means April 24, 2013.

"Lien" means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"Loan Documents" means, collectively, this Agreement, any note or notes executed by Borrower, any Guaranty Document, and any other document, instrument or agreement entered into in connection with this Agreement, all as amended or extended from time to time.

"Loan Party" or "Loan Parties" means, individually or collectively, as applicable Borrower and each Guarantor.

"Material Adverse Effect" means (i) a material adverse change in Borrower's prospects, business or financial condition (including without limitation, evidence of a lack of investor support and/or Borrower's inability to attract sufficient additional equity financing from its investors), or (ii) a material impairment in the prospect of repayment of all or any portion of the Obligations or in otherwise performing Borrower's obligations under the Loan Documents, or (iii) a material impairment in the perfection, value or priority of Bank's security interests in the Collateral.

"Negotiable Collateral" means all of Borrower's present and future letters of credit of which it is a beneficiary, drafts, instruments (including promissory notes), securities, documents of title, and chattel paper, and Borrower's Books relating to any of the foregoing.

"Obligations" means all debt, principal, interest, Bank Expenses and other amounts owed to Bank by Borrower pursuant to this Agreement or any other agreement, whether absolute or contingent, due or to become due, now existing or hereafter arising, including any interest that accrues after the commencement of an Insolvency Proceeding and including any debt, liability, or obligation owing from Borrower to others that Bank may have obtained by assignment or otherwise.

"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.

"Performable" means PERFORMABLE, INC., a Delaware corporation and a wholly-owned Subsidiary of Borrower.

"Periodic Payments" means all installments or similar recurring payments that Borrower may now or hereafter become obligated to pay to Bank pursuant to the terms and provisions of any instrument, or agreement now or hereafter in existence between Borrower and Bank.

"Permitted Indebtedness" means:

- (a) Indebtedness of Borrower and the other Loan Parties in favor of Bank arising under this Agreement or any other Loan Document;
- (b) Indebtedness existing on the Closing Date and disclosed in the Schedule;
- (c) Indebtedness not to exceed Two Hundred Thousand Dollars (\$200,000) in the aggregate outstanding at any time secured by a lien described in clause (c) of the defined term "Permitted Liens;" provided such Indebtedness does not exceed the lesser of the cost or fair market value of the equipment financed with such Indebtedness;
- (d) Subordinated Debt;
- (e) Indebtedness to trade creditors incurred in the ordinary course of business;
- (f) Indebtedness consisting of earn-out obligations incurred by Borrower in connection with its acquisition of Performable in an aggregate amount not to exceed \$3,900,000, provided that Borrower may only make payments in respect of such earn-out obligations each in an amount not to exceed \$1,300,000 for Borrower's fiscal years 2012, 2013 and 2014; and
- (g) Extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

April 4, 2012

"Permitted Investment" means:

- (a) Investments existing on the Closing Date disclosed in the Schedule;
- (b) Cash Equivalents;
- (c) Repurchases of stock from former employees, officers or directors of Borrower under the terms of customary board-approved stock repurchase agreements to the extent permitted under Section 7.6;
- (d) Investments accepted in connection with Permitted Transfers;
- (e) Investments by Borrower in its wholly-owned Subsidiaries in an aggregate amount not to exceed Fifty Thousand Dollars (\$50,000) in any fiscal year;
- (f) Investments not to exceed Fifty Thousand Dollars (\$50,000) in the aggregate in any fiscal year consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plan agreements approved by Borrower's Board of Directors;
- (g) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business;
- (h) Deposit and securities accounts maintained with banks and other financial institutions to the extent expressly permitted under Section 6.6 and as to which Borrower has complied with the requirements of Section 6.6; and
- (i) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business, provided that this subparagraph (h) shall not apply to Investments of Borrower in any Subsidiary.

"Permitted Liens" means the following:

- (a) (i) Any Liens in favor of Bank, including Liens arising under this Agreement or the other Loan Documents, and (ii) Liens existing on the Closing Date and disclosed in the Schedule (excluding Liens to be satisfied with the proceeds of the Advances);
- (b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and for which Borrower and its Subsidiaries, as applicable, maintain adequate reserves, provided the same have no priority over any of Bank's security interests;
- (c) Liens securing Permitted Indebtedness not to exceed Two Hundred Thousand Dollars (\$200,000) in the aggregate at any time outstanding (i) upon or in any Equipment (other than Equipment financed by Bank) acquired or held by Borrower or any of its Subsidiaries to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such Equipment, or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such Equipment;
- (d) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) through (c) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase;
- (e) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Sections 8.5 or 8.9;
- (f) Liens in favor of other depository institutions arising in connection with deposit accounts maintained by Borrower or Borrower's Subsidiaries at such depository institutions, provided that (i) such deposit accounts are otherwise expressly permitted to be maintained under Section 6.6, (ii) such Liens are limited to amounts on deposit in such accounts and secure only the customary fees and expenses of such institutions for deposit services charged by such institution arising in connection with such deposit accounts, and not for borrowed money, financing or other extensions of credit, and (iii) to the extent required under Section 6.6, Bank has a first-priority (subject only to Liens of the type described in clause (ii) above) perfected security interest in the amounts held in such deposit accounts;
- (g) Liens securing Subordinated Debt;
- (h) Statutory Liens securing Indebtedness and other liabilities in an aggregate amount not to exceed Fifty Thousand Dollars (\$50,000) at any time of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the

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ordinary course of business and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(i) Liens of carriers, warehousemen, suppliers, landlords or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(j) Statutory Liens of landlords arising by operation of law and in the ordinary course of business securing obligations not yet delinquent, that are subject to a Collateral Access Agreement, if required by Bank;

(k) Liens incurred in the ordinary course of business to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations (other than Liens imposed by ERISA); and

(l) Liens consisting of non-exclusive licenses for the use of the Patents, Trademarks or Copyrights of Borrower or its Subsidiaries in the ordinary course of business.

"Permitted Transfer" means the conveyance, sale, lease, transfer or disposition by Borrower or any Subsidiary of:

(a) Inventory in the ordinary course of business;

(b) non-exclusive licenses for the use of the Patents, Trademarks or Copyrights of Borrower or its Subsidiaries in the ordinary course of business;

(c) worn-out or obsolete Equipment not financed by Bank;

(d) the abandonment of immaterial Patents, Trademarks, Copyrights of Borrower or its Subsidiaries that are, in the reasonable judgment of Borrower's board of directors, either no longer economically practicable to maintain or no longer useful in the conduct of the business of Borrower or of Borrower and its Subsidiaries taken as a whole;

(e) a conveyance, sale, lease, transfer or disposition by a Subsidiary to the Borrower to the extent not otherwise prohibited herein; and

(f) Transfers that constitute the creation of Permitted Liens or the making of Permitted Investments.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Pricing Addendum" means that certain Prime Referenced Rate Addendum to Amended and Restated Loan and Security Agreement, by and between Bank and Borrower, dated as of the Closing Date, as amended, modified, supplemented or restated from time to time.

"Prime Rate" means the per annum interest rate established by Bank as its prime rate for its borrowers, as such rate may vary from time to time, which rate is not necessarily the lowest rate on loans made by Bank at any such time.

"Prohibited Territory" means any person or country listed by the Office of Foreign Assets Control of the United States Department of Treasury as to which transactions between a United States Person and that territory are prohibited.

"Recurring Subscription Revenue" means, for any period of determination, Borrower's aggregate net cash receipts during such period constituting recurring revenues under Subscription Contracts in the ordinary course of Borrower's business.

"Responsible Officer" means each of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Controller of Borrower.

"Restricted Agreement" is any material license or other material agreement (other than over-the-counter software that is commercially available to the public) to which Borrower is a party or under which Borrower is bound (including licenses and agreements under which Borrower is the licensee): (a) that prohibits or otherwise restricts Borrower from assigning to Bank, or granting a to Bank a Lien in, Borrower's interest in such license or agreement, the rights arising thereunder or any other property, or (b) for which a default under or termination of such license or contract could interfere with the Bank's right to use, license, sell or collect any Collateral or otherwise exercise its rights and remedies with respect to the Collateral under the Loan Documents or applicable law.

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"Revolving Line" means a Credit Extension of up to Five Million Dollars (\$5,000,000).

"Revolving Maturity Date" means October 4, 2013.

"Schedule" means the schedule of exceptions attached hereto and approved by Bank, if any.

"Security Instrument" means any security agreement, assignment, pledge agreement, financing or other similar statement or notice, continuation statement, other agreement or instrument, or any amendment or supplement to any thereof, creating, governing or providing for, evidencing or perfecting or maintaining the priority of any security interest or Lien.

"Shares" means (i) sixty-five percent (65%) of the issued and outstanding voting Equity Interests owned or held of record by Borrower or any other Loan Party in any Excluded Foreign Subsidiary; (ii) one hundred percent (100%) of the issued and outstanding non-voting Equity Interests owned or held of record by Borrower or any other Loan Party in any Excluded Foreign Subsidiary, and (iii) one hundred percent (100%) of the issued and outstanding Equity Interests owned or held of record by Borrower or any other Loan Party in each Subsidiary of Borrower that is not an Excluded Foreign Subsidiary.

"SOS Reports" means the official reports from the Secretaries of State of each Collateral State, Chief Executive Office State and the Borrower State and other applicable federal, state or local government offices identifying all current security interests filed in the Collateral and Liens of record as of the date of such report.

"Subordinated Debt" means Indebtedness incurred by Borrower that is subordinated in writing to the Obligations owing by Borrower to Bank on terms satisfactory to Bank (and identified as being such by Borrower and Bank), including without limiting the generality of the foregoing, subordination of such Indebtedness in right of payment to the prior indefeasible payment in full, in cash, of the Obligations, the subordination of the priority of any Lien at any time securing such Indebtedness to Bank's Lien, and prohibitions on the exercise of any rights or remedies of the holder of such Indebtedness against Borrower or any of Borrower's property pursuant to a written subordination agreement executed and delivered by Bank.

"Subscription Contracts" means those written consumer and business subscription agreements for Borrower's products that: (a) have been duly and properly executed and delivered by Borrower and each account debtor party thereto; (b) have been entered into in the ordinary course of Borrower's business and consistent with past practice; (c) are with a counter-party that is not an Affiliate of Borrower, and (d) provide for a subscription periods of one, two or three years.

"Subscription Renewal Rate" means, for any given month, the amount obtained by dividing (a) the number of renewals of existing Subscription Contracts, which by their terms expire and are eligible for renewal during such month, that are actually renewed by customers during such month, by (b) the aggregate number of Subscription Contracts expiring or otherwise eligible for renewal during such month. In no event shall the Subscription Renewal Rate be greater than one (1.00).

"Subsidiary" means with respect to any Person, any corporation, partnership or limited liability company or joint venture in which (i) any general partnership interest or (ii) more than fifty percent (50%) of the stock, limited liability company interest or joint venture of which by the terms thereof has the ordinary voting power to elect the Board of Directors, managers or trustees of the entity, at the time as of which any determination is being made, is owned or controlled by such Person, either directly or through an Affiliate.

"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.

1.2 Accounting Terms. Any accounting term not specifically defined herein shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP. The term "financial statements" shall include the accompanying notes and schedules.

2. LOAN AND TERMS OF PAYMENT

2.1 Credit Extensions

(a) Promise to Pay; Use of Proceeds. Borrower promises to pay to Bank, in lawful money of the United States of America, the aggregate unpaid principal amount of all Credit Extensions made by Bank to Borrower, together with interest on the unpaid principal amount of such Credit Extensions at rates in accordance with the terms hereof. Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements as provided herein (including payment of Permitted Indebtedness consisting of earn-out obligations incurred by Borrower in connection with its acquisition of Performable), and not for personal, family, household or agricultural purposes.

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(b) Advances Under Revolving Line.

(i) Amount. Subject to and upon the terms and conditions of this Agreement Borrower may request Advances in an aggregate outstanding amount not to exceed the lesser of (A) the Revolving Line or (B) the Borrowing Base. Except as set forth in the Pricing Addendum, amounts borrowed pursuant to this Section 2.1(b) may be repaid and reborrowed at any time without penalty or premium prior to the Revolving Maturity Date, at which time all Advances under this Section 2.1(b) shall be immediately due and payable.

(ii) Form of Request. Whenever Borrower desires an Advance, subject to the prior satisfaction of all other applicable conditions to the making of Advances set forth in this Agreement, Borrower will notify Bank by facsimile transmission or telephone no later than 3:00 p.m. Pacific time (12:00 p.m. Pacific time for wire transfers), on the Business Day that the Advance is to be made. Each such notification shall be promptly confirmed by a Payment/Advance Form in substantially the form of Exhibit B. Bank is authorized to make Advances under this Agreement, based upon instructions received from a Responsible Officer or a designee of a Responsible Officer, or without instructions if in Bank's discretion such Advances are necessary to meet Obligations which have become due and remain unpaid. Bank shall be entitled to rely on any facsimile or telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance. Bank will credit the amount of Advances made under this Section 2.1(b) to Borrower's deposit account.

(c) Letter of Credit Facility. At any time and from time to time from April 25, 2011 through the Business Day immediately prior to the Letter of Credit Facility Maturity Date, Bank shall issue for the account of Borrower such Letters of Credit as Borrower may request by delivering to Bank a duly executed letter of credit application on Bank's standard form; provided, however, that the outstanding and undrawn amounts under all such Letters of Credit shall not at any time exceed the Letter of Credit Facility. Any drawn but unreimbursed amounts under any Letters of Credit shall be charged as Advances against the Revolving Line. All Letters of Credit shall be in form and substance acceptable to Bank in its sole discretion and shall be subject to the terms and conditions of Bank's form application and letter of credit agreement. Borrower will pay any standard issuance and other fees that Bank notifies Borrower it will charge for issuing and processing Letters of Credit. If Borrower has not secured to Bank's satisfaction its obligations with respect to any Letters of Credit by the Letter of Credit Facility Maturity Date, then, effective as of such date, the balance in any deposit accounts held by Bank and the certificates of deposit or time deposit accounts issued by Bank in Borrower's name (and any interest paid thereon or proceeds thereof, including any amounts payable upon the maturity or liquidation of such certificates or accounts), shall automatically secure such obligations to the extent of the then continuing or outstanding and undrawn Letters of Credit. Borrower authorizes Bank to hold such balances in pledge and to decline to honor any drafts thereon or any requests by Borrower or any other Person to pay or otherwise transfer any part of such balances for so long as the Letters of Credit are outstanding or continue.

(d) Growth Capital Advances.

(i) Subject to and upon the terms and conditions of this Agreement, Bank agrees to make Growth Capital Advances to Borrower. Borrower may request Growth Capital Advances from the Closing Date through the Growth Capital Availability End Date. In no event shall the aggregate amount of Growth Capital Advances exceed the Growth Capital Line. Each Growth Capital Advance shall be in a minimum original principal amount of at least the lesser of Two Hundred Fifty Thousand Dollars (\$250,000) or the remaining availability under the Growth Capital Line.

(ii) Interest shall accrue from the date of each Growth Capital Advance at the rate specified in Section 2.3(a), and shall be payable in accordance with Section 2.3(c). Any Growth Capital Advances that are outstanding on Growth Capital Availability End Date shall be payable in thirty (30) equal monthly installments of principal, plus all accrued interest, beginning on May 1, 2013, and continuing on the same day of each month thereafter through the Growth Capital Maturity Date, at which time all amounts owing in connection with the Growth Capital Advances, and all other amounts owing under this Agreement, shall be immediately due and payable in full and in cash. Growth Capital Advances, once repaid, may not be reborrowed. Except as set forth in the Pricing Addendum, Borrower may prepay any Growth Capital Advances without penalty or premium. Partial prepayments hereunder shall be applied to the installments hereunder in the inverse order of their maturities without reamortization of the repayment schedule for the remaining principal balance.

(iii) When Borrower desires to obtain a Growth Capital Advance, subject to the prior satisfaction of all other applicable conditions to the making of a Growth Capital Advance set forth in this Agreement, Borrower shall notify Bank (which notice shall be irrevocable) by facsimile transmission to be received no later than 3:00 p.m. Pacific time three (3) Business Days before the day on which the Growth Capital Advance is to be made. Such notice shall be substantially in the form of Exhibit B. The notice shall be duly executed by a Responsible Officer or its designee. Bank shall be entitled to rely on any facsimile or telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance.

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(c) Existing Equipment Advance.

(i) Prior to the Closing Date, Bank made Equipment Advances (as defined in the Original Agreement) to Borrower pursuant to the terms of Section 2.1(c) of the Original Agreement, in the aggregate principal amount of Five Hundred Thousand Dollars (\$500,000), of which Forty-One Thousand Six Hundred Sixty-Six and 70/100 Dollars (\$41,666.70) in principal amount remain outstanding as of the Closing Date (the "Existing Equipment Advance").

(ii) Interest on the Existing Equipment Advance shall continue to accrue from and after the Closing Date at the rate specified in Section 2.3(a), and shall be payable in accordance with Section 2.3(c). The Existing Equipment Advance outstanding on the Closing Date shall be repaid in equal monthly installments of principal and accrued interest each in the amount of \$20,833.33, beginning on May 1, 2012, and continuing on the same day of each month thereafter through the Existing Equipment Loan Maturity Date, at which time all amounts due in connection with the Existing Equipment Advance shall be immediately due and payable. Except as set forth in the Pricing Addendum, Borrower may prepay the Existing Equipment Advance as provided in Section 2.3(f).

2.2 Overadvances. If the aggregate amount of the outstanding Advances exceeds the lesser of the Revolving Line or the Borrowing Base at any time, Borrower shall immediately pay to Bank, in cash, the amount of such excess.

2.3 Interest Rates, Payments, and Calculations.

(a) Interest Rates.

(i) Advances. Except as set forth in Section 2.3(b), the Advances shall bear interest, on the outstanding daily balance thereof, as set forth in the Pricing Addendum.

(ii) Existing Equipment Advance. Except as set forth in Section 2.3(b), the Existing Equipment Advance shall bear interest, on the outstanding daily balance thereof, at a rate equal to the Prime Rate.

(iii) Growth Capital Advances. Except as set forth in Section 2.3(b), the Growth Capital Advances shall bear interest, on the outstanding daily balance thereof, as set forth in the Pricing Addendum.

(b) Default Interest Rate. From and after the occurrence of any Event of Default, and so long as any such Event of Default remains unremedied or uncured thereafter, the Obligations shall bear interest at a per annum rate of five percent (5%) above the otherwise applicable interest rate hereunder, which interest shall be payable upon demand. In addition to the foregoing, a late payment charge equal to five percent (5%) of each late payment hereunder may be charged on any payment not received by Bank within ten (10) calendar days after the payment due date therefor, but acceptance of payment of any such charge shall not constitute a waiver of any Event of Default. In no event shall the interest payable under this Agreement at any time exceed the maximum rate permitted by law.

(c) Payments. Except as set forth in the Pricing Addendum, interest hereunder shall be due and payable monthly, in arrears, on the first day of each month during the term hereof, until maturity (whether as stated herein, by acceleration or otherwise). In the event that any payment under this Agreement becomes due and payable on any day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day, and, to the extent applicable, interest shall continue to accrue and be payable thereon during such extension at the rates set forth herein or in the Pricing Addendum. Bank shall, at its option, charge such interest, all Bank Expenses, and all Periodic Payments against any of Borrower's deposit accounts or against the Revolving Line, in which case those amounts shall thereafter accrue interest at the rate then applicable hereunder. Any interest not paid when due shall be compounded by becoming a part of the Obligations, and such interest shall thereafter accrue interest at the rate then applicable hereunder. All payments shall be free and clear of any taxes, withholdings, duties, impositions or other charges, to the end that Bank will receive the entire amount of any Obligations payable hereunder, regardless of source of payment.

(d) Computation; Bank's Records. In the event the Prime Rate is changed from time to time hereafter, the applicable rate of interest hereunder shall be increased or decreased, effective as of the day the Prime Rate is changed, by an amount equal to such change in the Prime Rate. All interest chargeable under the Loan Documents shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days elapsed. The amount and date of each Credit Extension under this Agreement, its applicable interest rate, and the amount and date of any repayment shall be noted on Bank's records, which records shall be conclusive evidence thereof, absent manifest error; provided, however, any failure by Bank to make any such notation, or any error in any such notation, shall not relieve Borrower of its obligations to repay Bank all amounts payable by Borrower to Bank under or pursuant to this Agreement, when due in accordance with the terms hereof.

(e) Prepayment Upon an Event of Loss. Borrower shall bear the risk of any loss, theft, destruction, or damage of or to the Collateral, including the Equipment and other property financed by Bank from time to time (the "Financed Equipment"). If, during the term of this Agreement, any item of Financed Equipment becomes obsolete or is lost, stolen, destroyed, damaged beyond repair, rendered permanently unfit for use, or seized by a governmental authority for any reason for a period equal to at least the remainder of the term of this Agreement (an "Event of Loss"), then, if no Event of Default has occurred or is continuing, within ten (10) days following the later of

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such Event of Loss or Borrower's receipt of insurance proceeds in respect of such Event of Loss, at Borrower's option, Borrower shall (i) pay to Bank on account of the Obligations all accrued interest to the date of the prepayment, plus all outstanding principal owing with respect to the Financed Equipment subject to the Event of Loss; or (ii) repair or replace any Financed Equipment subject to an Event of Loss provided the repaired or replaced Financed Equipment is of equal or like value to the Financed Equipment subject to an Event of Loss and provided further that Bank has a first priority perfected security interest in such repaired or replaced Financed Equipment.

(f) Prepayment. Borrower may prepay all or part of the outstanding balance of any Obligations at any time without premium or penalty, and so long as no Event of Default has occurred and is continuing, Borrower may designate in writing the Obligations to which a prepayment shall be applied. Unless otherwise agreed by Bank in writing, partial prepayments hereunder (other than payments with respect to Advances under the Revolving Line) shall be applied to the installments owing hereunder in respect of Obligations (other than Advances under the Revolving Line) in the inverse order of their maturities. Any prepayment hereunder (other than prepayment of Advances under the Revolving Line) shall also be accompanied by the payment of all accrued and unpaid interest on the amount so prepaid. Borrower hereby acknowledges and agrees that the foregoing shall not, in any way whatsoever, limit, restrict, or otherwise affect Bank's right to make demand for payment of all or any part of the Obligations under this Agreement due on a demand basis in Bank's sole and absolute discretion.

2.4 Crediting Payments. Prior to the occurrence of an Event of Default, Bank shall credit a wire transfer of funds, check or other item of payment to such deposit account or Obligation as Borrower specifies, except that to the extent Borrower uses the Existing Equipment Advance to purchase Collateral, Borrower's repayment of the Existing Equipment Advance shall apply on a "first-in-first-out" basis so that the portion of the Existing Equipment Advance used to purchase a particular item of Collateral shall be paid in the chronological order the Borrower purchased the Collateral. After the occurrence and during the continuance of an Event of Default, Bank shall have the right, in its sole discretion, to immediately apply any wire transfer of funds, check, or other item of payment Bank may receive to conditionally reduce Obligations, but such applications of funds shall not be considered a payment on account unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by Bank after 12:00 noon Pacific time shall be deemed to have been received by Bank as of the opening of business on the immediately following Business Day. Whenever any payment to Bank under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension.

2.5 Fees. Borrower shall pay to Bank the following:

(a) Facility Fee. On the Closing Date, a fully-earned fee equal to Ten Thousand Dollars (\$10,000), which shall be nonrefundable;

(b) Letter of Credit Fee. Bank's customary fees and expenses for the issuance or renewal of Letters of Credit, including, without limitation, a letter of credit fee of one percent (1.00%) per annum of the face amount of each Letter of Credit issued, upon the issuance of such Letter of Credit, each anniversary of the issuance during the term of such Letter of Credit, and upon the renewal of such Letter of Credit by Bank; and

(c) Bank Expenses. On the Closing Date, all Bank Expenses incurred through the Closing Date, and, after the Closing Date, all Bank Expenses, as and when they become due.

2.6 Term. This Agreement shall become effective on the Closing Date and, subject to Section 13.8, shall continue in full force and effect for so long as any Obligations remain outstanding or Bank has any obligation to make Credit Extensions under this Agreement or any other Loan Document. Notwithstanding the foregoing, Bank shall have the right to terminate its obligation to make Credit Extensions under this Agreement immediately and without notice upon the occurrence and during the continuance of an Event of Default.

3. CONDITIONS OF LOANS.

3.1 Conditions Precedent to Initial Credit Extension. The obligation of Bank to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, the following:

(a) this Agreement, duly executed by Borrower;

(b) the Pricing Addendum, duly executed by Borrower;

(c) an Unconditional Guaranty and Third Party Security Agreement, each duly executed by Performable;

(d) (i) an officer's certificate of Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents to which it is a party, and (ii) an officer's certificate of Performable with respect to incumbency and resolutions authorizing the execution and delivery of the Guaranty Documents and other Loan Documents to which it is a party;

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- (e) UCC National Form Financing Statement Amendment with respect to Borrower and UCC National Form Financing Statement with respect to Performable;
- (f) a Warrant in form and substance satisfactory to Bank, duly executed by Borrower;
- (g) agreement to furnish insurance;
- (h) payment of the fees and Bank Expenses then due specified in Section 2.5;
- (i) current SOS Reports indicating that except for Permitted Liens, there are no other security interests or Liens of record in the Collateral;
- (j) current financial statements, including audited statements for Borrower's most recently ended fiscal year, together with an unqualified opinion, company prepared consolidated and consolidating balance sheets and income statements for the most recently ended month in accordance with Section 6.2, and such other updated financial information as Bank may reasonably request;
- (k) current Compliance Certificate in accordance with Section 6.2;
- (l) a Borrowing Base Certificate in accordance with Section 6.2 for the period ending February 29, 2012;
- (m) a Collateral Information Certificate, duly executed by Borrower and a Collateral Information Certificate, duly executed by Performable;
- (n) an Automatic Debit Authorization, duly executed by Borrower; and
- (o) such other documents, instruments or certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

3.2 Conditions Precedent to all Credit Extensions. The obligation of Bank to make each Credit Extension, including the initial Credit Extension, is further subject to the following conditions:

- (a) timely receipt by Bank of the Payment/Advance Form as provided in Section 2.1; and
- (b) the representations and warranties contained in Section 5 shall be true and correct in all material respects on and as of the date of such Payment/Advance Form and on the effective date of each Credit Extension as though made at and as of each such date, and no Event of Default shall have occurred and be continuing, or would exist after giving effect to such Credit Extension (provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date). The making of each Credit Extension shall be deemed to be a representation and warranty by Borrower on the date of such Credit Extension as to the accuracy of the facts referred to in this Section 3.2.

4. CREATION OF SECURITY INTEREST.

4.1 Grant of Security Interest. Borrower grants and pledges to Bank a continuing security interest in the Collateral to secure prompt repayment of any and all Obligations and in order to secure prompt performance by Borrower of each of its covenants and duties under the Loan Documents. Except as set forth in the Schedule and except for Permitted Liens of the type described in clause (c) of the definition of Permitted Liens on Equipment that is not Financed Equipment and Permitted Liens of the type described in clause (f) of the definition of Permitted Liens, in each case, that may have superior priority to Bank's Lien under this Agreement, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in later-acquired Collateral. Borrower also hereby agrees not to sell, transfer, assign, mortgage, pledge, lease, grant a security interest in, or encumber any of its Intellectual Property and not to allow a Lien to exist on any of its Intellectual Property, in each case, except in connection with Permitted Liens and Permitted Transfers. Notwithstanding any termination of this Agreement, Bank's Lien on the Collateral shall remain in effect for so long as any Obligations (other than contingent indemnification obligations as to which no claim has been asserted or is known to exist) are outstanding.

4.2 Perfection of Security Interest. Borrower authorizes Bank to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of Borrower of the kind pledged hereunder, and (ii) contain any other information required by the Code for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment, including whether Borrower is an organization, the type of organization and any organizational identification number issued to Borrower, if applicable. Any such financing statements may be filed by Bank at any time in any jurisdiction whether or not Revised Division 9 of the Code is then in effect in that jurisdiction. Borrower shall from time to time endorse and deliver to Bank, at the request of Bank, all Negotiable Collateral and other documents that Bank may reasonably request, in form satisfactory to Bank, to perfect and continue perfection of Bank's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Loan Documents. Borrower shall have possession of the Collateral, except where expressly otherwise provided in this Agreement or where Bank chooses to perfect its security interest by possession in addition to the filing of a financing statement. Where Collateral is in possession of a third party

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bailee (other than locations where property of Borrower and/or its Subsidiaries may be located with a value less than \$25,000 at any one location or less than \$100,000 in the aggregate for all such locations), Borrower shall take such steps as Bank requests for Bank to obtain an acknowledgment, in form and substance satisfactory to Bank, of the bailee that the bailee holds such Collateral for the benefit of Bank. Other than with respect to the Excluded Deposit Accounts, Borrower shall obtain "control" of any Collateral consisting of investment property, deposit accounts, securities accounts, letter-of-credit rights or electronic chattel paper (as such items and the term "control" are defined in Revised Division 9 of the Code) by causing the securities intermediary or depository institution or issuing bank to execute a control agreement in form and substance satisfactory to Bank. Borrower will not create any chattel paper without placing a legend on the chattel paper acceptable to Bank indicating that Bank has a security interest in the chattel paper. Borrower from time to time may deposit with Bank specific cash collateral to secure specific Obligations; Borrower authorizes Bank to hold such specific balances in pledge and to decline to honor any drafts thereon or any request by Borrower or any other Person to pay or otherwise transfer any part of such balances for so long as the specific Obligations are outstanding.

4.3 Right to Inspect. Bank (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours but no more than twice each year (unless an Event of Default has occurred and is continuing), to inspect Borrower's Books and to make copies thereof and to check, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral and Borrower's other assets and properties.

4.4 Pledge of Collateral. Borrower hereby pledges, assigns and grants to Bank a security interest in all of Borrower's right, title and interest in the Shares, together with all proceeds and substitutions thereof, all cash, stock (constituting Shares) and other moneys and property paid thereon, all rights to subscribe for securities (constituting Shares) declared or granted in connection therewith, and all other cash and noncash proceeds of the foregoing, as security for the performance of the Obligations. On the Closing Date, the certificate or certificates for the Shares in which Borrower has an interest will be delivered to Bank, accompanied by an instrument of assignment duly executed in blank by Borrower. To the extent required by the terms and conditions governing the Shares in which Borrower has an interest, Borrower shall cause the books of each entity whose Shares are part of the Collateral and any transfer agent to reflect the pledge of the Shares. Upon the occurrence and during the continuance of an Event of Default hereunder, Bank may effect the transfer of any securities included in the Collateral (including but not limited to the Shares) into the name of Bank and cause new certificates representing such securities to be issued in the name of Bank or its transferee. Borrower will execute and deliver such documents, and take or cause to be taken such actions, as Bank may reasonably request to perfect or continue the perfection of Bank's security interest in the Shares. Unless an Event of Default shall have occurred and be continuing and Borrower has received a written notice from Bank indicating that Borrower is no longer permitted to exercise its voting rights with respect to the Shares and/or to give consents, waivers and ratifications in respect of the Shares ("Exercise Notice"), Borrower shall be entitled to exercise any voting rights with respect to the Shares in which Borrower has an interest and to give consents, waivers and ratifications in respect thereof, provided that no vote shall be cast or consent, waiver or ratification given or action taken which would be inconsistent with any of the terms of this Agreement or which would constitute or create any violation of any of such terms. All such rights to vote and give consents, waivers and ratifications shall terminate upon the occurrence and during the continuance of an Event of Default and Borrower's receipt of an Exercise Notice from Bank.

5. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants as follows:

5.1 Due Organization and Qualification. Borrower and each Subsidiary is an entity duly existing under the laws of the jurisdiction in which it is organized and qualified and licensed to do business in any state in which the conduct of its business or its ownership of property requires that it be so qualified, except where the failure to do so could not reasonably be expected to cause a Material Adverse Effect.

5.2 Due Authorization; No Conflict. The execution, delivery, and performance of the Loan Documents are within Borrower's powers, have been duly authorized, and are not in conflict with nor constitute a breach of any provision contained in Borrower's Certificate of Incorporation or Bylaws, nor will they constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement by which it is bound, except to the extent such default could not reasonably be expected to cause a Material Adverse Effect.

5.3 Collateral. Borrower has rights in or the power to transfer the Collateral, and its title to the Collateral is free and clear of Liens, adverse claims, and restrictions on transfer or pledge except for Permitted Liens. All Collateral is located solely in the Collateral States at the locations specified in the Collateral Information Certificate (or is Inventory in transit to or from such locations in the ordinary course of business), and at such other locations as may be timely disclosed in writing to Bank pursuant to Section 7.2. Borrower has not received notice of actual or imminent Insolvency Proceeding of any account debtor whose Subscription Contracts are included in the calculation of the Borrowing Base. No Account Debtor under any of Borrower's Subscription Contracts is located in a Prohibited Territory. All Inventory and Equipment is in all material respects of good and merchantable quality, free from all material defects, except for Inventory for which adequate reserves have been made. Except as set forth in the Schedule or as disclosed

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in writing from time to time with respect to accounts maintained outside of Bank to the extent expressly permitted under Section 6.6, none of Borrower's cash, securities or investment property is maintained or invested with a Person other than Bank or Bank's Affiliates.

5.4 Intellectual Property. Borrower is the sole owner of its Intellectual Property, except for non-exclusive licenses granted by Borrower to its customers in the ordinary course of business or to Borrower. To the best of Borrower's knowledge, each of its Copyrights, Trademarks and Patents is valid and enforceable, and no part of the Intellectual Property in which Borrower has any interest has been judged invalid or unenforceable, in whole or in part, and no claim has been made to Borrower that any part of the Intellectual Property in which Borrower has any interest violates the rights of any third party except to the extent such claim, invalidity or unenforceability could not reasonably be expected to cause a Material Adverse Effect.

5.5 Name, Location of Chief Executive Office. Except as disclosed in the Schedule, Borrower has not done business under any name other than that specified on the signature page hereof, and its exact legal name is as set forth in the first paragraph of this Agreement. The chief executive office of Borrower is located in the Chief Executive Office State at the address indicated in Section 10 hereof or at such other location as to which Borrower has provided notice in accordance with Section 7.2.

5.6 Actions, Suits, Litigation or Proceedings. Except as set forth in the Schedule, there are no actions, suits, litigation or proceedings, at law or in equity, pending by or against Borrower or any Subsidiary before any court, administrative agency, or arbitrator in which a likely adverse decision could reasonably be expected to have a Material Adverse Effect.

5.7 No Material Adverse Change in Financial Statements. All consolidated and consolidating financial statements related to Borrower and any Subsidiary that are delivered by Borrower to Bank fairly present in all material respects Borrower's consolidated and consolidating financial condition as of the date thereof and Borrower's consolidated and consolidating results of operations for the period then ended. There has not been a material adverse change in the consolidated or in the consolidating financial condition of Borrower since the date of the most recent of such financial statements submitted to Bank.

5.8 Solvency, Payment of Debts. Borrower is able to pay its debts (including trade debts) as they mature; the fair saleable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; and Borrower is not left with unreasonably small capital after the transactions contemplated by this Agreement.

5.9 Compliance with Laws and Regulations. Borrower and each Subsidiary have met the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. No event has occurred resulting from Borrower's failure to comply with ERISA that is reasonably likely to result in Borrower's incurring any liability that could have a Material Adverse Effect. Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940. Borrower is not engaged principally, or as one of the important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T and U of the Board of Governors of the Federal Reserve System). Borrower has complied in all material respects with all the provisions of the Federal Fair Labor Standards Act. Borrower is in compliance with all environmental laws, regulations and ordinances except where the failure to comply is not reasonably likely to have a Material Adverse Effect. Borrower has not violated any statutes, laws, ordinances or rules applicable to it, the violation of which could reasonably be expected to have a Material Adverse Effect. Borrower and each Subsidiary have filed or caused to be filed all tax returns required to be filed, and have paid, or have made adequate provision for the payment of, all taxes reflected therein except those being contested in good faith with adequate reserves under GAAP or where the failure to file such returns or pay such taxes could not reasonably be expected to have a Material Adverse Effect.

5.10 Subsidiaries. Borrower does not own any stock, partnership interest or other equity securities of any Person, except for Permitted Investments. As of the Closing Date, Borrower has no Subsidiaries other than Performable.

5.11 Government Consents. Borrower and each Subsidiary 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 for the continued operation of Borrower's business as currently conducted, except where the failure to do so could not reasonably be expected to cause a Material Adverse Effect.

5.12 Restricted Agreements. Except as disclosed on the Schedule or as timely disclosed in writing to Bank pursuant to Section 6.10, Borrower is not a party to, nor is bound by, any Restricted Agreement.

5.13 Shares. Borrower has full power and authority to create a first lien on the Shares in which Borrower has any interest and no disability or contractual obligation exists that would prohibit Borrower from pledging such Shares pursuant to this Agreement. To Borrower's knowledge, there are no subscriptions, warrants, rights of first refusal or other restrictions on transfer relative to, or options exercisable with respect to such Shares. The Shares in which Borrower has any interest have been and will be duly authorized and validly issued, and are fully paid and non-assessable. To Borrower's knowledge, none of the Shares in which Borrower has an interest are the subject of any present or threatened suit, action, arbitration, administrative or other proceeding, and Borrower knows of no reasonable grounds for the institution of any such proceedings.

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5.14 Full Disclosure. No representation, warranty or other statement made by Borrower in any certificate or written statement furnished to Bank taken together with all such certificates and written statements furnished to Bank contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading, it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not to be viewed as facts and that actual results during the period or periods covered by any such projections and forecasts may differ from the projected or forecasted results.

6. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees that, until payment in full of all outstanding Obligations, and for so long as Bank may have any commitment to make a Credit Extension hereunder, Borrower shall do all of the following

6.1 Good Standing and Government Compliance. Borrower shall maintain its and each of its Subsidiaries' organizational existence and good standing in the Borrower State, shall maintain qualification and good standing in each other jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect, and shall furnish to Bank the organizational identification number issued to Borrower by the authorities of the jurisdiction in which Borrower is organized, if applicable. Borrower shall meet, and shall cause each Subsidiary to meet, the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. Borrower shall comply in all material respects with all applicable Environmental Laws, and maintain all material permits, licenses and approvals required thereunder where the failure to do so could reasonably be expected to have a Material Adverse Effect. Borrower shall comply, and shall cause each Subsidiary to comply, with all statutes, laws, ordinances and government rules and regulations to which it is subject, and shall maintain, and shall cause each of its Subsidiaries to maintain, in force all licenses, approvals and agreements, the loss of which or failure to comply with which could reasonably be expected to have a Material Adverse Effect.

6.2 Financial Statements, Reports, Certificates. Borrower shall deliver the following to Bank:

(a) (i) as soon as available, but in any event within thirty (30) days after the end of each calendar month, a company prepared consolidated and consolidating balance sheet and income statement covering Borrower's operations during such period prepared in accordance with GAAP, in a form reasonably acceptable to Bank and certified by a Responsible Officer; (ii) as soon as available, but in any event within one hundred eighty (180) days after the end of Borrower's fiscal year, audited consolidated and consolidating financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an opinion which is unqualified (including no going concern comment or qualification) or otherwise consented to in writing by Bank on such financial statements of an independent certified public accounting firm reasonably acceptable to Bank; (iii) if applicable, copies of all statements, reports and notices sent or made available generally by Borrower to its security holders or to any holders of Subordinated Debt and all reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission; (iv) promptly upon receipt of notice thereof, a report of any legal actions pending or threatened against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of One Hundred Thousand Dollars (\$100,000) or more; (v) promptly upon receipt, each management letter prepared by Borrower's independent certified public accounting firm regarding Borrower's management control systems; (vi) as soon as available, but in any event not later than sixty (60) days after the end of each fiscal year, Borrower's financial and business projections and budget for the current year (including monthly detail), certified by a Responsible Officer as being approved by Borrower's Board of Directors; and (vii) such budgets, sales projections, operating plans or other financial information as Bank may reasonably request from time to time;

(b) Within thirty (30) days after the last day of each month, Borrower shall deliver to Bank a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of Exhibit C hereto, together with aged listings by invoice date of accounts receivable and accounts payable.

(c) Within thirty (30) days after the last day of each month, Borrower shall deliver to Bank with the monthly financial statements a Compliance Certificate certified as of the last day of the applicable month and signed by a Responsible Officer in substantially the form of Exhibit D hereto.

(d) As soon as possible and in any event within two (2) calendar days after becoming aware of the occurrence or existence of an Event of Default hereunder, a written statement of a Responsible Officer setting forth details of the Event of Default, and the action which Borrower has taken or proposes to take with respect thereto.

(e) Bank shall have a right from time to time hereafter to audit Borrower's Accounts and appraise Collateral, at Borrower's expense, provided that such audits will be conducted no more often than every six (6) months unless an Event of Default has occurred and is continuing.

Borrower may deliver to Bank on an electronic basis any certificates, reports or information required pursuant to this Section 6.2, and Bank shall be entitled to rely on the information contained in the electronic files, provided that Bank in good faith believes that the files were delivered by a Responsible Officer. If Borrower delivers this information electronically, it shall also deliver

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to Bank by U.S. Mail, reputable overnight courier service, hand delivery, facsimile or .pdf file within five (5) Business Days of submission of the unsigned electronic copy the certification of monthly financial statements, the Borrowing Base Certificate and the Compliance Certificate, each bearing the physical signature of the Responsible Officer.

6.3 Condition of Collateral. Borrower shall keep all Inventory and Equipment in good operating condition and repair (ordinary wear and tear excepted), free from all material defects except for inventory for which adequate reserves have been made. Borrower shall make all necessary repairs to its Equipment and replacement of parts so that the value and operating efficiency thereof shall all times be maintained and preserved. Borrower shall keep complete and accurate books and records with respect to the Collateral, including maintenance records. Returns and allowances, if any, as between Borrower and its Account Debtors shall be on the same basis and in accordance with the usual customary practices of Borrower, as they exist on the Closing Date. Borrower shall promptly notify Bank of all returns and recoveries and of all disputes and claims involving more than One Hundred Thousand Dollars (\$100,000).

6.4 Taxes. Borrower shall make, and cause each Subsidiary to make, due and timely payment or deposit of all material federal, state, and local taxes, assessments, or contributions required of it by law, including, but not limited to, those laws concerning income taxes, F.I.C.A., F.U.T.A. and state disability, and will execute and deliver to Bank, on demand, proof satisfactory to Bank indicating that Borrower or a Subsidiary has made such payments or deposits and any appropriate certificates attesting to the payment or deposit thereof; provided that Borrower or a Subsidiary need not make any payment if the amount or validity of such payment is contested in good faith by appropriate proceedings and is reserved against (to the extent required by GAAP) by Borrower.

6.5 Insurance.

(a) Borrower, at its expense, shall keep the Collateral and its other property and assets insured against loss or damage by fire, theft, explosion, sprinklers, and all other hazards and risks, and in such amounts, as ordinarily insured against by other owners in similar businesses conducted in the locations where Borrower's business is conducted on the date hereof. Borrower shall also maintain liability and other insurance in amounts and of a type that are customary to businesses similar to Borrower's.

(b) All such policies of insurance shall be in such form, with such companies, and in such amounts as are reasonably satisfactory to Bank. All policies of property insurance shall contain a lender's loss payable endorsement, in a form satisfactory to Bank, showing Bank as an additional loss payee, as its interests may appear, and all liability insurance policies shall show Bank as an additional insured and shall specify that the insurer must give at least 30 days notice to Bank before canceling its policy for any reason; provided that the insurer may give Bank no fewer than ten (10) days' notice before cancellation of any policy due to nonpayment of premiums. Upon Bank's request, Borrower shall deliver to Bank certified copies of the policies of insurance and evidence of all premium payments. If no Event of Default has occurred and is continuing, proceeds payable under any casualty policy in connection with or in respect of the Collateral will, at Borrower's option, be payable to Borrower to replace the property subject to the claim, provided that any such replacement property shall be of equal or greater value than the property being replaced and shall be deemed Collateral in which Bank has been granted a first priority security interest. If an Event of Default has occurred and is continuing, all proceeds payable under any such policy shall, at Bank's option, be payable to Bank to be applied on account of the Obligations.

6.6 Accounts. Borrower shall maintain all of its, and shall cause all of its Subsidiaries to maintain all of their, deposit and operating accounts with Bank, and all of its and their primary investment accounts with Bank or Bank's Affiliates (covered by satisfactory control agreements); provided, however, notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, (a) Borrower and its Subsidiaries may maintain the Excluded Deposit Accounts, subject to the limitations set forth in the definition thereof, and (b) at any time while Borrower maintains one or more deposit accounts with Bank or investment accounts with Bank's Affiliates with aggregate deposits or value in an amount not less than Ten Million Dollars (\$10,000,000), Borrower and its Subsidiaries may, at such time, also maintain cash, cash equivalents, investments and securities in excess of such amount in accounts outside of Bank and Bank's Affiliates that are identified on the Schedule or as to which Borrower has provided Bank with not less than five (5) days prior written notice before establishing any such additional account, so long as each such account remains, at all times, subject Bank's first-priority security interest (subject only to Permitted Liens of the type described in clause (f) of the definition of Permitted Liens), pursuant to an account control agreement in form and substance satisfactory to Bank.

6.7 Title. Borrower shall promptly notify Bank in writing of any event which materially affects the value of the Collateral, the ability of Borrower or Bank to dispose of the Collateral, or the rights or remedies of Bank in relation thereto, including, but not limited to, the levy of any legal process against the Collateral. Upon request by Bank, Borrower shall deliver to Bank any and all evidence of ownership of, and certificates of title to, any and all of the Equipment.

6.8 Financial Covenant. Borrower shall at all times maintain the following financial covenant:

(a) Minimum Cash at Bank. Borrower shall at all times maintain a balance of Cash at Bank of not less than One Million Dollars (\$1,000,000).

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6.9 Intellectual Property Rights.

(a) Borrower shall register or cause to be registered on an expedited basis (to the extent not already registered) with the United States Patent and Trademark Office or the United States Copyright Office, as the case may be, those registrable intellectual property rights now owned or hereafter developed or acquired by Borrower, to the extent that Borrower, in its reasonable business judgment, deems it appropriate to so protect such intellectual property rights.

(b) Borrower shall give Bank written notice of any applications or registrations of intellectual property rights filed with the United States Patent and Trademark Office and United States Copyright Office, including the date of such filing and the registration or application numbers, if any, within 10 days of making such filing.

(c) Borrower shall give Bank written notice of the filing of any applications or registrations with the United States Copyright Office, including the title of such intellectual property rights to be registered, as such title will appear on such applications or registrations, and the date such applications or registrations will be filed, within 10 days of making such filing.

(d) Borrower shall (i) protect, defend and maintain the validity and enforceability of its material Intellectual Property, (ii) use commercially reasonable efforts to detect infringements of its material Intellectual Property and promptly advise Bank in writing of infringements of such Intellectual Property detected and (iii) not allow any material Intellectual Property to be abandoned, forfeited or dedicated to the public without the written consent of Bank, which shall not be unreasonably withheld.

6.10 Restricted Agreements. Prior to entering into or becoming bound by any Restricted Agreement, Borrower shall : (i) provide written notice to Bank of the material terms of such license or agreement with a description of its likely impact on Borrower's business or financial condition; and (ii) use commercially reasonable efforts to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for Bank to have a security interest in the Collateral, and to have the power to enforce remedies in the Collateral, that might otherwise be restricted by the terms of the applicable license or agreement, whether now existing or entered into in the future.

6.11 Creation/Acquisition of Subsidiaries. Without limiting the generality of any other provision hereof, in the event Borrower or any Subsidiary creates or acquires any Subsidiary, Borrower and such Subsidiary shall promptly notify Bank of the creation or acquisition of such new Subsidiary and take all such action as may be reasonably required by Bank to cause each such Subsidiary (unless it is an Excluded Foreign Subsidiary) to guarantee the Obligations of Borrower under the Loan Documents and grant a continuing pledge and security interest in and to the property of such Subsidiary (substantially as described on Exhibit A, hereto), and Borrower and/or the applicable Loan Party shall grant and pledge to Bank a perfected security interest in the Shares of each Subsidiary (whether foreign or domestic).

6.12 Further Assurances. At any time and from time to time Borrower shall execute and deliver such further instruments and take such further action as may reasonably be requested by Bank to effect the purposes of this Agreement. Without limiting the generality of the foregoing, Borrower shall promptly furnish to Bank from time to time, such statements and schedules further identifying the Collateral and such other reports in connection with the Collateral as Bank may request, all in reasonable detail.

7. NEGATIVE COVENANTS.

Borrower covenants and agrees that, so long as any credit hereunder shall be available and until the outstanding Obligations are paid in full or for so long as Bank may have any commitment to make any Credit Extensions, Borrower will not do any of the following without Bank's prior written consent:

7.1 Dispositions. Convey, sell, lease, license, transfer or otherwise dispose of (collectively, to "Transfer"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, including intellectual property, or move cash balances on deposit with Bank to accounts opened at another financial institution, other than Permitted Transfers and transfers to Excluded Deposit Accounts and to other accounts permitted under Section 6.6, in each case, to the extent otherwise permitted hereunder.

7.2 Change in Name, Location, Executive Office, or Executive Management; Change in Business; Change in Fiscal Year; Change in Control. Change its name or the Borrower State or relocate its chief executive office without thirty (30) days prior written notification to Bank; without at least thirty (30) days prior written notice to Bank, add any new offices or business or Collateral locations (unless such new offices or locations contain, in the aggregate, less than Ten Thousand Dollars (\$10,000) in Borrower's or such Subsidiaries' assets or property); replace its chief executive officer or chief financial officer without providing written notification to Bank within ten (10) days thereafter; engage in any business, or permit any of its Subsidiaries to engage in any business, other than or reasonably related or incidental to the businesses currently engaged in by Borrower; change its fiscal year end; suffer or permit a Change in Control.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other Person or business organization (other than mergers or consolidations of a Subsidiary into another Subsidiary or into Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person, or enter into any agreement to do any of the same, except for acquisitions by Borrower where: (a) Bank shall have received at

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least twenty (20) days' prior written notice of such proposed transaction, which notice shall include a reasonably detailed description of such proposed transaction; (b) the property acquired (or the property of the Person acquired) in such acquisition is used or useful in the same, similar, complementary or a related line of business as the Borrower was engaged in on the Closing Date (or any reasonable extensions thereof); (c) the Aggregate Consideration paid or payable by Borrower and its Subsidiaries in connection with all such acquisitions during the term of this Agreement shall not exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) in the aggregate; (d) the Person, business and assets acquired in such acquisition shall be free and clear of all Liens (other than Permitted Liens); (e) at or prior to the closing of any acquisition, Bank will be granted a first priority perfected Lien, in all assets or stock acquired pursuant thereto and Borrower and its Subsidiaries shall have executed such documents and taken such actions as may be required by Bank in connection therewith; (f) at the time of such acquisition no Event of Default has occurred and is continuing, and, after giving effect to such transaction no Event of Default would exist; (g) such acquisitions do not result in a Change in Control; (h) Borrower is in all cases the surviving or successor entity; (i) both before and immediately after giving effect to such transaction, Borrower shall have Cash in excess of Three Million Dollars (\$3,000,000); and (j) Borrower provides to Bank, prior to the consummation of such acquisition (i) historical financial information for the Person being acquired, including, if available, audited financial statements, quality of earnings reports and year-to-date interim financial statements, (ii) true, correct and complete copies of all of the definitive, executed documents, instruments and agreements relating to such acquisition, including all related annexes, schedules and exhibits, and (iii) such other financial information and other information regarding the Person who is being so acquired, as Bank may reasonably request.

7.4 Indebtedness. Create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower an obligation to prepay any Indebtedness, except Indebtedness to Bank.

7.5 Encumbrances. Create, incur, assume or allow any Lien with respect to any of its property, or assign or otherwise 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. Agree with any Person other than Bank not to grant a security interest in, or otherwise encumber, any of its property, or covenant to any other Person that Borrower in the future will refrain from creating, incurring, assuming or allowing any Lien with respect to any of Borrower's property, or permit any Subsidiary to do so, other than (i) contractual restrictions on encumbrance of Equipment subject to Permitted Liens of the type described in clause (c) of the definition of Permitted Lien solely with respect to such Equipment, and (ii) subject to Sections 5.12 and 6.10, restrictions by reason of customary provisions restricting assignments contained in licenses of intellectual property under which Borrower or a Subsidiary is the licensee (and not the licensor) entered into in the ordinary course of business (provided that such restrictions are limited to licenses or the property subject to such licenses, as the case may be).

7.6 Distributions. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any of its Equity Interests, or permit its Subsidiaries to do so, except that, subject to the last sentence of this Section 7.6, Borrower may: (a) pay up to Fifty Thousand Dollars (\$50,000) in the aggregate in any fiscal year to repurchase Equity Interests in Borrower, as required pursuant to customary stock repurchase agreements approved by Borrower's Board of Directors, from former officers, directors or employees upon the death, disability or termination or cessation of employment or service of such officers, directors or employees; (b) make dividends payable exclusively in the form of capital stock; (c) convert convertible securities (including warrants) into equity securities pursuant to the terms of such convertible securities; and (d) distribute equity securities to current or former employees, officers, consultants or directors upon the exercise of their stock options. Notwithstanding the foregoing, Borrower shall be permitted to make such repurchases under clause (a) above only if, at the time of such repurchase, and immediately after giving effect thereto: (i) no Event of Default, or any event or circumstance that with the giving of notice or the passage of time (or both) could result in an Event of Default, exists or could reasonably be expected to occur, (ii) Borrower is solvent, and (iii) such distribution is permitted under and is made in compliance with applicable law including Sections 170 and 173 of the Delaware General Corporation Law. In addition, Borrower's Subsidiaries may make dividends and distributions to Borrower on account of or in redemption, retirement or purchase of any of their respective Equity Interests.

7.7 Investments. Directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries to do so, other than Permitted Investments, or maintain or invest any of its property with a Person other than Bank or Bank's Affiliates or permit any Subsidiary to do so unless such Person has entered into a control agreement with Bank (other than with respect to Excluded Deposit Accounts), in form and substance satisfactory to Bank, or suffer or permit any Subsidiary to be a party to, or be bound by, an agreement that restricts such Subsidiary from paying dividends or otherwise distributing property to Borrower. Further, Borrower shall not enter into any license or agreement with any Prohibited Territory or with any Person organized under or doing business in a Prohibited Territory.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower except for: (a) 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, and (b) transactions constituting bona fide rounds of preferred stock financing for capital raising purposes provided that such transactions are approved by Borrower's Board of Directors, including all disinterested directors.

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7.9 Subordinated Debt. Make any payment in respect of any Subordinated Debt, or permit any of its Subsidiaries to make any such payment, except in compliance with the terms of such Subordinated Debt and the terms of the subordination agreement relating to such Subordinated Debt, or amend any provision of any document evidencing such Subordinated Debt, except in compliance with the terms of the subordination agreement relating to such Subordinated Debt, or amend any provision affecting Bank's rights contained in any documentation relating to the Subordinated Debt without Bank's prior written consent.

7.10 Location of Equipment. Store, or cause or permit any Subsidiary to store, any Collateral with a bailee, warehouseman, or similar third party unless (a) Borrower shall promptly thereafter give Bank written notice thereof identifying the names and addresses of such third parties and briefly describing the Collateral in the possession of such third parties; (b) the third party has been notified of Bank's security interest and Bank (i) other than with respect to locations where property of Borrower and/or its Subsidiaries may be located with a value less than \$25,000 at any one location or less than \$100,000 in the aggregate for all such locations, shall have received a duly executed Collateral Access Agreement, including an acknowledgment from the third party that it is holding or will hold the Collateral for Bank's benefit or (ii) is in possession of the warehouse receipt, where negotiable, covering such Collateral. Except for such locations as Bank may approve in writing, Borrower shall keep, and shall cause each of its Subsidiaries to keep, its Equipment and all Collateral only at the locations set forth in the Schedule delivered by Borrower to Bank prior to the Closing Date (or inventory in transit between such locations in the ordinary course of business), and at such other locations of which Borrower gives Bank prior written notice pursuant to Section 7.2, and as to which Bank files Security Instruments where needed to perfect its security interests and liens in such Collateral and as to which (x) if applicable, Bank has received a Collateral Access Agreement for any location where Borrower or its Subsidiaries maintain more than \$25,000 at any one location (provided that, unless Bank otherwise agrees in writing, not more than \$100,000 of property in which Bank holds a Lien in the aggregate shall be located with third party bailees at locations not subject to a Collateral Access Agreement), and (y) Borrower has taken such actions as Bank reasonably requests to perfect and maintain the perfection and priority of Bank's Lien on the Collateral.

7.11 No Investment Company; Margin Regulation. Become or be controlled by an "investment company," within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Credit Extension for such purpose.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an Event of Default by Borrower under this Agreement:

8.1 Payment Default. If Borrower fails to pay any of the Obligations when due;

8.2 Covenant Default.

(a) If Borrower fails to perform any obligation under Article 6 or violates any of the covenants contained in Article 7 of this Agreement; or

(b) If Borrower fails or neglects to perform or observe any other material term, provision, condition, covenant contained in this Agreement, in any of the Loan Documents, or in any other present or future agreement between Borrower and Bank and as to any default under such other term, provision, condition or covenant that can be cured, has failed to cure such default within ten (10) days after Borrower receives notice thereof or any officer of Borrower becomes aware 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 reasonable 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 have cured such default shall not be deemed an Event of Default but no Credit Extensions will be made;

8.3 Defective Perfection. If Bank shall receive at any time following the Closing Date an SOS Report indicating that except for Permitted Liens, Bank's security interest in the Collateral is not prior to all other security interests or Liens of record reflected in such SOS Report;

8.4 Material Adverse Change. If there occurs any circumstance or circumstances that could have a Material Adverse Effect;

8.5 Attachment. If any material portion of Borrower's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within ten (10) days, or if Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of Borrower's assets, or if a notice of lien, levy, or assessment is filed of record with respect to any of Borrower's assets by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within ten (10) days after Borrower receives notice thereof, provided that none of the foregoing shall constitute an Event of Default where such action or event

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is stayed or an adequate bond has been posted pending a good faith contest by Borrower (provided that no Credit Extensions will be made during such cure period);

8.6 Insolvency. If Borrower becomes insolvent, or if an Insolvency Proceeding is commenced by Borrower, or any of its Subsidiaries, or if an Insolvency Proceeding is commenced against Borrower and is not dismissed or stayed within thirty (30) days (provided that no Credit Extensions will be made prior to the dismissal of such Insolvency Proceeding);

8.7 Other Agreements. If there is a default or other failure to perform in any agreement to which Borrower is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of One Hundred Thousand Dollars (\$100,000) or that could have a Material Adverse Effect;

8.8 Subordinated Debt. If Borrower makes any payment on account of Subordinated Debt, except to the extent such payment is allowed under any subordination agreement entered into with Bank;

8.9 Judgments; Settlements. If a judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least One Hundred Thousand Dollars (\$100,000) shall be rendered against Borrower and shall remain unsatisfied and unstayed for a period of ten (10) days (provided that no Credit Extensions will be made prior to the satisfaction or stay of such judgment); or if a settlement or settlements is agreed upon for an amount individually or in the aggregate of at least One Hundred Thousand Dollars (\$100,000);

8.10 Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth herein or in any certificate delivered to Bank by any Responsible Officer pursuant to this Agreement or to induce Bank to enter into this Agreement or any other Loan Document; or

8.11 Guaranty. If any guaranty of all or a portion of the Obligations (a "Guaranty") ceases for any reason to be in full force and effect, or any Guarantor fails to perform any obligation under any Guaranty or a security agreement securing any Guaranty (collectively, the "Guaranty Documents"), or any event of default occurs under any Guaranty Document or any Guarantor revokes or purports to revoke a Guaranty, or any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth in any Guaranty Document or in any certificate delivered to Bank in connection with any Guaranty Document, or if any of the circumstances described in Sections 8.3 through 8.9 occur with respect to 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, at its election, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Borrower:

(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.6, all Obligations shall become immediately due and payable without any action by Bank);

(b) Demand that Borrower (i) deposit cash with Bank in an amount equal to the amount of any Letters of Credit remaining undrawn, as collateral security for the repayment of any future drawings under such Letters of Credit, and (ii) pay in advance all Letter of Credit fees scheduled to be paid or payable over the remaining term of the Letters of Credit, and Borrower shall promptly deposit and pay such amounts;

(c) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or under any other agreement between Borrower and Bank;

(d) Settle or adjust disputes and claims directly with Account Debtors for amounts, upon terms and in whatever order that Bank reasonably considers advisable;

(e) Make such payments and do such acts as Bank considers necessary or reasonable to protect its security interest in the Collateral. Borrower agrees to assemble the Collateral if Bank so requires, and to make the Collateral available to Bank as Bank may designate. Borrower authorizes Bank to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in Bank's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's owned premises, Borrower hereby grants Bank a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of Bank's rights or remedies provided herein, at law, in equity, or otherwise;

(f) Set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by Bank, and (ii) indebtedness at any time owing to or for the credit or the account of Borrower held by Bank;

(g) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Bank is hereby granted a license or other right, solely pursuant to the provisions of this Section 9.1,

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to use, without charge, Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, 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 shall inure to Bank's benefit;

(h) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as Bank determines is commercially reasonable, and apply any proceeds to the Obligations in whatever manner or order Bank deems appropriate. Bank may sell the Collateral without giving any warranties as to the Collateral. Bank may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If Bank sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by Bank, and applied to the indebtedness of the purchaser. If the purchaser fails to pay for the Collateral, Bank may resell the Collateral and Borrower shall be credited with the proceeds of the sale;

(i) Bank may credit bid and purchase at any public sale;

(j) Apply for the appointment of a receiver, trustee, liquidator or conservator of the Collateral, without notice and without regard to the adequacy of the security for the Obligations and without regard to the solvency of Borrower, any guarantor or any other Person liable for any of the Obligations; and

(k) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

Bank may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

9.2 Power of Attorney. Borrower hereby irrevocably appoints Bank (and each of Bank's designated officers or employees) as Borrower's true and lawful attorney to: (a) after the occurrence and during the continuance of a Event of Default, (i) send requests for verification of Accounts, if any, included in the Collateral, and notify Account Debtors of Bank's security interests and Liens in such Accounts, if any; (ii) endorse Borrower's name on any checks or other forms of payment or security relating to the Collateral that may come into Bank's possession; (iii) sign Borrower's name on any invoice or bill of lading relating to any Account, drafts against Account Debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to Account Debtors, in each case relating to the Collateral; (iv) dispose of any Collateral; (v) make, settle and adjust all claims under and decisions with respect to Borrower's policies of insurance; (vi) settle and adjust disputes and claims respecting the Accounts, if any included in the Collateral, directly with Account Debtors, for amounts and upon terms which Bank determines to be reasonable; (vii) transfer all or any part of the Collateral into the name of Bank or a third party to the extent permitted under the Code; (b) file, in its sole discretion, one or more financing or continuation statements and amendments thereto relative to any of the Collateral without the signature of Borrower where permitted by law, (c) to execute and do all such assurances, acts and things which Borrower is required, but fails to do under the covenants and provisions of the Loan Documents; (d) to take any and all such actions as Bank may reasonably determine to be necessary or advisable for the purpose of maintaining, preserving or protecting the Collateral or any of the rights, remedies, powers or privileges of Bank under this Agreement or the other Loan Documents; (e) to modify, in its sole discretion, any intellectual property security agreement entered into between Borrower and Bank without first obtaining Borrower's approval of or signature to such modification by amending Exhibits A, B, and C, thereof, as appropriate, to include reference to any right, title or interest in any intellectual property acquired by Borrower or to delete any reference to any right, title or interest in any intellectual property in which Borrower no longer has or claims to have any right, title or interest, and (f) to sign Borrower's name on any documents or Security Instruments necessary to perfect or continue the perfection of, or maintain the priority of, Bank's security interest in the Collateral. The appointment of Bank as attorney in fact of Borrower, and each and every one of Bank's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed, and all of Bank's obligations to provide Credit Extensions or other financial accommodations to Borrower under this Agreement or any of the other Loan Documents shall have terminated.

9.3 Accounts Collection. At any time after the occurrence and during the continuation of an Event of Default, (a) Bank may notify any Person owing funds to Borrower of Bank's security interest in such funds and verify the amount of such Account; and (b) Borrower shall collect all amounts owing to Borrower for Bank, receive in trust all payments as Bank's trustee, and immediately deliver such payments to Bank in their original form as received from the account debtor, with proper endorsements for deposit.

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9.4 Bank Expenses. If Borrower fails to pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then Bank may do any or all of the following after reasonable notice to Borrower: (a) make payment of the same or any part thereof; (b) set up such reserves under the Revolving Line as Bank deems necessary to protect Bank from the exposure created by such failure; or (c) obtain and maintain insurance policies of the type discussed in Section 6.5 of this Agreement, and take any action with respect to such policies as Bank deems prudent. Any amounts so paid or deposited by Bank shall constitute Bank Expenses, shall be immediately due and payable, and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by Bank shall not constitute an agreement by Bank to make similar payments in the future or a waiver by Bank of any Event of Default under this Agreement.

9.5 Bank's Liability for Collateral. Bank has no obligation to clean up or otherwise prepare the Collateral for sale. All risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

9.6 No Obligation to Pursue Others. Bank has no obligation to attempt to satisfy the Obligations by collecting them from any other Person liable for them and Bank may release, modify or waive any collateral provided by any other Person to secure any of the Obligations, all without affecting Bank's rights against Borrower. Borrower waives any right it may have to require Bank to pursue any other Person for any of the Obligations.

9.7 Remedies Cumulative. Bank's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Bank shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by Bank of one right or remedy shall be deemed an election, and no waiver by Bank of any Event of Default on Borrower's part shall be deemed a continuing waiver. No delay by Bank shall constitute a waiver, election, or acquiescence by it. No waiver by Bank shall be effective unless made in a written document signed on behalf of Bank and then shall be effective only in the specific instance and for the specific purpose for which it was given. Borrower expressly agrees that this Section 9.7 may not be waived or modified by Bank by course of performance, conduct, estoppel or otherwise.

9.8 Demand; Protest. Except as otherwise provided in this Agreement, Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment and any other notices relating to the Obligations.

10. NOTICES.

Unless otherwise provided in this Agreement, all notices or demands by any party relating to this Agreement or any other agreement entered into in connection herewith shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by a recognized overnight delivery service, certified mail, postage prepaid, return receipt requested, or by telefacsimile to Borrower or to Bank, as the case may be, at its addresses set forth below:

If to Borrower: HubSpot, Inc.
25 First Street, 2nd Floor
Cambridge, MA 02141
Attn: Chief Financial Officer
FAX: (617) 812-5820

If to Bank: Comerica Bank
39200 Six Mile Road, M/C 7578
Livonia, Michigan 48152
Attn: National Documentation Services

with a copy to: Comerica Bank
1000 Winter Street, Suite 3600
Waltham, MA 02451
Attn: William Sweeney, Sr. Vice President and
James Demoy, Vice President

The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

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11. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.

This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of California, without regard to principles of conflicts of law. Each of Borrower and Bank hereby submits to the exclusive jurisdiction of the State and Federal courts located in the State of California. THE UNDERSIGNED ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OTHER DOCUMENT, INSTRUMENT OR AGREEMENT BETWEEN THE UNDERSIGNED PARTIES.

12. REFERENCE PROVISION.

12.1 In the event the Jury Trial Waiver set forth above is not enforceable, the parties elect to proceed under this Judicial Reference Provision.

12.2 With the exception of the items specified in Section 12.3, below, any controversy, dispute or claim (each, a "Claim") between the parties arising out of or relating to this Agreement or any other document, instrument or agreement between the undersigned parties (collectively in this Section, the "Comerica Documents"), will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure ("CCP"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Comerica Documents, venue for the reference proceeding will be in the Superior Court in the County where the real property involved in the action, if any, is located or in a County where venue is otherwise appropriate under applicable law (the "Court").

12.3 The matters that shall not be subject to a reference are the following: (i) foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this reference provision as provided herein.

12.4 The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted.

12.5 The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

12.6 The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

12.7 Procedures. Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

12.8 Application of Law. The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders

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that will be binding on the parties and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

12.9 Repeal. If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

12.10 THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE OTHER COMERICA DOCUMENTS.

13 GENERAL PROVISIONS.

13.1 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties and shall bind all Persons who become bound as a debtor to this Agreement; provided, however, that neither this Agreement nor any rights hereunder may be assigned by Borrower without Bank's prior written consent, which consent may be granted or withheld in Bank's sole discretion. Bank shall have the right without the consent of or notice to Borrower to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights and benefits hereunder.

13.2 Indemnification. Borrower shall defend, indemnify and hold harmless Bank and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the Collateral or the transactions contemplated by this Agreement or any other Loan Document; and (b) all losses or Bank Expenses in any way suffered, incurred, or paid by Bank, its officers, employees and agents as a result of or in any way arising out of, following, or consequential to transactions between Bank and Borrower whether under this Agreement, or otherwise (including without limitation reasonable attorneys fees and expenses), except, in each case, for losses, obligations, demands, claims, and/or liabilities caused by Bank's gross negligence or willful misconduct.

13.3 Time of Essence. Time is of the essence for the performance of all obligations set forth in this Agreement.

13.4 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

13.5 Correction of Loan Documents. Bank may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties.

13.6 Amendments in Writing, Integration. All amendments to or terminations of this Agreement or the other Loan Documents must be in writing signed by the parties. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement and the other Loan Documents, if any, are merged into this Agreement and the Loan Documents.

13.7 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, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement.

13.8 Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations remain outstanding or Bank has any obligation to make any Credit Extension to Borrower. The obligations of Borrower to indemnify Bank with respect to the expenses, damages, losses, costs and liabilities described in Section 13.2 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Bank have run.

13.9 Confidentiality. In handling any information identified by Borrower as confidential information, Bank and all employees and agents of Bank shall exercise the same degree of care that Bank exercises with respect to its own proprietary

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information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this Agreement except that disclosure of such information may be made (i) to the subsidiaries or Affiliates of Bank, (ii) to prospective transferees or purchasers of, or participants in, any interest in the Obligations (provided, however, Bank shall use commercially reasonable efforts to obtain such prospective transferee's or purchaser's agreement to the terms of this provision), (iii) as required by law, regulations, rule or order, subpoena, judicial order or other order, (iv) as may be required in connection with the examination, audit or similar investigation of Bank, (v) as Bank may determine to be appropriate in connection with the enforcement of any remedies under any of the Loan Documents and (vi) 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 hereunder shall not include information that either: (a) is in the public domain or in the knowledge or possession of Bank when disclosed to Bank, or becomes part of the public domain after disclosure to Bank through no fault of Bank; or (b) is disclosed to Bank by a third party, provided Bank does not have actual knowledge that such third party is prohibited from disclosing such information.

13.10 Effect of Amendment and Restatement. This Agreement is intended to and does completely amend, restate, supercede and replace, without novation, the Original Agreement; provided, however, the execution and delivery of this Agreement shall not, in any manner or circumstance, be deemed to be a novation of or to have terminated, released, extinguished, or discharged any of the Borrower's Indebtedness under the Original Agreement or any Liens granted under the Original Agreement or the other Loan Documents, all of which are hereby ratified and confirmed and shall continue under and shall hereafter be evidenced and governed by this Agreement.

13.11 Performable Acquisition. Subject to the terms and conditions set forth herein, including the conditions precedent set forth in Section 3.1, Bank hereby consents to the Performable Acquisition on the terms set forth in the Performable Acquisition Agreement, as provided to Bank prior to the Closing Date, and waives the Existing Defaults; provided that: (a) the total consideration paid or agreed to be paid by Borrower and its Subsidiaries in connection with the Performable Acquisition consists exclusively of (a) a cash payment at closing not to exceed \$3,300,000, (b) contingent earn-out obligations not to exceed \$1,300,000 per year, payable in 2012, 2013 and 2014, and (c) shares of Borrower's capital stock. Bank's consent to the Performable Acquisition and waiver of the Existing Defaults: (a) in no way shall be deemed to be an agreement by Bank to waive any covenant, liability or obligation of Borrower, any guarantor or any third party or to waive any right, power, or remedy of Bank, except as expressly set forth in this Section 13.11; (b) shall not limit or impair Bank's right to demand strict performance of Borrower's liabilities and obligations to Bank and the Obligations under this Agreement and the other Loan Documents at all times following the Closing Date, including Sections 6.2, 6.11, 7.1, 7.3, 7.4, 7.7 and 7.8 of this Agreement; (c) in no way shall obligate Bank to make any future waivers, consents or modifications to this Agreement; and (d) is not a continuing waiver with respect to any failure to perform any Obligation. Borrower acknowledges that: (i) Bank does not waive any other failure by Borrower to perform its Obligations under the Loan Documents, and Bank does not waive Borrower's obligations under Section 6.2, 6.11, 7.1, 7.3, 7.4, 7.7 and 7.8 of the Original Agreement other than with respect to the Performable Acquisition, and (ii) Bank is relying upon Borrower's representations, warranties and agreements, as set forth herein and in the Loan Documents in consenting to the Performable Acquisition and agreeing to this Agreement. Nothing in this Agreement shall constitute a satisfaction of Borrower's Obligations.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

HUBSPOT, INC.

By: /s/ [Illegible]

Name: [Illegible]

Title: CFO

COMERICA BANK

By: /s/ William Sweeney

Name: William Sweeney

Title: SVP

[Signature Page to Amended and Restated Loan and Security Agreement]

April 4, 2012

DEBTOR:

HUBSPOT, INC.

SECURED PARTY:

COMERICA BANK

EXHIBIT A

COLLATERAL DESCRIPTION ATTACHMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

All personal property of Borrower (herein referred to as "Borrower" or "Debtor") whether presently existing or hereafter created or acquired, and wherever located, including, but not limited to (collectively, the "Collateral"):

- (a) all accounts (including health-care-insurance receivables), chattel paper (including tangible and electronic chattel paper), deposit accounts, documents (including negotiable documents), equipment (including all accessions and additions thereto), financial assets, general intangibles (including payment intangibles and software), goods (including fixtures), instruments (including promissory notes), inventory (including all goods held for sale or lease or to be furnished under a contract of service, and including returns and repossessions), investment property (including securities and securities entitlements), letter of credit rights, money, and all of Debtor's books and records with respect to any of the foregoing, and the computers and equipment containing said books and records; and
- (b) any and all cash proceeds and/or noncash proceeds of any of the foregoing, including, without limitation, insurance proceeds, and all supporting obligations and the security therefor or for any right to payment. All terms above have the meanings given to them in the California Uniform Commercial Code, as amended or supplemented from time to time.

Notwithstanding the foregoing, the Collateral shall not include any copyrights, patents, trademarks, servicemarks and applications therefor, now owned or hereafter acquired, or any claims for damages by way of any past, present and future infringement of any of the foregoing (collectively, the "Intellectual Property"); provided, however, that the Collateral shall include all accounts and general intangibles that consist of rights to payment or proceeds from the sale, licensing or disposition of all or any part of, or rights in, the Intellectual Property (the "Rights to Payment"). Notwithstanding the foregoing, if a judicial authority (including a U.S. Bankruptcy Court) holds that a security interest in the underlying Intellectual Property is necessary to have a security interest in the Rights to Payment, then the Collateral shall automatically, and effective as of April 4, 2012, include the Intellectual Property to the extent necessary to permit perfection of Bank's security interest in the Rights to Payment.

EXHIBIT B

TECHNOLOGY & LIFE SCIENCES DIVISION
LOAN ANALYSIS

LOAN ADVANCE/PAYDOWN REQUEST FORM

DEADLINE FOR SAME DAY PROCESSING IS 3:00 P.M., P.S.T.
DEADLINE FOR GROWTH CAPITAL ADVANCES IS 3:00 P.M., P.S.T.**
DEADLINE FOR WIRE TRANSFERS IS 1:30 P.M., P.S.T.

*At month end and the day before a holiday, the cut off time is 1:30 P.M., P.S.T.
**Subject to 3 day advance notice.

To: Loan Analysis
FAX #: (650) 462-6061

DATE: _____ TIME: _____

<p>FROM: <u>HUBSPOT, INC</u> Borrower's Name</p> <p>FROM: _____ Authorized Signer's Name</p> <p>FROM: _____ Authorized Signature (Borrower)</p> <p>PHONE #: _____</p> <p>FROM ACCOUNT#: _____ (please include Note number, if applicable)</p> <p>TO ACCOUNT #: _____ (please include Note number, if applicable)</p>	<p>TELEPHONE REQUEST (For Bank Use Only):</p> <p>The following person is authorized to request the loan payment transfer/loan advance on the designated account and is known to me.</p> <p>_____</p> <p>Authorized Request & Phone #</p> <p>_____</p> <p>Received by (Bank) & Phone #</p> <p>_____</p> <p>Authorized Signature (Bank)</p>
--	---

REQUESTED TRANSACTION TYPE	REQUESTED DOLLAR AMOUNT	For Bank Use Only
PRINCIPAL INCREASE* (ADVANCE)	\$ _____	Date Rec'd:
PRINCIPAL PAYMENT (ONLY)	\$ _____	Time:
OTHER INSTRUCTIONS:		Comp. Status: YES NO
		Status Date:
		Time:
		Approval:

All representations and warranties of Borrower stated in the Amended and Restated Loan and Security Agreement are true, correct and complete in all material respects as of the date of the telephone request for and advance confirmed by this Borrowing Certificate; provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date.

***IS THERE A WIRE REQUEST TIED TO THIS LOAN ADVANCE? (PLEASE CIRCLE ONE)** YES NO

If YES, the Outgoing Wire Transfer Instructions must be completed below.

OUTGOING WIRE TRANSFER INSTRUCTIONS	Fed Reference Number	Bank Transfer Number
The Items marked with an asterisk (*) are required to be completed.		
*Beneficiary Name		
*Beneficiary Account Number		
*Beneficiary Address		
Currency Type	US DOLLARS ONLY	
*ABA Routing Number (9 Digits)		
*Receiving Institution Name		
*Receiving Institution Address		
*Wire Amount	\$	

EXHIBIT C

BORROWING BASE CERTIFICATE

Borrower:
HUBSPOT, INC.

Bank: Comerica Bank

Commitment Amount: \$5,000,000

Technology & Life Sciences Division
Loan Analysis Department
250 Lytton Avenue
3rd Floor, MC 4240
Palo Alto, CA 94301
Phone: (650) 462-6060
Fax: (650) 462-6061

RECURRING SUBSCRIPTION CONTRACT REVENUES

1. Total Cash Receipts From Recurring Subscription Revenues for 3 months ending \$ _____

AVERAGE SUBSCRIPTION RENEWAL RATE

2. Actual renewals during month ending _____ (three months prior)

3. Scheduled/ Eligible renewals during month ending _____ (three months prior) _____

4. Month 3 Renewal Rate (#2 divided by #3) _____

5. Actual renewals during month ending _____ (two months prior) _____

6. Scheduled/ Eligible renewals during month ending _____ (two months prior) _____

7. Month 2 Renewal Rate (#5 divided by #6) _____

8. Actual renewals during month ending _____ (month ending on Certificate date) _____

9. Scheduled/ Eligible renewals during month ending _____ (month ending on Certificate date) _____

10. Month 1 Renewal Rate (#8 divided by #9) _____

11. ADVANCE RATE ((#4 plus #7 plus #10) divided by 3) _____

BORROWING BASE

12. BORROWING BASE (#1 times #11) \$ _____

BALANCES

13. Maximum Loan Amount \$ 5,000,000

14. Total Funds Available (Lesser of #12 or #13) \$ _____

15. Outstanding under Sublimits (if any) \$ _____

16. Present balance owing on Line of Credit \$ _____

17. Reserve Position (#14 minus #15 and #16) \$ _____

The undersigned represents and warrants that the foregoing is true, complete and correct, and that the information reflected in this Borrowing Base Certificate complies with the representations and warranties set forth in the Amended and Restated Loan and Security Agreement between the undersigned and Comerica Bank.

Comments:

BANK USE ONLY	
Rec'd By:	_____
Date:	_____
Reviewed By:	_____
Date:	_____

Authorized Signer

EXHIBIT D

COMPLIANCE CERTIFICATE

Please send all Required Reporting to:

Comerica Bank
 Technology & Life Sciences Division
 Loan Analysis Department
 250 Lytton Avenue, 3rd Floor
 Palo Alto, CA 94301
 Phone: (650) 462-6060
 Fax: (650) 462-6061

FROM: HUBSPOT, INC.

The undersigned authorized Officer of HUBSPOT, INC. ("Borrower"), hereby certifies that in accordance with the terms and conditions of the Amended and Restated Loan and Security Agreement between Borrower and Bank (the "Agreement"), (i) Borrower is in complete compliance for the period ending _____ with all required covenants, including without limitation the ongoing registration of intellectual property rights in accordance with Section 6.9(a), except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct as of the date hereof; provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date. Attached herewith are the required documents supporting the above certification. The Officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" or "Applicable" column.

<u>REPORTING COVENANTS</u>	<u>REQUIRED</u>	<u>COMPLIES</u>	
Company Prepared Monthly F/S	Monthly, within 30 days	YES	NO
Compliance Certificate	Monthly, within 30 days	YES	NO
CPA Audited, Unqualified F/S	Annually, within 180 days after FYE	YES	NO
Borrowing Base Cert., A/R & A/P Agings	Monthly, within 30 days	YES	NO
Annual Business Plan (incl. operating budget)	Annually, within 60 days after FYE	YES	NO
Audit	Semi-annual	YES	NO
If Public:			
10-Q	Quarterly, within 5 days of SEC filing (50 days)	YES	NO
10-K	Annually, within 5 days of SEC filing (95 days)	YES	NO
Total amount of Borrower's cash and investments	Amount: \$ _____	YES	NO
Total amount of Borrower's cash and investments maintained with Bank	Amount: \$ _____	YES	NO
Total amount of deposits in Excluded Deposit Accounts	Amount: \$ _____	YES	NO
<u>REPORTING COVENANTS</u>	<u>DESCRIPTION</u>	<u>APPLICABLE</u>	
Legal Action ≥ \$100,000 (Sect. 6.2(a)(iv))	Notify promptly upon notice _____	YES	NO
Inventory Disputes > \$100,000 (Sect. 6.3)	Notify promptly upon notice _____	YES	NO
Cross default with other agreements	Notify promptly upon notice _____	YES	NO
> \$100,000 (Sect. 8.7)		YES	NO
Judgment ≥ \$100,000 (Sect. 8.9)	Notify promptly upon notice _____	YES	NO

FINANCIAL COVENANTS

REQUIRED

ACTUAL

COMPLIES

TO BE TESTED MONTHLY, UNLESS OTHERWISE NOTED:

	REQUIRED	ACTUAL	COMPLIES	
Minimum Cash at Bank	\$1,000,000	\$ _____	YES	NO

OTHER COVENANTS

REQUIRED

ACTUAL

COMPLIES

	REQUIRED	ACTUAL	COMPLIES	
Permitted Indebtedness for equipment leases	≤ \$200,000	_____	YES	NO
Permitted Investments for stock repurchase	≤ \$50,000	_____	YES	NO
Permitted Investments for subsidiaries	≤ \$50,000	_____	YES	NO
Permitted Investments for employee loans	≤ \$50,000	_____	YES	NO
Permitted Liens for equipment leases	≤ \$200,000	_____	YES	NO
Deposit Accounts Outside of Bank	≤ \$250,000 each	_____	YES	NO
	≤ \$250,000 all	_____	YES	NO

Please Enter Below Comments Regarding Violations:

The Officer further acknowledges that at any time Borrower is not in compliance with all the terms set forth in the Agreement, including, without limitation, the financial covenants, no Credit Extensions will be made.

Very truly yours,

Authorized Signer

Name: _____

Title: _____

EXHIBIT E

PRIME REFERENCED RATE ADDENDUM

HUBSPOT, INC.
SCHEDULE OF EXCEPTIONS TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

Permitted Indebtedness (Section 1.1)

None.

Permitted Investments (Section 1.1)

None.

Permitted Liens (Section 1.1)

None.

Collateral Security Interest (Section 4.1)

None.

Location of cash, securities, investments outside Bank (Section 5.3)

B of A Checking #004604684323,
SVB Checking (Performable legacy account) #3300684901

Other Trade Names (Section 5.5)

HubSpot, LLC

Actions, Suits, Litigation, Proceedings (Section 5.6)

None.

Restricted Agreements (Section 5.12)

None.

Location of Collateral (Section 7.10)

None.

PRIME REFERENCED RATE ADDENDUM TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This Prime Referenced Rate Addendum to Amended and Restated Loan and Security Agreement (this "Addendum") is entered into as of April 4, 2012, by and between Comerica Bank ("Bank") and HubSpot, Inc., a Delaware corporation ("Borrower"). This Addendum supplements the terms of the Amended and Restated Loan and Security Agreement dated as of the date hereof by and between Borrower and Bank (as the same may be amended, modified, supplemented, extended or restated from time to time, collectively, the "Agreement").

1. Definitions. As used in this Addendum, the following terms shall have the following meanings. Initially capitalized terms used and not defined in this Addendum shall have the meanings ascribed thereto in the Agreement.

- a. "Applicable Margin" means, as applicable: (i) zero percent (0.00%) per annum with respect to Advances under the Revolving Line; and (ii) one percent (1.00%) per annum with respect to the Growth Capital Advances.
- b. "Business Day" means any day, other than a Saturday, Sunday or any other day designated as a holiday under Federal or applicable State statute or regulation, on which Bank is open for all or substantially all of its domestic and international business (including dealings in foreign exchange) in San Jose, California, and, in respect of notices and determinations relating to the Daily Adjusting LIBOR Rate, also a day on which dealings in dollar deposits are also carried on the London interbank market and on which banks are open for business in London, England.
- c. "Change in Law" means the occurrence, after the date hereof, of any of the following: (i) the adoption or introduction of, or any change in any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect and whether or not applicable to Bank on such date, or (ii) any change in interpretation, administration or implementation thereof of any such law, treaty, rule or regulation by any Governmental Authority, or (iii) the issuance, making or implementation by any Governmental Authority of any interpretation, administration, request, regulation, guideline, or directive (whether or not having the force of law), including any risk-based capital guidelines. For purposes of this definition, (x) a change in law, treaty, rule, regulation, interpretation, administration or implementation shall include, without limitation, any change made or which becomes effective on the basis of a law, treaty, rule, regulation, interpretation administration or implementation then in force, the effective date of which change is delayed by the terms of such law, treaty, rule, regulation, interpretation, administration or implementation, and (y) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, H.R. 4173) and all requests, rules, regulations, guidelines, interpretations or directives promulgated thereunder or issued in connection therewith shall be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or promulgated, whether before or after the date hereof, and (z) 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 regulatory authorities, in each case pursuant to Basel III, shall each be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or implemented.
- d. "Daily Adjusting LIBOR Rate" means, for any day, a per annum interest rate which is equal to the quotient of the following:
 - (1) for any day, the per annum rate of interest determined on the basis of the rate for deposits in United States Dollars for a period equal to one (1) month appearing on Page BBAM of the Bloomberg Financial Markets Information Service as of 8:00 a.m. (California time) (or as soon thereafter as practical) on such day, or if such day is not a Business Day, on the immediately preceding Business Day. In the event that such rate does not appear on Page BBAM of the Bloomberg Financial Markets Information Service (or otherwise on such Service) on any day, the "Daily Adjusting LIBOR Rate" for such day shall be determined by reference to such other publicly available service for displaying eurodollar rates as may be reasonably selected by Bank, or in the absence of such other service, the "Daily Adjusting LIBOR Rate" for such day shall, instead, be determined based upon the average of the rates at which Bank is offered dollar deposits at or about 8:00 a.m. (California time) (or as soon thereafter as practical), on such day, or if such day is not a Business Day, on the immediately preceding Business Day, in the interbank eurodollar market in an amount comparable to the outstanding principal amount of the Obligations and for a period equal to one (1) month;
divided by
 - (2) 1.00 minus the maximum rate (expressed as a decimal) on such day at which Bank is required to maintain reserves on "Euro-currency Liabilities" as defined in and pursuant to Regulation D of the Board of Governors of the Federal Reserve System or, if such regulation or definition is modified, and as long as Bank is required to maintain reserves against a category of liabilities which includes eurodollar deposits or includes a category of assets which includes eurodollar loans, the rate at which such reserves are required to be maintained on such category.

e. "Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supranational bodies such as the European Union or the European Central Bank).

f. "LIBOR Lending Office" means Bank's office located in the Cayman Islands, British West Indies, or such other branch of Bank, domestic or foreign, as it may hereafter designate as its LIBOR Lending Office by notice to Borrower.

g. "Prime Rate" means the per annum interest rate established by Bank as its prime rate for its borrowers, as such rate may vary from time to time, which rate is not necessarily the lowest rate on loans made by Bank at any such time.

e. "Prime Referenced Rate" means, for any day, a per annum interest rate which is equal to the Prime Rate in effect on such day, but in no event and at no time shall the Prime Referenced Rate be less than the sum of the Daily Adjusting LIBOR Rate for such day plus two and one-half percent (2.50%) per annum. If, at any time, Bank determines that it is unable to determine or ascertain the Daily Adjusting LIBOR Rate for any day, the Prime Referenced Rate for each such day shall be the Prime Rate in effect at such time, but not less than two and one-half percent (2.50%) per annum.

2. Interest Rate. Subject to the terms and conditions of this Addendum, the Obligations under the Agreement, other than the Existing Equipment Advance, shall bear interest at the Prime Referenced Rate plus the Applicable Margin.

3. Payment of Interest. Accrued and unpaid interest on the unpaid balance of the Obligations outstanding under the Agreement shall be payable monthly, in arrears, on the first day of each month, until maturity (whether as stated herein, by acceleration, or otherwise). In the event that any payment under this Addendum becomes due and payable on any day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day, and, to the extent applicable, interest shall continue to accrue and be payable thereon during such extension at the rates set forth in this Addendum. Interest accruing hereunder shall be computed on the basis of a year of 360 days, and shall be assessed for the actual number of days elapsed, and in such computation, effect shall be given to any change in the applicable interest rate as a result of any change in the Prime Referenced Rate on the date of each such change.

4. Bank's Records. The amount and date of each advance under the Agreement, its applicable interest rate, and the amount and date of any repayment shall be noted on Bank's records, which records shall be conclusive evidence thereof, absent manifest error; provided, however, any failure by Bank to make any such notation, or any error in any such notation, shall not relieve Borrower of its obligations to repay Bank all amounts payable by Borrower to Bank under or pursuant to this Addendum and the Agreement, when due in accordance with the terms hereof.

5. Default Interest Rate. From and after the occurrence of any Event of Default, and for so long as any such Event of Default remains unremedied or uncured thereafter, the Obligations outstanding under the Agreement shall bear interest at a per annum rate of five percent (5%) above the otherwise applicable interest rate hereunder, which interest shall be payable upon demand. In addition to the foregoing, a late payment charge equal to five percent (5%) of each late payment hereunder may be charged on any payment not received by Bank within ten (10) calendar days after the payment due date therefor, but acceptance of payment of any such charge shall not constitute a waiver of any Event of Default under the Agreement. In no event shall the interest payable under this Addendum and the Agreement at any time exceed the maximum rate permitted by law.

6. Prepayment. Borrower may prepay all or part of the outstanding balance of any Obligations at any time without premium or penalty. Any prepayment hereunder, other than with respect to Advances under the Revolving Line, shall also be accompanied by the payment of all accrued and unpaid interest on the amount so prepaid. Borrower hereby acknowledges and agrees that the foregoing shall not, in any way whatsoever, limit, restrict, or otherwise affect Bank's right to make demand for payment of all or any part of the Obligations under the Agreement that are due on a demand basis in Bank's sole and absolute discretion.

7. Regulatory Developments or Other Circumstances Relating to the Daily Adjusting LIBOR Rate.

a. If any Change in Law shall: (a) subject Bank to any tax, duty or other charge with respect to this Addendum or any Obligations under the Agreement, or shall change the basis of taxation of payments to Bank of the principal of or interest under this Addendum or any other amounts due under this Addendum in respect thereof (except for changes in the rate of tax on the overall net income of Bank or its LIBOR Lending Office imposed by the jurisdiction in which Bank's principal executive office or LIBOR Lending Office is located); or (b) impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by Bank, or shall impose on Bank or the foreign exchange and interbank markets any other condition affecting this Addendum or the Obligations; and the result of any of the foregoing is to increase the cost to Bank of maintaining any part of the Obligations or to reduce the amount of any sum received or receivable by Bank under this Addendum by an amount deemed by Bank to be material, then Borrower shall pay to Bank, within fifteen (15) days of Borrower's receipt of written notice from Bank demanding such compensation, such additional amount or amounts as will compensate Bank for such increased cost or reduction. A certificate of Bank, prepared in good faith and in reasonable detail by Bank and submitted by Bank to Borrower, setting forth the basis for determining such additional amount or amounts necessary to compensate Bank shall be conclusive and binding for all purposes, absent manifest error.

b. In the event that any Change in Law affects or would affect the amount of capital required or expected to be maintained by Bank (or any corporation controlling Bank), and Bank determines that the amount of such capital is increased by or based upon the existence of any obligations of Bank hereunder or the maintaining of any Obligations, and such increase has the effect of reducing the rate of return on Bank's (or such controlling corporation's) capital as a consequence of such obligations or the maintaining of such Obligations to a level below that which Bank (or such controlling corporation) could have achieved but for such circumstances (taking into consideration its policies with respect to capital adequacy), then Borrower shall pay to Bank, within fifteen (15) days of Borrower's receipt of written notice from Bank demanding such compensation, additional amounts as are sufficient to compensate Bank (or such controlling corporation) for any increase in the amount of capital and reduced rate of return which Bank reasonably determines to be allocable to the existence of any obligations of Bank hereunder or to maintaining any Obligations. A certificate of Bank as to the amount of such compensation, prepared in good faith and in reasonable detail by Bank and submitted by Bank to Borrower, shall be conclusive and binding for all purposes absent manifest error.

8. Legal Effect. Except as specifically modified hereby, all of the terms and conditions of the Agreement remain in full force and effect.

9. Conflicts. As to the matters specifically the subject of this Addendum, in the event of any conflict between this Addendum and the Agreement, the terms of this Addendum shall control.

(remainder of page left blank)

IN WITNESS WHEREOF, the parties have agreed to the foregoing as of the date first set forth above.

COMERICA BANK

By: /s/ William Sweeney
Name: William Sweeney
Title: SVP

HUBSPOT, INC.

By: /s/ [Illegible]
Name: [Illegible]
Title: CFO

*[Signature Page to Prime Referenced Rate Addendum to
Amended and Restated Loan and Security Agreement]*

**FIRST AMENDMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This First Amendment to Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of May 30, 2013, by and between COMERICA BANK ("Bank") and HUBSPOT, INC., a Delaware corporation ("Borrower").

RECITALS

Borrower and Bank are parties to that certain Amended and Restated Loan and Security Agreement dated as of April 4, 2012 (as amended, modified, supplemented or extended from time to time, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. The following defined terms in Section 1.1 of the Agreement hereby are added or amended and restated to read as follows:

"Acquisition Consideration Cap" has the meaning given in Section 7.3.

"Acquisition Minimum Cash Amount" has the meaning given in Section 7.3.

"Applicable Account Balance Amount" means, as applicable: (a) at any time after Borrower's IPO, Fifteen Million Dollars (\$15,000,000), and (b) at all other times, Ten Million Dollars (\$10,000,000).

"Credit Extension" means each Advance, Growth Capital Advance or any other extension of credit by Bank to or for the benefit of Borrower hereunder.

"First Amendment Closing Date" means May 30, 2013.

"Growth Capital Availability End Date" means May 30, 2014.

"Growth Capital Amortization Commencement Date" means June 1, 2014.

"Growth Capital Maturity Date" means November 1, 2016.

"IPO" means the closing of a firm commitment underwritten initial public offering, pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, covering the offer and sale of common stock of Borrower with net cash proceeds to Borrower of not less than \$50,000,000 (net of underwriting commissions and expenses), and that results in the common stock being traded or listed on the NYSE, AMEX or NASDAQ Global Market.

"Letter of Credit Maturity Date" means April 24, 2014.

"Revolving Maturity Date" means May 29, 2014.

2. Section 1.1 of the Agreement is further amended by amending and restating item (e) of the definition of Permitted Investment to read as follows:

(e) Investments by Borrower in: (i) HUBSPOT IRELAND LIMITED, a company formed under the laws of Ireland with registration number 525723, in an aggregate amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) in any fiscal quarter, and (ii) its other wholly-owned Subsidiaries in an aggregate amount not to exceed Fifty Thousand Dollars (\$50,000) in any fiscal year;

3. Section 1.1 of the Agreement is amended by deleting the following defined terms: "Existing Equipment Advance", "Existing Equipment Advance Maturity Date".

4. Section 2.1(d) of the Agreement is hereby amended and restated in its entirety to read as follows:

"(d) Growth Capital Advances.

(i) Amount. Subject to and upon the terms and conditions of this Agreement, Bank agrees to make Growth Capital Advances to Borrower. Borrower may request Growth Capital Advances from the Closing Date through the Growth Capital Availability End Date. In no event shall the aggregate amount of Growth Capital Advances exceed the Growth Capital Line. Each Growth Capital Advance shall be in a minimum original principal amount of at least the lesser of Two Hundred Fifty Thousand Dollars (\$250,000) or the remaining availability under the Growth Capital Line.

(ii) Interest; Payments. Interest shall accrue from the date of each Growth Capital Advance at the rate specified in Section 2.3(a), and shall be payable in accordance with Section 2.3(c). Any Growth Capital Advances that are outstanding immediately prior to the Growth Capital Amortization Commencement Date shall be payable in thirty (30) equal monthly installments of principal, plus all accrued interest, beginning on the Growth Capital Amortization Commencement Date, and continuing on the same day of each month thereafter through the Growth Capital Maturity Date, at which time all amounts owing in connection with the Growth Capital Advances, and all other amounts owing under this Agreement, shall be immediately due and payable in full and in cash. Growth Capital Advances, once repaid, may not be reborrowed. Except as set forth in the Pricing Addendum, Borrower may prepay any Growth Capital Advances without penalty or premium. Partial prepayments hereunder shall be applied to the installments hereunder in the inverse order of their maturities without reamortization of the repayment schedule for the remaining principal balance.

(iii) Form of Request. When Borrower desires to obtain a Growth Capital Advance, subject to the prior satisfaction of all other applicable conditions to the making of a Growth Capital Advance set forth in this Agreement, Borrower shall notify Bank (which notice shall be irrevocable) by facsimile transmission to be received no later than 3:00 p.m. Pacific time three (3) Business Days before the day on which the Growth Capital Advance is to be made. Such notice shall be substantially in the form of Exhibit B. The notice shall be duly executed by a Responsible Officer or its designee. Bank shall be entitled to rely on any facsimile or telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance.

5. Section 2.1(e) of the Agreement is hereby deleted in its entirety.

6. Section 2.3(a)(ii) of the Agreement is hereby amended and restated in its entirety to read as follows:

(ii) [Deleted].

7. Section 2.4 of the Agreement is hereby amended and restated in its entirety to read as follows:

2.4 Crediting Payments. Prior to the occurrence of an Event of Default, Bank shall credit a wire transfer of funds, check or other item of payment to such deposit account or Obligation as Borrower specifies. After the occurrence and during the continuance of an Event of Default, Bank shall have the right, in its sole discretion, to immediately apply any wire transfer of funds, check, or other item of payment Bank may receive to conditionally reduce Obligations, but such applications of funds shall not be considered a payment on account unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by Bank after 12:00 noon Pacific time shall be deemed to have been received by Bank as of the opening of business on the immediately following Business Day. Whenever any payment to Bank under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension.

8. Section 6.6 of the Agreement is hereby amended and restated in its entirety to read as follows:

6.6 Accounts. Borrower shall maintain all of its, and shall cause all of its Subsidiaries to maintain all of their, deposit and operating accounts with Bank, and all of its and their primary investment accounts with Bank or Bank's Affiliates (covered by satisfactory control agreements); provided, however, notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing and Borrower is in compliance with the requirements of Section 6.8 hereof, (a) Borrower and its Subsidiaries may maintain the Excluded Deposit Accounts, subject to the limitations set forth in the definition thereof, and (b) at any time while Borrower maintains one or more deposit accounts with Bank or investment accounts with Bank's Affiliates (covered by satisfactory control agreements) with aggregate deposits or value in an amount not less than the Applicable Account Balance Amount in effect at such time, Borrower and its Subsidiaries may, at such time, also maintain cash, cash equivalents, investments and securities in excess of such Applicable Account Balance Amount in accounts outside of Bank and Bank's Affiliates that are identified on the Schedule or as to which Borrower has provided Bank with not less than five (5) days prior written notice before establishing any such additional account, so long as each such account remains, at all times, subject Bank's first-priority security interest (subject only to Permitted Liens of the type described in clause (f) of the definition of Permitted Liens), pursuant to an account control agreement in form and substance satisfactory to Bank.

9. Section 7.3 of the Agreement is hereby amended and restated in its entirety to read as follows:

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other Person or business organization (other than mergers or consolidations of a Subsidiary into another Subsidiary or into Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of

another Person, or enter into any agreement to do any of the same, except for acquisitions by Borrower where: (a) Bank shall have received at least twenty (20) days' prior written notice of such proposed transaction, which notice shall include a reasonably detailed description of such proposed transaction; (b) the property acquired (or the property of the Person acquired) in such acquisition is used or useful in the same, similar, complementary or a related line of business as the Borrower was engaged in on the Closing Date (or any reasonable extensions thereof); (c) the Aggregate Consideration paid or payable by Borrower and its Subsidiaries in connection with all such acquisitions during the term of this Agreement shall not exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) in the aggregate (the "Acquisition Consideration Cap"); provided however, that following Borrower's IPO, the Acquisition Consideration Cap shall be increased to Ten Million Dollars (\$10,000,000); (d) the Person, business and assets acquired in such acquisition shall be free and clear of all Liens (other than Permitted Liens); (e) at or prior to the closing of any acquisition, Bank will be granted a first priority perfected Lien, in all assets or stock acquired pursuant thereto and Borrower and its Subsidiaries shall have executed such documents and taken such actions as may be required by Bank in connection therewith; (f) at the time of such acquisition no Event of Default has occurred and is continuing, and, after giving effect to such transaction no Event of Default would exist; (g) such acquisitions do not result in a Change in Control; (h) Borrower is in all cases the surviving or successor entity; (i) both before and immediately after giving effect to such transaction, Borrower shall have Cash in excess of Three Million Dollars (\$3,000,000) (the "Acquisition Minimum Cash Amount"); provided however, that following Borrower's IPO, the Acquisition Minimum Cash Amount shall be increased to Ten Million Dollars (\$10,000,000); and (j) Borrower provides to Bank, prior to the consummation of such acquisition (i) historical financial information for the Person being acquired, including, if available, audited financial statements, quality of earnings reports and year-to-date interim financial statements, (ii) true, correct and complete copies of all of the definitive, executed documents, instruments and agreements relating to such acquisition, including all related annexes, schedules and exhibits, and (iii) such other financial information and other information regarding the Person who is being so acquired, as Bank may reasonably request.

10. Exhibit D to the Agreement is hereby amended, restated and replaced with Exhibit D attached hereto.

11. No course of dealing on the part of Bank or its officers, nor any failure or delay in the exercise of any right by Bank, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Bank's failure at any time to require strict performance by Borrower of any provision shall not affect any right of Bank thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Bank.

12. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement. The Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. Borrower ratifies and reaffirms the continuing effectiveness of all promissory notes, guaranties, security agreements, mortgages, deeds of trust, environmental agreements, and all other instruments, documents and agreements entered into in connection with the Agreement. Borrower hereby further affirms its absolute and unconditional promise to pay to Bank the Advances, Growth Capital Advances, other Credit Extensions, and all other amounts due under the Letters of Credit and the other Loan Documents (including, without limitation, the Obligations), at the times and in the amounts provided for therein. Borrower confirms and agrees that the obligations of Borrower to Bank under the Agreement as supplemented hereby are secured by and entitled to the benefits of the Loan Documents. The parties agree that this Amendment shall be deemed to be one of the Loan Documents under the Agreement. Nothing in this Amendment shall constitute a satisfaction of any of Borrower's Obligations.

13. In order to induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

13.1 The representations and warranties contained in the Agreement and the other Loan Documents were true and correct in all material respects when made and continue to be true and correct in all material respects as of the date of this Amendment.

13.2 Both before and immediately after giving effect to this Amendment and the other transactions contemplated hereby, no Event of Default, or other event or circumstance that with the giving of notice or the passage of time could become an Event of Default, has occurred and is continuing.

13.3 The execution, delivery, and performance by Borrower of this Amendment and the other documents, instruments and agreements delivered or to be delivered to Bank in connection herewith (a) are within the corporate powers of Borrower and have been duly authorized by all necessary corporate action on the part of Borrower, (b) do not require any governmental or third party consents, except those which have been duly obtained and are in full force and effect, (c) do not and will not conflict with any requirement of law, Borrower's or Guarantor's articles or certificate of incorporation, bylaws, partnership agreement, operating agreement, minutes or resolutions, (d) after giving effect to this Amendment, do not result in any breach of or constitute a default under any agreement or instrument to which Borrower, Guarantor or any of their respective Subsidiaries is a party or by which Borrower, Guarantor or any of their properties are bound, and (e) do not result in or require the creation or imposition of any

mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature upon any of the assets or properties of Borrower or Guarantor or any of their respective Subsidiaries, other than those in favor of Bank.

13.4 This Amendment and the other instruments and agreements delivered or to be delivered to Bank in connection herewith have been duly executed and delivered by Borrower and constitutes the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except to the extent that (a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors, (b) enforcement may be subject to general principles of equity, and (c) the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of the court before which any proceedings for such remedies may be brought.

13.5 Neither Borrower nor Guarantor has any right of offset, defense, counterclaim, dispute or disagreement of any kind or nature whatsoever with respect to any of its liabilities, obligations or indebtedness arising under or in connection with any Loan Document.

14. As a condition to the effectiveness of this Amendment, Bank shall have received, in form and substance satisfactory to Bank, the following:

- (a) this Amendment, duly executed by Borrower;
- (b) an Affirmation of Guaranty, duly executed by each Guarantor;
- (c) (i) an officer's certificate of Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this Amendment and the other Loan Documents to which it is a party, and (ii) an officer's certificate of Performable with respect to incumbency and resolutions authorizing the execution and delivery of the affirmation of the Guaranty Documents and other Loan Documents to which it is a party;
- (d) upfront fees under the Revolving Line and the Growth Capital Line in the aggregate amount of Ten Thousand Dollars (\$10,000) which may be debited from any of Borrower's accounts with Bank;
- (e) an amount equal to all Bank Expenses incurred through the date of this Amendment, which may be debited from any of Borrower's accounts with Bank; and
- (f) such other documents, instruments and certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

15. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

[Remainder of Page Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

HUBSPOT, INC.

By: /s/ illegible

Title: CFO

COMERICA BANK

By: /s/ illegible

Title: Vice President

*[Signature Page to First Amendment to
Amended and Restated Loan and Security Agreement]*

EXHIBIT D

COMPLIANCE CERTIFICATE

Please send all Required Reporting to:

Comerica Bank
 Technology & Life Sciences Division
 Loan Analysis Department
 250 Lytton Avenue, 3rd Floor
 Palo Alto, CA 94301
 Phone: (650) 462-6060
 Fax: (650) 462-6061

FROM: HUBSPOT, INC.

The undersigned authorized Officer of HUBSPOT, INC. ("Borrower"), hereby certifies that in accordance with the terms and conditions of the Amended and Restated Loan and Security Agreement between Borrower and Bank (the "Agreement"), (i) Borrower is in complete compliance for the period ending _____ with all required covenants, including without limitation the ongoing registration of intellectual property rights in accordance with Section 6.9(a), except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct as of the date hereof, provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date. Attached herewith are the required documents supporting the above certification. The Officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" or "Applicable" column.

<u>REPORTING COVENANTS</u>	<u>REQUIRED</u>	<u>COMPLIES</u>
Company Prepared Monthly F/S Compliance Certificate	Monthly, within 30 days	YES NO
CPA Audited, Unqualified F/S	Monthly, within 30 days	YES NO
Borrowing Base Cert., A/R & A/P Agings	Annually, within 180 days after FYE	YES NO
Annual Business Plan (incl. operating budget)	Monthly, within 30 days	YES NO
Audit	Annually, within 60 days after FYE	YES NO
	Semi-annual	YES NO
If Public:		
10-Q	Quarterly, within 5 days of SEC filing (50 days)	YES NO
10-K	Annually, within 5 days of SEC filing (95 days)	YES NO
Total amount of Borrower's cash and investments	Amount: \$ _____	YES NO
Total amount of Borrower's cash and investments maintained with Bank	Amount: \$ _____	YES NO
Total amount of deposits in Excluded Deposit Accounts	Amount: \$ _____	YES NO
<u>REPORTING COVENANTS</u>	<u>DESCRIPTION</u>	<u>APPLICABLE</u>
Legal Action \geq \$100,000 (Sect. 6.2(a)(iv))	Notify promptly upon notice _____	YES NO
Inventory Disputes $>$ \$100,000 (Sect. 6.3)	Notify promptly upon notice _____	YES NO
Cross default with other agreements	Notify promptly upon notice _____	YES NO
$>$ \$100,000 (Sect. 8.7)	YES NO	YES NO
Judgment \geq \$100,000 (Sect. 8.9)	Notify promptly upon notice _____	YES NO

FINANCIAL COVENANTS

REQUIRED

ACTUAL

COMPLIES

TO BE TESTED MONTHLY, UNLESS OTHERWISE NOTED:

Minimum Cash at Bank	\$1,000,000	\$ _____	YES	NO
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OTHER COVENANTS

REQUIRED

ACTUAL

COMPLIES

Permitted Indebtedness for equipment leases	≤\$200,000	_____	YES	NO
Permitted Investments for stock repurchase	≤\$50,000	_____	YES	NO
Permitted Investments for Irish Subsidiaries	≤\$1.5 million/ qtr.	_____	YES	NO
Permitted Investments for subsidiaries	≤\$50,000	_____	YES	NO
Permitted Investments for employee loans	≤\$50,000	_____	YES	NO
Permitted Liens for equipment leases	≤\$200,000	_____	YES	NO
Deposit Accounts Outside of Bank	≤\$250,000 each	_____	YES	NO
	≤\$250,000 all*	_____	YES	NO

* Excess over \$10 million (\$15 million after IPO) permitted if subject to control agreement.

Please Enter Below Comments Regarding Violations:

The Officer further acknowledges that at any time Borrower is not in compliance with all the terms set forth in the Agreement, including, without limitation, the financial covenants, no Credit Extensions will be made.

Very truly yours,

Authorized Signer

Name: _____

Title: _____

**SECOND AMENDMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This Second Amendment to Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of September 23, 2013, by and between COMERICA BANK ("Bank") and HUBSPOT, INC., a Delaware corporation ("Borrower").

RECITALS

Borrower and Bank are parties to that certain Amended and Restated Loan and Security Agreement dated as of April 4, 2012, as amended, modified, supplemented or extended from time to time, including by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of May 30, 2013 (collectively, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. The following defined terms in Section 1.1 of the Agreement hereby are added or amended and restated to read as follows:

"Ancillary Services" means any products or services requested by Borrower and approved by Bank under the Revolving Line, including and without limitation, Letters of Credit, Credit Card Services, Automated Clearing House transactions (including origination services), FX Contracts, or other treasury management services.

"Ancillary Services Sublimit" means an aggregate sublimit for Ancillary Services under the Revolving Line not to exceed Four Million Dollars (\$4,000,000).

"Ancillary Services Usage" means, as of any date of determination, the aggregate outstanding amount of all Ancillary Services provided by Bank, including without limitation, the outstanding and undrawn amounts of all Letters of Credit, the aggregate limits of all corporate credit cards and merchant card or account processing reserves, the total amount of all Automated Clearing House transaction origination and processing reserves, the applicable FX Amount and any other limits established, or reserves taken, by Bank in connection with other treasury management services requested by Borrower and approved by Bank.

"Credit Card Services" has the meaning given in Section 2.1(b)(iv).

"FX Contracts" has the meaning given in Section 2.1(b)(vi).

"Indebtedness" means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, (d) all Contingent Obligations, and (e) all obligations arising under or in connection with the Ancillary Services Sublimit, if any.

"Revolving Line" means a Credit Extension of up to Twenty Million Dollars (\$20,000,000), inclusive of any amounts outstanding under the Ancillary Services Sublimit.

"Revolving Maturity Date" means December 31, 2014.

"Second Amendment Closing Date" means September 23, 2013.

"Subscription Renewal Rate" means, for any given month, the amount obtained by dividing (a) the revenue from renewals of existing Subscription Contracts, which by their terms expire and are eligible for renewal during such month, that are actually renewed by customers during such month, by (b) the aggregate revenue from Subscription Contracts expiring or otherwise eligible for renewal during such month. In no event shall the Subscription Renewal Rate be greater than one (1.00).

2. Section 1.1 of the Agreement is amended by deleting the following defined terms: "Letter of Credit Facility" and "Letter of Credit Facility Maturity Date".

3. Section 2.1(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

"(b) Advances Under Revolving Line.

(i) Amount. Subject to and upon the terms and conditions of this Agreement Borrower may request Advances in an aggregate outstanding amount not to exceed the lesser of (A) the Revolving Line or (B) the Borrowing Base, in each case, less the sum of the amounts outstanding under the Ancillary Services Sublimit (including the Ancillary Services Usage). Except as set forth in the Pricing Addendum, amounts borrowed pursuant to this Section 2.1(b) may be repaid and reborrowed at any time without penalty or premium prior to the Revolving Maturity Date, at which time all Advances under this Section 2.1(b) shall be immediately due and payable.

(ii) Form of Request. Whenever Borrower desires an Advance, subject to the prior satisfaction of all other applicable conditions to the making of Advances set forth in this Agreement, Borrower will notify Bank by facsimile transmission or telephone no later than 3:00 p.m. Pacific time (12:00 p.m. Pacific time for wire transfers), on the Business Day that the Advance is to be made. Each such notification shall be promptly confirmed by a Payment/Advance Form in substantially the form of Exhibit B. Bank is authorized to make Advances under this Agreement, based upon instructions received from a Responsible Officer or a designee of a Responsible Officer, or without instructions if in Bank's discretion such Advances are necessary to meet Obligations which have become due and remain unpaid. Bank shall be entitled to rely on any facsimile or telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance. Bank will credit the amount of Advances made under this Section 2.1(b) to Borrower's deposit account.

(iii) Letters of Credit. Subject to the availability under the Revolving Line, and in reliance on the representations and warranties of Borrower set forth herein, at any time and from time to time from the date hereof through the Business Day immediately prior to the Revolving Maturity Date, Bank shall issue for the account of Borrower such Letters of Credit as Borrower may request by delivering to Bank a duly executed letter of credit application on Bank's standard form; provided, however, that the outstanding and undrawn amounts under all such Letters of Credit, when added to the aggregate Ancillary Services Usage for all other Ancillary Services, (i) shall not at any time exceed the Ancillary Services Sublimit, and (ii) shall be deemed to constitute Advances for the purpose of calculating availability under the Revolving Line. Any drawn but unreimbursed amounts under any Letters of Credit shall be charged as Advances against the Revolving Line. All Letters of Credit shall be in form and substance acceptable to Bank in its sole discretion and shall be subject to the terms and conditions of Bank's form application and letter of credit agreement. Borrower will pay any standard issuance and other fees that Bank notifies Borrower it will charge for issuing and processing Letters of Credit, including those specified in Section 2.5. If, on the Revolving Maturity Date, there are any outstanding Letters of Credit, then on such date Borrower shall provide to Bank cash collateral in an amount equal to one hundred five percent 105% 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 said Letters of Credit.

(iv) Credit Card Services. Subject to the terms and conditions of this Agreement, Borrower may request corporate credit cards and standard and e-commerce merchant account services from Bank (collectively, the "Credit Card Services"). The aggregate limit of the corporate credit cards and merchant credit card processing reserves, when added to the aggregate Ancillary Services Usage for all other Ancillary Services, shall not exceed the Ancillary Services Sublimit, provided that availability under the Revolving Line shall be reduced by the aggregate limits of the corporate credit cards issued to Borrower and merchant credit card processing reserves. In addition, Bank may, in its sole discretion, charge as Advances any amounts that become due or owing to Bank in connection with the Credit Card Services. The terms and conditions (including repayment and fees) of such Credit Card Services shall be subject to the terms and conditions of the Bank's standard forms of application and agreement for the Credit Card Services, which Borrower hereby agrees to execute.

(v) ACH Transactions. Subject to the terms and conditions of this Agreement, Borrower may request ACH origination services by delivering to Bank a duly executed ACH application on Bank's standard form; provided, however, that the total amount of the ACH processing reserves, when added to the aggregate Ancillary Services Usage for all other Ancillary Services, shall not exceed the Ancillary Services Sublimit, and availability under the Revolving Line shall be reduced by, the amount of such ACH processing reserves. In addition, Bank may, in its sole discretion, charge as Advances any amounts that become due or owing to Bank in connection with the ACH services.

(vi) Foreign Exchange Contracts. Subject to and upon the terms and conditions of this Agreement and any other agreement that Borrower may enter into with the Bank in connection with foreign exchange transactions ("FX Contracts"), Borrower may request Bank to enter into FX Contracts with Borrower due not later than the Revolving Maturity Date. Borrower shall pay any standard issuance and other fees that Bank notifies Borrower will be charged for issuing and processing FX Contracts for Borrower. The FX Amount, when added to the aggregate Ancillary Services Usage for all other Ancillary Services, shall at all times be equal to or less than the Ancillary Services Sublimit. The "FX Amount" shall equal the amount determined by multiplying (i) the aggregate amount, in United States Dollars, of FX Contracts between Borrower and Bank remaining outstanding as of any date of determination by (ii) the applicable Foreign Exchange Reserve Percentage as of such date. The "Foreign Exchange Reserve Percentage" shall be a percentage as determined by Bank, in its sole discretion from time to time. The initial Foreign Exchange Reserve Percentage shall be ten percent (10%).

(vii) Collateralization of Obligations Extending Beyond Maturity. If Borrower has not secured to Bank's satisfaction its obligations with respect to any Ancillary Services that may extend beyond the Revolving Maturity Date, then, effective as of the Revolving Maturity Date, the balance in any deposit accounts held by Bank and the certificates of deposit or time deposit accounts issued by Bank in Borrower's name (and any interest paid thereon or proceeds thereof, including any amounts payable upon the maturity or liquidation of such certificates or accounts), shall automatically secure such obligations to the extent of the Ancillary Services Usage, including without limitation, then continuing or outstanding and undrawn Letters of

Credit, Credit Card Services, ACH origination services, or FX Contracts; provided, however, that if there are insufficient balances in such accounts to secure such obligations, Borrower shall immediately deposit such additional funds as are necessary to fully secure such obligations. Borrower authorizes Bank to hold such balances in pledge and to decline to honor any drafts thereon or any requests by Borrower or any other Person to pay or otherwise transfer any part of such balances for so long as any Letters of Credit, Credit Card Services, ACH origination services, FX Contracts or other Ancillary Services are outstanding or continue.

4. Section 2.1(c) of the Agreement is hereby amended and restated in its entirety to read as follows:

(c) [Deleted].

5. Section 2.2 of the Agreement is hereby amended and restated in its entirety to read as follows:

2.2 Overadvances. If the aggregate amount of the outstanding Advances at any time exceeds the amount equal to (a) the lesser of the Revolving Line or the Borrowing Base, in each case, minus (b) the sum of the amounts outstanding under the Ancillary Services Sublimit (including the Ancillary Services Usage), Borrower shall immediately pay to Bank, in cash, the amount of such excess.

6. Section 2.5 of the Agreement is hereby amended and restated in its entirety to read as follows:

2.5 Fees. Borrower shall pay to Bank the following:

(a) Facility Fee. On the Second Amendment Closing Date, a facility fee equal to Eighteen Thousand Seven Hundred Fifty Dollars (\$18,750), which shall be nonrefundable and fully-earned;

(b) Unused Facility Fee. A quarterly Unused Facility Fee equal to one-quarter of one percent (0.25%) per annum of the difference between the Revolving Line and the average outstanding principal balance of the Advances under the Revolving Line during the applicable quarter, which fee shall be payable in quarterly installments on the last day of each calendar quarter, or, in the case of the quarter in which the Revolving Maturity Date falls, on the Revolving Maturity Date, and shall be nonrefundable;

(c) Letter of Credit Fee. Bank's customary fees and expenses for the issuance or renewal of Letters of Credit, including, without limitation, a letter of credit fee of one and one half of one percent (1.50%) per annum (or one percent (1.00%) per annum if fully cash secured on terms satisfactory to Bank) of the face amount of each Letter of Credit issued, upon the issuance of such Letter of Credit, each anniversary of the issuance during the term of such Letter of Credit, and upon the renewal of such Letter of Credit by Bank; and

(d) Bank Expenses. On the Closing Date, all Bank Expenses incurred through the Closing Date, and, after the Closing Date, all Bank Expenses, as and when they become due.

7. The Agreement is hereby amended by inserting a new section 6.13 to read as follows:

6.13 Irish Subsidiary Stock Pledge. Within thirty (30) days of the Second Amendment Closing Date, Borrower shall deliver to Bank the original share certificates representing the Shares issued by HUBSPOT IRELAND LIMITED, a company formed under the laws of Ireland with registration number 525723 ("HubSpot Ireland"), together with assignments separate from certificate or other applicable instruments of transfer, duly executed in blank.

8. Section 9.1(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

(b) Demand that Borrower (i) deposit cash with Bank in an amount equal to the amount of any Letters of Credit remaining undrawn, outstanding Credit Card Services, outstanding ACH origination services, outstanding FX Contracts, or other Ancillary Services, as collateral security for the repayment of any future drawings under such Letters of Credit, outstanding Credit Card Services, ACH origination services, FX Contracts or other Ancillary Services, and (ii) pay in advance all Letter of Credit fees scheduled to be paid or payable over the remaining term of the Letters of Credit, Credit Card Services fees, ACH origination services fees, FX Contracts fees and other Ancillary Services fees, and Borrower shall promptly deposit and pay such amounts;

9. Section 10 of the Agreement is hereby amended and restated by revising the addresses for notices to Borrower and Bank to read as follows:

If to Borrower	HubSpot, Inc. 25 First Street, 2 nd Floor Cambridge, MA 02141 Attn: Chief Financial Officer FAX: (617) 812-5820
with a copy to:	HubSpot, Inc. 25 First Street, 2 nd Floor Cambridge, MA 02141 Attn: General Counsel FAX: (617) 812-5820
If to Bank:	Comerica Bank M/C 7578 39200 Six Mile Rd. Livonia, MI 48152 Attn: National Documentation Services
with a copy to:	Comerica Bank 100 Federal Street, 28th Floor Boston, MA 02110 Attn: Paula Howell & Jason Pan FAX: (617) 757 6351

10. Exhibit C to the Agreement is hereby amended, restated and replaced with Exhibit C attached hereto.

11. No course of dealing on the part of Bank or its officers, nor any failure or delay in the exercise of any right by Bank, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Bank's failure at any time to require strict performance by Borrower of any provision shall not affect any right of Bank thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Bank.

12. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement. The Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. Borrower ratifies and reaffirms the continuing effectiveness of all promissory notes, guaranties, security agreements, mortgages, deeds of trust, environmental agreements, and all other instruments, documents and agreements entered into in connection with the Agreement. Borrower hereby further affirms its absolute and unconditional promise to pay to Bank the Advances, Growth Capital Advances, other Credit Extensions, and all other amounts due under the Letters of Credit and the other Loan Documents (including, without limitation, the Obligations), at the times and in the amounts provided for therein. Borrower confirms and agrees that the obligations of Borrower to Bank under the Agreement as supplemented hereby are secured by and entitled to the benefits of the Loan Documents. The parties agree that this Amendment shall be deemed to be one of the Loan Documents under the Agreement. Nothing in this Amendment shall constitute a satisfaction of any of Borrower's Obligations.

13. In order to induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

13.1 The representations and warranties contained in the Agreement and the other Loan Documents were true and correct in all material respects when made or deemed made, and, other than those representations that relate only to a specific earlier date, such representations and warranties continue to be true and correct in all material respects as of the date of this Amendment. For the sake of clarity, as of the Second Amendment Closing Date, Borrower has the following two Subsidiaries: Performable and HubSpot Ireland.

13.2 Both before and immediately after giving effect to this Amendment and the other transactions contemplated hereby, no Event of Default, or other event or circumstance that with the giving of notice or the passage of time could become an Event of Default, has occurred and is continuing.

13.3 The execution, delivery, and performance by Borrower of this Amendment and the other documents, instruments and agreements delivered or to be delivered to Bank in connection herewith (a) are within the corporate powers of Borrower and have

been duly authorized by all necessary corporate action on the part of Borrower, (b) do not require any governmental or third party consents, except those which have been duly obtained and are in full force and effect, (c) do not and will not conflict with any requirement of law, Borrower's or Guarantor's articles or certificate of incorporation, bylaws, partnership agreement, operating agreement, minutes or resolutions, (d) after giving effect to this Amendment, do not result in any breach of or constitute a default under any agreement or instrument to which Borrower, Guarantor or any of their respective Subsidiaries is a party or by which Borrower, Guarantor or any of their properties are bound, and (e) do not result in or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature upon any of the assets or properties of Borrower or Guarantor or any of their respective Subsidiaries, other than those in favor of Bank.

13.4 This Amendment and the other instruments and agreements delivered or to be delivered to Bank in connection herewith have been duly executed and delivered by Borrower and constitutes the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except to the extent that (a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors, (b) enforcement may be subject to general principles of equity, and (c) the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of the court before which any proceedings for such remedies may be brought.

13.5 Neither Borrower nor Guarantor has any right of offset, defense, counterclaim, dispute or disagreement of any kind or nature whatsoever with respect to any of its liabilities, obligations or indebtedness arising under or in connection with any Loan Document.

14. As a condition to the effectiveness of this Amendment, Bank shall have received, in form and substance satisfactory to Bank, the following:

(a) this Amendment, duly executed by Borrower;

(b) an Affirmation and Amendment of Guaranty, duly executed by each Guarantor;

(c) (i) an officer's certificate of Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this Amendment and the other Loan Documents to which it is a party, and (ii) an officer's certificate of Performable with respect to incumbency and resolutions authorizing the execution and delivery of the affirmation of the Guaranty Documents and other Loan Documents to which it is a party;

(d) the fees owing under Section 2.5 of the Agreement, as amended hereby, which may be debited from any of Borrower's accounts with Bank;

(e) current UCC record and copy searches, including SOS Reports, disclosing no notice of any Liens or encumbrances filed against any of the Collateral other than Permitted Liens; and

(f) such other documents, instruments and certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

15. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

[Remainder of Page Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

HUBSPOT, INC.

By: /s/ Brian Halligan

Title: CEO

COMERICA BANK

By: /s/ illegible

Title: SVP

*[Signature Page to Second Amendment to
Amended and Restated Loan and Security Agreement]*

EXHIBIT C

BORROWING BASE CERTIFICATE

Borrower: HUBSPOT, INC.

Bank:

Comerica Bank
Technology & Life Sciences Division
Loan Analysis Department
250 Lytton Avenue
3rd Floor, MC 4240
Palo Alto, CA 94301
Phone: (650) 462-6060
Fax: (650) 462-6061

Commitment Amount: \$20,000,000

RECURRING SUBSCRIPTION CONTRACT REVENUES

1. Total Cash Receipts From Recurring Subscription Revenues for 3 months ending

\$ _____

AVERAGE SUBSCRIPTION RENEWAL RATE

2. Actual renewals during month ending _____ (three months prior)

\$ _____

3. Scheduled/ Eligible renewals during month ending _____ (three months prior)

\$ _____

4. Month 3 Renewal Rate (#2 divided by #3)

5. Actual renewals during month ending _____ (two months prior)

\$ _____

6. Scheduled/ Eligible renewals during month ending _____ (two months prior)

\$ _____

7. Month 2 Renewal Rate (#5 divided by #6)

8. Actual renewals during month ending _____ (month ending on Certificate date)

\$ _____

9. Scheduled/ Eligible renewals during month ending _____ (month ending on Certificate date)

\$ _____

10. Month 1 Renewal Rate (#8 divided by #9)

11. ADVANCE RATE ((#4 plus #7 plus #10) divided by 3)

BORROWING BASE

12. BORROWING BASE (#1 times #11)

\$ _____

BALANCES

13. Maximum Loan Amount

\$20,000,000

14. Total Funds Available (Lesser of #12 or #13)

\$ _____

15. Outstanding under Sublimits (if any)

\$ _____

16. Present balance owing on Line of Credit

\$ _____

17. Reserve Position (#14 minus #15 and #16)

\$ _____

The undersigned represents and warrants that the foregoing is true, complete and correct, and that the information reflected in this Borrowing Base Certificate complies with the representations and warranties set forth in the Amended and Restated Loan and Security Agreement between the undersigned and Comerica Bank.

Comments:

BANK USE ONLY	
Rec'd By:	_____
Date:	_____
Reviewed By:	_____
Date:	_____

Authorized Signer

**THIRD AMENDMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This Third Amendment to Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of March 21, 2014, by and between COMERICA BANK ("Bank") and HUBSPOT, INC., a Delaware corporation ("Borrower").

RECITALS

Borrower and Bank are parties to that certain Amended and Restated Loan and Security Agreement dated as of April 4, 2012, as amended, modified, supplemented or extended from time to time, including by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of May 30, 2013 and that certain Second Amendment to Amended and Restated Loan and Security Agreement dated as of September 23, 2013 (collectively, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

I. The following defined terms in Section 1.1 of the Agreement hereby are added or amended and restated as follows:

"Advance Rate" means, for any date of determination, the percentage equal to (a) the sum of the monthly Subscription Renewal Rates for each of the three (3) consecutive months ending on or immediately prior to such date, divided by (b) three (3). In no event shall the Advance Rate be greater than one (1).

"Borrowing Base" means, as of any date of determination, an amount equal to the product of (a) the Advance Rate, as of such date, multiplied by (b) aggregate cash receipts from Subscription Contracts for the three (3) month period ending on the last day of the month immediately preceding such date (or such date if the date of determination is the last day of a month), as determined by Bank with reference to the most recent Borrowing Base Certificate delivered by Borrower or from other information then available to Bank including information obtained from working capital or other similar audits conducted by or on behalf of Bank, less such reserves as may be established, by Bank in its good faith credit judgment, from time to time; provided, that the advance rate is subject to adjustment by Bank after the Closing Date, in its good faith credit judgment.

"Excluded Deposit Accounts" means deposit accounts maintained by Borrower or Subsidiaries of Borrower that are identified on the Schedule or as to which Borrower has provided with prior written notice, so long as (i) with respect to foreign accounts of HUBSPOT IRELAND LIMITED, the US Dollar-equivalent value of the deposits in all such accounts is at all times less than One Million Five Hundred Thousand Dollars (\$1,500,000) (ii) with respect to foreign accounts of other foreign subsidiaries, the US Dollar-equivalent value of the deposits in all such accounts is at all times less than Five Hundred Thousand Dollars (\$500,000), and (iii) with respect to domestic accounts, the US Dollar-equivalent value of the deposits in all such accounts is at all times less than Two Hundred Fifty Thousand Dollars (\$250,000).

"Growth Capital Amortization Commencement Date" means January 1, 2015.

"Growth Capital Availability End Date" means December 31, 2014.

"Growth Capital Maturity Date" means June 1, 2017.

"IPO II" means the closing of a firm commitment underwritten initial public offering, pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, covering the offer and sale of common stock of Borrower with net cash proceeds to Borrower of not less than Seventy Five Million Dollars (\$75,000,000) (net of underwriting commissions and expenses), and that results in the common stock being traded or listed on the NYSE, AMEX or NASDAQ Global Market.

"Revolving Line" means a Credit Extension of up to Thirty Million Dollars (\$30,000,000), inclusive of any amounts outstanding under the Ancillary Services Sublimit.

"Revolving Maturity Date" means March 21, 2016.

"Subscription Contracts" means those written subscription and other agreements for Borrower's products and/or consulting, training, implementation and support services ("Services") that: (a) have been duly and properly executed and delivered by Borrower and each account debtor party thereto; (b) have been entered into in the ordinary course of Borrower's business and consistent with past practice; and (c) are with a counter-party that is not an Affiliate of Borrower.

"Third Amendment Closing Date" means March 21, 2014.

2. Subsection (c) of the defined term "Permitted Indebtedness" in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

"(c) Indebtedness not to exceed Four Hundred Thousand Dollars (\$400,000) in the aggregate outstanding at any time secured by a lien described in clause (c) of the defined term "Permitted Liens;" provided such Indebtedness does not exceed the lesser of the cost or fair market value of the equipment financed with such Indebtedness;"

3. Subsection (e) of the defined term "Permitted Investments" in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

"(e) Investments by Borrower in: (i) HUBSPOT IRELAND LIMITED, a company formed under the laws of Ireland with registration number 525723, in an aggregate amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) in any fiscal quarter, and (ii) its other wholly-owned Subsidiaries (including any newly formed Subsidiary in Australia) in an aggregate amount not to exceed (y) One Million Dollars (\$1,000,000) in the 2014 fiscal year or (z) Five Hundred Thousand Dollars (\$500,000) in any subsequent fiscal year,"

4. Section 2.1(b)(i) of the Agreement is hereby amended and restated as follows:

"(i) Amount. Subject to and upon the terms and conditions of this Agreement Borrower may request Advances in an aggregate outstanding amount not to exceed the lesser of (A) the Revolving Line or (B) the Borrowing Base, in each case, less the sum of the amounts outstanding under the Ancillary Services Sublimit (including the Ancillary Services Usage). Except as set forth in the Pricing Addendum, amounts borrowed pursuant to this Section 2.1(b) may be repaid and reborrowed at any time without penalty or premium prior to the Revolving Maturity Date, at which time all Advances under this Section 2.1(b) shall be immediately due and payable. Notwithstanding anything to the contrary, Borrower may not request Advances from the Third Amendment Effective Date until Bank has completed its audit of Borrower's Accounts and appraised the Collateral, which shall occur no later than sixty (60) days after the Third Amendment Effective Date."

5. Section 2.5(a) of the Agreement is hereby amended and restated as follows:

"(a) Facility Fee. On the Third Amendment Closing Date, a facility fee equal to Thirty Thousand Dollars (\$30,000) (which shall include all Bank Expenses for legal fees incurred through the Third Amendment Closing Date);"

6. Section 4.3 of the Agreement is hereby amended and restated as follows:

"4.3 Right to Inspect. Within sixty (60) days of the Third Amendment Effective Date and at any time when (i) the outstanding principal balance of the Advances has been greater than Five Million Dollars (\$5,000,000) at least once during a six (6) month period or (ii) an Event of Default has occurred and is continuing, Bank (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours but no more than twice each year (unless an Event of Default has occurred and is continuing), to inspect Borrower's Books and to make copies thereof and to check, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral and Borrower's other assets and properties. The scope of such examinations shall include testing and review of the underlying cash receipts that are the basis for calculating the Borrowing Base and Borrower's renewal rates."

7. Section 6.2(a)(i) of the Agreement is hereby amended and restated as follows:

"(i) as soon as available, but in any event within thirty (30) days after the end of each calendar quarter, a company prepared consolidated and consolidating balance sheet and income statement covering Borrower's operations during such period prepared in accordance with GAAP, in a form reasonably acceptable to Bank and certified by a Responsible Officer;"

8. Section 6.2(b) of the Agreement is hereby amended and restated as follows:

"(b) Within thirty (30) days after the last day of each calendar month, Borrower shall deliver to Bank a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of Exhibit C hereto, together with aged listings by invoice date of accounts receivable and accounts payable and evidence in form and substance satisfactory to Bank to support the cash receipts in the Borrowing Base Certificate."

9. Section 6.2(e) of the Agreement is hereby amended and restated as follows:

"(e) Intentionally Omitted."

10. Section 6.8 of the Agreement is hereby amended and restated as follows:

“6.8 Financial Covenant. Borrower shall at all times maintain the following financial covenant:

(a) Recurring Subscription Revenue. Borrower shall maintain at all times until consummation of IPO II, measured quarterly on a trailing three (3) month basis, revenue derived from Subscription Contracts (excluding revenue derived from the sale of Services) of at least the following amounts as set forth in the table below for the corresponding measuring periods;

<u>Measuring Period Ending</u>		<u>Minimum Recurring Subscription Revenue</u>
March 31, 2014	\$	18,514,000
June 30, 2014	\$	19,839,000
September 30, 2014	\$	21,414,000
December 31, 2014	\$	23,068,000
March 31, 2015	\$	24,243,000
June 30, 2015	\$	26,039,000
September 30, 2015	\$	27,971,000
December 31, 2015	\$	30,046,000
March 31, 2016	\$	31,000,000

11. Section 10 of the Agreement is hereby amended and restated by revising the second address for notice Bank to read as follows:

with a copy to:

Comerica Bank
100 Federal Street, 28th Floor
Boston, MA 02110
Attn: Garth W. Gorrall
FAX: (617) 757 6351

12. Exhibit C to the Agreement is hereby amended, restated and replaced with Exhibit C attached hereto.

13. Exhibit D to the Agreement is hereby amended, restated and replaced with Exhibit D attached hereto.

14. Borrower acknowledges and Bank hereby waives Borrower's violation of (i) Section 6.2(a)(i), Section 6.2(b), and Section 6.2(c) of the Agreement for failure to timely deliver Borrower's financial packages for all measuring periods prior to the Third Amendment Effective Date and (ii) Section 6.6 of the Agreement with respect to Borrower and its Subsidiaries' maintaining cash, cash equivalents, investments and securities in excess of the Applicable Account Balance Amount in accounts outside of Bank through the Third Amendment Effective Date.

15. No later than sixty (60) days after Borrower forms its new Australian Subsidiary, Borrower shall deliver to Bank the original share certificates representing the Shares issued by such subsidiary, together with (i) assignments separate from certificate or other applicable instruments of transfer, duly executed in blank and (ii) an Australian Share Pledge Agreement in form and substance acceptable to Bank.

16. No course of dealing on the part of Bank or its officers, nor any failure or delay in the exercise of any right by Bank, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Bank's failure at any time to require strict performance by Borrower of any provision shall not affect any right of Bank thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Bank.

17. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement. The Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby is ratified and confirmed in all respects.

Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. Borrower ratifies and reaffirms the continuing effectiveness of all promissory notes, guaranties, security agreements, mortgages, deeds of trust, environmental agreements, and all other instruments, documents and agreements entered into in connection with the Agreement. Borrower hereby further affirms its absolute and unconditional promise to pay to Bank the Advances, Growth Capital Advances, other Credit Extensions, and all other amounts due under the Letters of Credit and the other Loan Documents (including, without limitation, the Obligations), at the times and in the amounts provided for therein. Borrower confirms and agrees that the obligations of Borrower

to Bank under the Agreement as supplemented hereby are secured by and entitled to the benefits of the Loan Documents. The parties agree that this Amendment shall be deemed to be one of the Loan Documents under the Agreement. Nothing in this Amendment shall constitute a satisfaction of any of Borrower's Obligations.

18. In order to induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

18.1 The representations and warranties contained in the Agreement and the other Loan Documents were true and correct in all material respects when made or deemed made, and, other than those representations that relate only to a specific earlier date, such representations and warranties continue to be true and correct in all material respects as of the date of this Amendment. For the sake of clarity, as of the Third Amendment Closing Date, Borrower has the following Subsidiary: HubSpot Ireland.

18.2 Both before and immediately after giving effect to this Amendment and the other transactions contemplated hereby, no Event of Default, or other event or circumstance that with the giving of notice or the passage of time could become an Event of Default, has occurred and is continuing.

18.3 The execution, delivery, and performance by Borrower of this Amendment and the other documents, instruments and agreements delivered or to be delivered to Bank in connection herewith (a) are within the corporate powers of Borrower and have been duly authorized by all necessary corporate action on the part of Borrower, (b) do not require any governmental or third party consents, except those which have been duly obtained and are in full force and effect, (c) do not and will not conflict with any requirement of law, Borrower's or Guarantor's articles or certificate of incorporation, bylaws, partnership agreement, operating agreement, minutes or resolutions, (d) after giving effect to this Amendment, do not result in any breach of or constitute a default under any agreement or instrument to which Borrower, Guarantor or any of their respective Subsidiaries is a party or by which Borrower, Guarantor or any of their properties are bound, and (e) do not result in or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature upon any of the assets or properties of Borrower or Guarantor or any of their respective Subsidiaries, other than those in favor of Bank.

18.4 This Amendment and the other instruments and agreements delivered or to be delivered to Bank in connection herewith have been duly executed and delivered by Borrower and constitutes the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except to the extent that (a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors, (b) enforcement may be subject to general principles of equity, and (c) the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of the court before which any proceedings for such remedies may be brought.

18.5 Neither Borrower nor Guarantor has any right of offset, defense, counterclaim, dispute or disagreement of any kind or nature whatsoever with respect to any of its liabilities, obligations or indebtedness arising under or in connection with any Loan Document.

19. As a condition to the effectiveness of this Amendment, Bank shall have received, in form and substance satisfactory to Bank, the following:

- (a) this Amendment, duly executed by Borrower;
- (b) an officer's certificate of Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this Amendment and the other Loan Documents to which it is a party
- (c) the fees owing under Section 2.5 of the Agreement, as amended hereby, which may be debited from any of Borrower's accounts with Bank; and
- (d) such other documents, instruments and certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

20. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

[Remainder of Page Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

HUBSPOT, INC.

By: /s/ [Illegible]

Title: CFO

COMERICA BANK

By: /s/ [Illegible]

Title: Senior Vice President

*[Signature Page to Third Amendment to
Amended and Restated Loan and Security Agreement]*

**FOURTH AMENDMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This Fourth Amendment to Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of June 26, 2014, by and between COMERICA BANK ("Bank") and HUBSPOT, INC., a Delaware corporation ("Borrower").

RECITALS

Borrower and Bank are parties to that certain Amended and Restated Loan and Security Agreement dated as of April 4, 2012, as amended, modified, supplemented or extended from time to time, including by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of May 30, 2013, that certain Second Amendment to Amended and Restated Loan and Security Agreement dated as of September 23, 2013 and that certain Third Amendment to Amended and Restated Loan and Security Agreement dated as of March 21, 2014 (collectively, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. The following defined terms in Section 1.1 of the Agreement hereby are added or amended and restated as follows:

"Contractual Monthly Product Subscription Revenue" means the total amount of product subscription fees contractually committed to be paid for a full month under all of Borrower's customer agreements, net of any commissions owed to Borrower's partners.

"Subscription Renewal Rate" means, for a given month, the percentage obtained by dividing (a) the aggregate Contractual Monthly Product Subscription Revenue of Borrower's customers at the end of the month, excluding new customers added during that month, by (b) the aggregate Contractual Monthly Product Subscription Revenue of Borrower's customer base as of the beginning of that month, provided in no event shall the Subscription Renewal Rate be greater than one (1.00).

2. No course of dealing on the part of Bank or its officers, nor any failure or delay in the exercise of any right by Bank, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Bank's failure at any time to require strict performance by Borrower of any provision shall not affect any right of Bank thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Bank.

3. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement. The Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. Borrower ratifies and reaffirms the continuing effectiveness of all promissory notes, guaranties, security agreements, mortgages, deeds of trust, environmental agreements, and all other instruments, documents and agreements entered into in connection with the Agreement. Borrower hereby further affirms its absolute and unconditional promise to pay to Bank the Advances, Growth Capital Advances, other Credit Extensions, and all other amounts due under the Letters of Credit and the other Loan Documents (including, without limitation, the Obligations), at the times and in the amounts provided for therein. Borrower confirms and agrees that the obligations of Borrower to Bank under the Agreement as supplemented hereby are secured by and entitled to the benefits of the Loan Documents. The parties agree that this Amendment shall be deemed to be one of the Loan Documents under the Agreement. Nothing in this Amendment shall constitute a satisfaction of any of Borrower's Obligations.

4. In order to induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

4.1 The representations and warranties contained in the Agreement and the other Loan Documents were true and correct in all material respects when made or deemed made, and, other than those representations that relate only to a specific earlier date, such representations and warranties continue to be true and correct in all material respects as of the date of this Amendment. For the sake of clarity, as of the Fourth Amendment Closing Date, Borrower has the following Subsidiaries: HubSpot Ireland and HubSpot Australia.

4.2 Both before and immediately after giving effect to this Amendment and the other transactions contemplated hereby, no Event of Default, or other event or circumstance that with the giving of notice or the passage of time could become an Event of Default, has occurred and is continuing.

4.3 The execution, delivery, and performance by Borrower of this Amendment and the other documents, instruments and agreements delivered or to be delivered to Bank in connection herewith (a) are within the corporate powers of Borrower and have

been duly authorized by all necessary corporate action on the part of Borrower, (b) do not require any governmental or third party consents, except those which have been duly obtained and are in full force and effect, (c) do not and will not conflict with any requirement of law, Borrower's or Guarantor's articles or certificate of incorporation, bylaws, partnership agreement, operating agreement, minutes or resolutions, (d) after giving effect to this Amendment, do not result in any breach of or constitute a default under any agreement or instrument to which Borrower, Guarantor or any of their respective Subsidiaries is a party or by which Borrower, Guarantor or any of their properties are bound, and (e) do not result in or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature upon any of the assets or properties of Borrower or Guarantor or any of their respective Subsidiaries, other than those in favor of Bank.

4.4 This Amendment and the other instruments and agreements delivered or to be delivered to Bank in connection herewith have been duly executed and delivered by Borrower and constitutes the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except to the extent that (a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors, (b) enforcement may be subject to general principles of equity, and (c) the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of the court before which any proceedings for such remedies may be brought.

4.5 Neither Borrower nor Guarantor has any right of offset, defense, counterclaim, dispute or disagreement of any kind or nature whatsoever with respect to any of its liabilities, obligations or indebtedness arising under or in connection with any Loan Document.

5. As a condition to the effectiveness of this Amendment, Bank shall have received, in form and substance satisfactory to Bank, the following:

(a) this Amendment, duly executed by Borrower;

(b) the fees owing under Section 2.5 of the Agreement, as amended hereby, which may be debited from any of Borrower's accounts with Bank; and

(c) such other documents, instruments and certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

6. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

[Remainder of Page Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

HUBSPOT, INC.

By: /s/ John Kinzer
Title: CFO

COMERICA BANK

By: /s/ [Illegible]
Title: SVP

[Signature Page to Fourth Amendment to Amended and Restated Loan and Security Agreement]

**FIFTH AMENDMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This Fifth Amendment to Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of September 12, 2014, by and between COMERICA BANK ("Bank") and HUBSPOT, INC., a Delaware corporation ("Borrower").

RECITALS

Borrower and Bank are parties to that certain Amended and Restated Loan and Security Agreement dated as of April 4, 2012, as amended, modified, supplemented or extended from time to time, including by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of May 30, 2013, that certain Second Amendment to Amended and Restated Loan and Security Agreement dated as of September 23, 2013, that certain Third Amendment to Amended and Restated Loan and Security Agreement dated as of March 21, 2014 and that certain Fourth Amendment to Amended and Restated Loan and Security Agreement dated as of June 26, 2014 (collectively, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. The following defined term in Section 1.1 of the Agreement is hereby amended and restated in its entirety as follows:

"Revolving Line" means a Credit Extension of up to Thirty Five Million Dollars (\$35,000,000), inclusive of any amounts outstanding under the Ancillary Services Sublimit.

2. The following defined terms are hereby deleted from Section 1.1 of the Agreement:

"Growth Capital Advance(s)", "Growth Capital Amortization Commencement Date", "Growth Capital Availability End Date", "Growth Capital Line", "Growth Capital Maturity Date"

3. Section 2.1(d) of the Agreement is hereby amended and restated in its entirety to read as follows:

"(d) Intentionally Omitted."

4. Section 2.3(a)(iii) of the Agreement is hereby amended and restated in its entirety to read as follows:

"(iii) Intentionally Omitted."

5. The following defined term is the Pricing Addendum hereby is amended and restated as follows:

"Applicable Margin" means one half of one percent (0.50%) per annum.

6. Exhibit C, to the Agreement is hereby replaced with Exhibit C, attached hereto.

7. Bank hereby agrees that Letters of Credit numbers 5125-30 and 5409-30 issued by Bank and naming DWF III Davenport LLC and Global Payments Comerica Alliance as beneficiaries, respectively and Borrower's existing Three Hundred Thousand Dollar (\$300,000) business credit card shall hereafter no longer reduce availability under the Ancillary Services Sublimit.

8. No course of dealing on the part of Bank or its officers, nor any failure or delay in the exercise of any right by Bank, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Bank's failure at any time to require strict performance by Borrower of any provision shall not affect any right of Bank thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Bank.

9. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement. The Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. Borrower ratifies and reaffirms the continuing effectiveness of all promissory notes, guaranties, security agreements, mortgages, deeds of trust, environmental agreements, and all other instruments, documents and agreements entered into in connection with the Agreement. Borrower hereby further affirms its absolute and unconditional promise to pay to Bank the Advances, other Credit Extensions, and all other amounts due under the Letters of Credit and the other Loan Documents (including, without limitation, the Obligations), at the times and in the amounts provided for therein. Borrower confirms

and agrees that the obligations of Borrower to Bank under the Agreement as supplemented hereby are secured by and entitled to the benefits of the Loan Documents. The parties agree that this Amendment shall be deemed to be one of the Loan Documents under the Agreement. Nothing in this Amendment shall constitute a satisfaction of any of Borrower's Obligations.

10. In order to induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

10.1 The representations and warranties contained in the Agreement and the other Loan Documents were true and correct in all material respects when made or deemed made, and, other than those representations that relate only to a specific earlier date, such representations and warranties continue to be true and correct in all material respects as of the date of this Amendment. For the sake of clarity, as of the Fourth Amendment Closing Date, Borrower has the following Subsidiaries: HubSpot Ireland and HubSpot Australia.

10.2 Both before and immediately after giving effect to this Amendment and the other transactions contemplated hereby, no Event of Default, or other event or circumstance that with the giving of notice or the passage of time could become an Event of Default, has occurred and is continuing.

10.3 The execution, delivery, and performance by Borrower of this Amendment and the other documents, instruments and agreements delivered or to be delivered to Bank in connection herewith (a) are within the corporate powers of Borrower and have been duly authorized by all necessary corporate action on the part of Borrower, (b) do not require any governmental or third party consents, except those which have been duly obtained and are in full force and effect, (c) do not and will not conflict with any requirement of law, Borrower's or Guarantor's articles or certificate of incorporation, bylaws, partnership agreement, operating agreement, minutes or resolutions, (d) after giving effect to this Amendment, do not result in any breach of or constitute a default under any agreement or instrument to which Borrower, Guarantor or any of their respective Subsidiaries is a party or by which Borrower, Guarantor or any of their properties are bound, and (e) do not result in or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature upon any of the assets or properties of Borrower or Guarantor or any of their respective Subsidiaries, other than those in favor of Bank.

10.4 This Amendment and the other instruments and agreements delivered or to be delivered to Bank in connection herewith have been duly executed and delivered by Borrower and constitutes the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except to the extent that (a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors, (b) enforcement may be subject to general principles of equity, and (c) the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of the court before which any proceedings for such remedies may be brought.

10.5 Neither Borrower nor Guarantor has any right of offset, defense, counterclaim, dispute or disagreement of any kind or nature whatsoever with respect to any of its liabilities, obligations or indebtedness arising under or in connection with any Loan Document.

11. As a condition to the effectiveness of this Amendment, Bank shall have received, in form and substance satisfactory to Bank, the following:

- (a) this Amendment, duly executed by Borrower; and
- (b) such other documents, instruments and certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

12. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

[Remainder of Page Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

HUBSPOT, INC.

By: /s/ John Kinzer
Title: CFO

COMERICA BANK

By: /s/ illegible
Title: SVP

*[Signature Page to Fifth Amendment to
Amended and Restated Loan and Security Agreement]*

**SIXTH AMENDMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This Sixth Amendment to Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of March 2, 2015, by and between COMERICA BANK ("Bank") and HUBSPOT, INC., a Delaware corporation ("Borrower").

RECITALS

Borrower and Bank are parties to that certain Amended and Restated Loan and Security Agreement dated as of April 4, 2012, as amended, modified, supplemented or extended from time to time, including by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of May 30, 2013, that certain Second Amendment to Amended and Restated Loan and Security Agreement dated as of September 23, 2013, that certain Third Amendment to Amended and Restated Loan and Security Agreement dated as of March 21, 2014, that certain Fourth Amendment to Amended and Restated Loan and Security Agreement dated as of June 26, 2014 and that certain Fifth Amendment to Amended and Restated Loan and Security Agreement dated as of September 12, 2014 (collectively, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. The following defined terms in Section 1.1 of the Agreement are hereby added or amended and restated in their entirety to read as follows:

"Adjusted Quick Ratio" means a ratio of (i) unrestricted cash at Bank plus total accounts receivable to (ii) Current Liabilities (plus to the extent not already included therein all Indebtedness owing under the Revolving Line) minus deferred revenue.

"Borrowing Base" means, as of any date of determination, an amount equal to the product of (a) the Subscription Renewal Rate multiplied by (b) aggregate cash receipts from Subscription Contracts, (including up to Five Million Dollars (\$5,000,000) of foreign cash receipts) for the three (3) month period ending on the last day of the month immediately preceding such date (or such date if the date of determination is the last day of a month), as determined by Bank with reference to the most recent Borrowing Base Certificate delivered by Borrower or from other information then available to Bank including information obtained from working capital or other similar audits conducted by or on behalf of Bank, less such reserves as may be established, by Bank in its good faith credit judgment, from time to time.

"Current Liabilities" means all amounts that should, in accordance with GAAP, be included as current liabilities on the consolidated balance sheet of Borrower and its Subsidiaries, as at such date, plus, to the extent not already included therein, all undrawn Letters of Credit.

"Excluded Deposit Accounts" means foreign deposit accounts maintained by Borrower or Subsidiaries of Borrower that are identified on the Schedule or as to which Borrower has provided with prior written notice, so long as the US Dollar-equivalent value of the deposits in all such foreign accounts is at all times less than Ten Million Dollars (\$10,000,000).

2. Subsection (c) of the defined term "Permitted Indebtedness in Section 1.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

"(c) Indebtedness not to exceed Five Million Dollars (\$5,000,000) in the aggregate outstanding at any time secured by a lien described in clause (c) of the defined term "Permitted Liens;" provided such Indebtedness does not exceed the lesser of the cost or fair market value of the equipment financed with such Indebtedness;"

3. Subsection (e) of the defined term "Permitted Investments" in Section 1.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

"(e) Investments by Borrower in Foreign Subsidiaries, in an aggregate amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) in any fiscal quarter;"

4. New Subsection (j) is hereby added to the defined term Permitted Investments in Section 1.1 of the Agreement as follows:

"(j) Investments consisting of loans made by Borrower to its clients and vendors for customer/VAR financing in an aggregate principal amount not to exceed Ten Million Dollars (\$10,000,000) in the aggregate."

5. Subsection (c) of the defined term "Permitted Liens" in Section 1.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

"(c) Liens securing Permitted Indebtedness not to exceed Five Million Dollars (\$5,000,000) in the aggregate at any time outstanding (i) upon or in any Equipment (other than Equipment financed by Bank) acquired or held by Borrower or any of

its Subsidiaries to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such Equipment, or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such Equipment;”

6. Section 6.2(a)(iii) of the Agreement is hereby amended and restated in its entirety to read as follows:

“(iii) if applicable, copies of all statements, reports and notices sent or made available generally by Borrower to its security holders or to any holders of Subordinated Debt and all reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission within forty-five (45) days after the last day of each quarter;”

7. Section 6.2(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

“(b) Within forty-five (45) days after the last day of each quarter, when there are Advances outstanding, Borrower shall deliver to Bank a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of Exhibit C hereto, together with aged listings by invoice date of accounts receivable and accounts payable.”

8. Section 6.2(c) of the Agreement is hereby amended and restated in its entirety to read as follows:

“(c) Within forty-five (45) days after the last day of each quarter, Borrower shall deliver to Bank a Compliance Certificate certified as of the last day of the applicable month and signed by a Responsible Officer in substantially the form of Exhibit D hereto.”

9. Section 6.8 of the Agreement is hereby amended and restated in its entirety to read as follows:

“6.8 Financial Covenants. Borrower shall at all times (i) after consummation of any Permitted Acquisition and (ii) while any Advance is outstanding, maintain the following financial covenants:

(a) Adjusted Quick Ratio. Measured quarterly as of the last day of each calendar quarter, an Adjusted Quick Ratio of at least 1.15 to 1.00.

(b) Recurring Subscription Revenue. Measured quarterly on a trailing three (3) month basis, revenue derived from Subscription Contracts (excluding revenue derived from the sale of Services) of at least the following amounts as set forth in the table below for the corresponding measuring periods;

<u>Measuring Period Ending</u>	<u>Minimum Recurring Subscription Revenue</u>
December 31, 2014	\$ 23,068,000
March 31, 2015	\$ 24,243,000
June 30, 2015	\$ 26,039,000
September 30, 2015	\$ 27,971,000
December 31, 2015	\$ 30,046,000
March 31, 2016	\$ 31,000,000

”
10. Section 7.3 of the Agreement is hereby amended and restated in its entirety to read as follows:

“7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other Person or business organization (other than mergers or consolidations of a Subsidiary into another Subsidiary or into Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person, or enter into any agreement to do any of the same, except for acquisitions by Borrower where: (a) the Board of Directors of Borrower (or with respect to an acquisition where the consideration is less than Two Million Dollars (\$2,000,000), a team of officers of Borrower designated by the Board of Directors of Borrower) has approved of the transaction; (b) the Board of Directors (or their equivalent) of the seller of the assets or issuer of the equity interests being acquired shall not have disapproved such transaction or recommended such transaction be disapproved; (c) the property acquired (or the property of the Person acquired) in such acquisition is used or useful in the same, similar, complementary or a related line of business as the Borrower was engaged in on the Closing Date (or any reasonable extensions thereof); (d) the Aggregate Consideration paid or payable by Borrower and its Subsidiaries in connection with all such acquisitions during the term of this Agreement shall not exceed One Hundred Fifty Million Dollars (\$150,000,000) in the aggregate (the “Acquisition Consideration Cap”); provided however, that no more than Sixty Million Dollars (\$60,000,000) shall be cash Aggregate Consideration and that non-cash Aggregate Consideration does not result in greater than Fifteen Percent (15%) dilution to Borrower; (e) if cash Aggregate Consideration is greater than Ten Million Dollars (\$10,000,000), Person or business organization being acquired must confirm financial performance through audited financials or a quality of earnings study completed by a firm acceptable to Bank; (f) capital expenditures within the Person or business organization being acquired shall not exceed Five Million Dollars (\$5,000,000) for one year immediately following the acquisition and must be reserved for post-close cash balance; (g) at the

time of such acquisition no Event of Default has occurred and is continuing, and, after giving effect to such transaction no Event of Default would exist; (h) immediately after giving effect to such transaction, Borrower shall have Cash in excess of Twenty-Five Million Dollars (\$25,000,000) (the "Acquisition Minimum Cash Amount"); and (i) not less than ten (10) days (or such shorter period of time agreed to by Bank) or more than ninety (90) days prior to the consummation of such acquisition, Borrower provides to Bank notice of such acquisition together with (i) pro forma projected financial information, (ii) historical financial information for at least the past three (3) years (or such shorter period as is the entire lifespan of the acquired entity), including, if available, audited financial statements, balance sheets, cash flows and year-to-date interim financial statements, (iii) true, correct and complete copies of all of the definitive, executed documents, instruments and agreements relating to such acquisition, including all related annexes, schedules and exhibits, and (iv) such other financial information and other information regarding the Person who is being so acquired, as Bank may reasonably request (any such acquisition that complies with all of the foregoing requirements, a "Permitted Acquisition")."

11. Section 7.6 of the Agreement is hereby amended and restated in its entirety to read as follows:

"7.6 Distributions. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any of its Equity Interests, or permit its Subsidiaries to do so, except that, subject to the last sentence of this Section 7.6, Borrower may: (a) pay up to Fifteen Million Dollars (\$15,000,000) in the aggregate to repurchase Equity Interests consisting of restricted stock units in Borrower once vested and as required pursuant to customary stock repurchase agreements approved by Borrower's Board of Directors, from former officers, directors or employees upon the death, disability or termination or cessation of employment or service of such officers, directors or employees; (b) make dividends payable exclusively in the form of capital stock; (c) convert convertible securities (including warrants) into equity securities pursuant to the terms of such convertible securities; and (d) distribute equity securities to current or former employees, officers, consultants or directors upon the exercise of their stock options. Notwithstanding the foregoing, Borrower shall be permitted to make such repurchases under clause (a) above only if, at the time of such repurchase, and immediately after giving effect thereto: (i) no Event of Default, or any event or circumstance that with the giving of notice or the passage of time (or both) could result in an Event of Default, exists or could reasonably be expected to occur, (ii) Borrower is solvent, and (iii) such distribution is permitted under and is made in compliance with applicable law including Sections 170 and 173 of the Delaware General Corporation Law. In addition, Borrower's Subsidiaries may make dividends and distributions to Borrower on account of or in redemption, retirement or purchase of any of their respective Equity Interests."

12. Section 7.10(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

"(b) the third party has been notified of Bank's security interest and Bank (i) other than with respect to locations where property of Borrower and/or its Subsidiaries may be located with a value less than Two Hundred Thousand Dollars (\$200,000) at any one location, shall have received a duly executed Collateral Access Agreement, including an acknowledgment from the third party that it is holding or will hold the Collateral for Bank's benefit or (ii) is in possession of the warehouse receipt, where negotiable, covering such Collateral. Except for such locations as Bank may approve in writing, Borrower shall keep, and shall cause each of its Subsidiaries to keep, its Equipment and all Collateral only at the locations set forth in the Schedule delivered by Borrower to Bank prior to the Closing Date (or inventory in transit between such locations in the ordinary course of business), and at such other locations of which Borrower gives Bank prior written notice pursuant to Section 7.2, and as to which Bank files Security Instruments where needed to perfect its security interests and liens in such Collateral and as to which (x) if applicable, Bank has received a Collateral Access Agreement for any location where Borrower or its Subsidiaries maintain more than Two Hundred Thousand Dollars (\$200,000) at any one location, and (y) Borrower has taken such actions as Bank reasonably requests to perfect and maintain the perfection and priority of Bank's Lien on the Collateral."

13. Exhibit C to the Agreement is hereby replaced with Exhibit C attached hereto.

14. Exhibit D to the Agreement is hereby replaced with Exhibit D attached hereto.

15. Bank hereby waives the Event of Default that occurred due to Borrower's failure to comply with the provisions of Section 6.6 of the Agreement with respect to foreign accounts.

16. No course of dealing on the part of Bank or its officers, nor any failure or delay in the exercise of any right by Bank, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Bank's failure at any time to require strict performance by Borrower of any provision shall not affect any right of Bank thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Bank.

17. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement. The Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. Borrower ratifies and reaffirms the continuing effectiveness of all promissory

notes, guaranties, security agreements, mortgages, deeds of trust, environmental agreements, and all other instruments, documents and agreements entered into in connection with the Agreement. Borrower hereby further affirms its absolute and unconditional promise to pay to Bank the Advances, other Credit Extensions, and all other amounts due under the Letters of Credit and the other Loan Documents (including, without limitation, the Obligations), at the times and in the amounts provided for therein. Borrower confirms and agrees that the obligations of Borrower to Bank under the Agreement as supplemented hereby are secured by and entitled to the benefits of the Loan Documents. The parties agree that this Amendment shall be deemed to be one of the Loan Documents under the Agreement. Nothing in this Amendment shall constitute a satisfaction of any of Borrower's Obligations.

18. In order to induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

18.1 The representations and warranties contained in the Agreement and the other Loan Documents were true and correct in all material respects when made or deemed made, and, other than those representations that relate only to a specific earlier date, such representations and warranties continue to be true and correct in all material respects as of the date of this Amendment.

18.2 Both before and immediately after giving effect to this Amendment and the other transactions contemplated hereby, except as explicitly waived hereby, no Event of Default, or other event or circumstance that with the giving of notice or the passage of time could become an Event of Default, has occurred and is continuing.

18.3 The execution, delivery, and performance by Borrower of this Amendment and the other documents, instruments and agreements delivered or to be delivered to Bank in connection herewith (a) are within the corporate powers of Borrower and have been duly authorized by all necessary corporate action on the part of Borrower, (b) do not require any governmental or third party consents, except those which have been duly obtained and are in full force and effect, (c) do not and will not conflict with any requirement of law, Borrower's or Guarantor's articles or certificate of incorporation, bylaws, partnership agreement, operating agreement, minutes or resolutions, (d) after giving effect to this Amendment, do not result in any breach of or constitute a default under any agreement or instrument to which Borrower, Guarantor or any of their respective Subsidiaries is a party or by which Borrower, Guarantor or any of their properties are bound, and (e) do not result in or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature upon any of the assets or properties of Borrower or Guarantor or any of their respective Subsidiaries, other than those in favor of Bank.

18.4 This Amendment and the other instruments and agreements delivered or to be delivered to Bank in connection herewith have been duly executed and delivered by Borrower and constitutes the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except to the extent that (a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors, (b) enforcement may be subject to general principles of equity, and (c) the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of the court before which any proceedings for such remedies may be brought.

18.5 Neither Borrower nor Guarantor has any right of offset, defense, counterclaim, dispute or disagreement of any kind or nature whatsoever with respect to any of its liabilities, obligations or indebtedness arising under or in connection with any Loan Document.

19. As a condition to the effectiveness of this Amendment, Bank shall have received, in form and substance satisfactory to Bank, the following:

- (a) this Amendment, duly executed by Borrower;
- (b) a facility fee equal to Thirty Five Thousand Dollars (\$35,000); and
- (c) such other documents, instruments and certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

20. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

[Remainder of Page Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

HUBSPOT, INC.

By: /s/ John Kinzer

Title: CFO

COMERICA BANK

By: /s/ illegible

Title: SVP

*[Signature Page to Sixth Amendment to
Amended and Restated Loan and Security Agreement]*

EXHIBIT C

BORROWING BASE CERTIFICATE

Borrower: HUBSPOT, INC.

Bank:

Comerica Bank
Technology & Life Sciences Division
Loan Analysis Department
250 Lytton Avenue
3rd Floor, MC 4240
Palo Alto, CA 94301
Phone: (650) 462-6060
Fax: (650) 462-6061

Commitment Amount: \$35,000,000

RECURRING SUBSCRIPTION CONTRACT REVENUES

1. Total Cash Receipts From Subscription Contracts (including Services) for 3 months ending

\$ _____

AVERAGE SUBSCRIPTION RENEWAL RATE

2. Actual renewals during month ending _____ (three months prior)

\$ _____

3. Scheduled/ Eligible renewals during month ending _____ (three months prior)

\$ _____

4. Month 3 Renewal Rate (#2 divided by #3)

5. Actual renewals during month ending _____ (two months prior)

\$ _____

6. Scheduled/ Eligible renewals during month ending _____ (two months prior)

\$ _____

7. Month 2 Renewal Rate (#5 divided by #6)

8. Actual renewals during month ending _____ (month ending on Certificate date)

\$ _____

9. Scheduled/ Eligible renewals during month ending _____ (month ending on Certificate date)

\$ _____

10. Month 1 Renewal Rate (#8 divided by #9)

BORROWING BASE

12. BORROWING BASE (#1 multiplied by #10)

\$ _____

BALANCES

13. Maximum Loan Amount

\$ 35,000,000

14. Total Funds Available (Lesser of #12 or #13)

\$ _____

15. Outstanding under Sublimits (if any)

\$ _____

16. Present balance owing on Line of Credit

\$ _____

17. Reserve Position (#14 minus #15 and #16)

\$ _____

The undersigned represents and warrants that the foregoing is true, complete and correct, and that the information reflected in this Borrowing Base Certificate complies with the representations and warranties set forth in the Amended and Restated Loan and Security Agreement between the undersigned and Comerica Bank.

Comments:

BANK USE ONLY	
Rec'd By:	_____
Date:	_____
Reviewed By:	_____
Date:	_____

Authorized Signer

EXHIBIT D

COMPLIANCE CERTIFICATE

Please send all Required Reporting to:

Comerica Bank
 Technology & Life Sciences Division
 Loan Analysis Department
 250 Lytton Avenue, 3rd Floor
 Palo Alto, CA 94301
 Phone: (650) 462-6060
 Fax: (650) 462-6061

FROM: HUBSPOT, INC.

The undersigned authorized Officer of HUBSPOT, INC. ("Borrower"), hereby certifies that in accordance with the terms and conditions of the Amended and Restated Loan and Security Agreement between Borrower and Bank (the "Agreement"), (i) Borrower is in complete compliance for the period ending with all required covenants, including without limitation the ongoing registration of intellectual property rights in accordance with Section 6.9(a), except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct as of the date hereof, provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date. Attached herewith are the required documents supporting the above certification. The Officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" or "Applicable" column.

REPORTING COVENANTS

	<u>REQUIRED</u>	<u>COMPLIES</u>	
Company Prepared Quarterly F/S	Quarterly, within 30 days	YES	NO
Compliance Certificate	Quarterly, within 45 days	YES	NO
CPA Audited, Unqualified F/S	Annually, within 180 days after FYE	YES	NO
Borrowing Base Cert., A/R & A/P Agings, Supporting Cash receipt documentation	Quarterly, within 45 days	YES	NO
Annual Business Plan (incl. operating budget)	Annually, within 60 days after FYE	YES	NO
Audit	At any time when (i) the outstanding principal balance of the Advances has been greater than Five Million Dollars (\$5,000,000) at least once during a six (6) month period or (ii) an Event of Default has occurred and is continuing	YES	NO
If Public:			
10-Q	Quarterly, on day of SEC filing (45 days)	YES	NO
10-K	Annually, on day of SEC filing (90 days)	YES	NO
Total amount of Borrower's cash and investments	Amount: \$ _____	YES	NO
Total amount of Borrower's cash and investments maintained with Bank	Amount: \$ _____	YES	NO
Total amount of deposits in Excluded Deposit Accounts (foreign)	Amount: \$ _____	YES	NO
Total amount of deposits in Excluded Deposit Accounts (domestic)	Amount: \$ _____	YES	NO

REPORTING COVENANTS

	DESCRIPTION		APPLICABLE
Legal Action ≥\$100,000 (Sect. 6.2(a)(iv))	Notify promptly upon notice	YES	NO
Inventory Disputes > \$100,000 (Sect. 6.3)	Notify promptly upon notice	YES	NO
Cross default with other agreements > \$100,000 (Sect. 8.7)	Notify promptly upon notice	YES	NO
Judgment ≥ \$100,000 (Sect. 8.9)	Notify promptly upon notice	YES	NO

FINANCIAL COVENANTS

TO BE TESTED QUARTERLY, UNLESS OTHERWISE NOTED:

	REQUIRED	ACTUAL	COMPLIES
Minimum Recurring Subscription Revenue	See Section 6.8	\$ _____	YES NO

OTHER COVENANTS

	REQUIRED	ACTUAL	COMPLIES
Permitted Indebtedness for equipment leases	≤\$5,000,000	_____	YES NO
Permitted Investments for stock repurchase	≤\$15,000,000	_____	YES NO
Permitted Investments for subsidiaries	≤\$1,500,000/qr.	_____	YES NO
Permitted Investments for employee loans	≤\$50,000	_____	YES NO
Deposit Accounts Outside of Bank	*	_____	YES NO

* ≤\$10,000,000 in the aggregate for foreign accounts

Please Enter Below Comments Regarding Violations:

The Officer further acknowledges that at any time Borrower is not in compliance with all the terms set forth in the Agreement, including, without limitation, the financial covenants, no Credit Extensions will be made.

Very truly yours,

Authorized Signer

Name: _____

Title: _____

**SEVENTH AMENDMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This Seventh Amendment to Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of December 14, 2015, by and between COMERICA BANK ("Bank") and HUBSPOT, INC., a Delaware corporation ("Borrower").

RECITALS

Borrower and Bank are parties to that certain Amended and Restated Loan and Security Agreement dated as of April 4, 2012, as amended, modified, supplemented or extended from time to time, including by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of May 30, 2013, that certain Second Amendment to Amended and Restated Loan and Security Agreement dated as of September 23, 2013, that certain Third Amendment to Amended and Restated Loan and Security Agreement dated as of March 21, 2014, that certain Fourth Amendment to Amended and Restated Loan and Security Agreement dated as of June 26, 2014, that certain Fifth Amendment to Amended and Restated Loan and Security Agreement dated as of September 12, 2014 and that certain Sixth Amendment to Amended and Restated Loan and Security Agreement dated as of March 2, 2015 (collectively, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. The following defined terms in Section 1.1 of the Agreement are hereby amended and restated in their entirety to read as follows:

"Ancillary Services Sublimit" means an aggregate sublimit for Ancillary Services under the Revolving Line not to exceed Six Million Dollars (\$6,000,000).

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, equipment lease, dividend, letter of credit or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designed to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

"Excluded Deposit Accounts" means foreign deposit accounts maintained by Borrower or Subsidiaries of Borrower that are identified on the Schedule or as to which Borrower has provided with prior written notice, so long as the US Dollar-equivalent value of the deposits in all such foreign accounts is at all times less than Twenty Million Dollars (\$20,000,000).

"Revolving Maturity Date" means March 20, 2017.

2. Subsection (e) of the definition of "Permitted Investment" set forth in Section 1.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

"(e) Investments by Borrower in Foreign Subsidiaries, in an aggregate amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) in any fiscal quarter, provided that the aggregate amount of Investments by Borrower in Foreign Subsidiaries shall not exceed Six Million Dollars (\$6,000,000) in any calendar year;"

3. Subsection (c) of the definition of "Permitted Liens" set forth in Section 1.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

"(c) Liens securing Permitted Indebtedness not to exceed Ten Million Dollars (\$10,000,000) in the aggregate at any time outstanding (i) upon or in any Equipment (other than Equipment financed by Bank) acquired or held by Borrower or any of its Subsidiaries to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such Equipment, or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such Equipment;"

4. Sections 2.5(a) and 2.5(b) of the Agreement are hereby amended and restated in their entirety to read as follows:

“(a) Facility Fee. On the earlier of (i) March 20, 2017 or (ii) the date on which this Agreement is terminated by Borrower or Bank, a facility fee equal to One Hundred Seventy-Five Thousand Dollars (\$175,000);

(b) Unused Facility Fee. A quarterly Unused Facility Fee equal to thirty-five hundredths of one percent (0.35%) per annum of the difference between the Revolving Line and the average outstanding principal balance of the Advances under the Revolving Line during the applicable quarter, which fee shall be payable in quarterly installments on the last day of each calendar quarter, or, in the case of the quarter in which the Revolving Maturity Date falls, on the Revolving Maturity Date, and shall be nonrefundable; and.”

5. Section 6.2(a)(ii) of the Agreement is hereby amended and restated in its entirety to read as follows:

“(ii) annually, when the same are due in accordance with the requirements of the Securities and Exchange Commission, audited consolidated and consolidating financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an opinion which is unqualified (including no going concern comment or qualification) or otherwise consented to in writing by Bank on such financial statements of an independent certified public accounting firm reasonably acceptable to Bank;”

6. Section 6.2(c) of the Agreement is hereby amended and restated in its entirety to read as follows:

“(c) Within thirty (30) days of each of June 30th and December 31st of each calendar year, Borrower shall deliver to Bank any updates to the schedules/exhibits/annexes containing an accounting of all equipment leased by Borrower from ePlus, Inc.”

7. Section 6.8(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

“(b) Recurring Subscription Revenue. Measured quarterly on a trailing three (3) month basis, revenue derived from Subscription Contracts (excluding revenue derived from the sale of Services) of at least the following amounts as set forth in the table below for the corresponding measuring periods;

<u>Measuring Period Ending</u>	<u>Minimum Recurring Subscription Revenue</u>
September 30, 2015	\$ 27,971,000
December 31, 2015	\$ 30,046,000
March 31, 2016	\$ 40,000,000
June 30, 2016	\$ 45,000,000
September 30, 2016	\$ 50,000,000
December 31, 2016	\$ 55,000,000
March 31, 2017 and each quarter thereafter	\$ 60,000,000”

8. Section 7.6(d) of the Agreement hereby is amended and restated in its entirety to read as follows:

“(d) make equity grants and distribute equity securities to current and former employees, officers, consultants or directors or other authorized persons/entities pursuant to the terms of Borrower’s stock option, stock purchase or similar plans approved by Borrower’s Board of Directors.”

9. Exhibit D to the Agreement is hereby replaced with Exhibit D attached hereto.

10. Borrower is currently in default under (a) Section 6.11 of the Agreement due to Borrower’s failure to comply with the terms thereof in connection with Borrower’s formation/acquisition of (i) HubSpot Australia Pty Ltd. in April 2014, (ii) HubSpot Ireland IP Limited in December, 2014 and (iii) HubSpot Asia Pte. Ltd. in June, 2015 (collectively, the “New Subsidiaries”) and (b) Section 7.4 of the Agreement due to Borrower’s failure to obtain Bank’s prior written consent before permitting Performable to incur certain indebtedness not previously permitted under the Agreement (the “Existing Defaults”). Borrower hereby acknowledges and Bank hereby waives the Existing Defaults. In addition, Bank hereby agrees that notwithstanding anything in the Agreement to the contrary, Borrower shall not be required to pledge the Shares of the New Subsidiaries to Bank.

11. No course of dealing on the part of Bank or its officers, nor any failure or delay in the exercise of any right by Bank, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Bank’s failure at any time to require strict performance by Borrower of any provision shall not affect any right of Bank thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Bank.

12. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement as amended, restated or otherwise modified by agreement of the parties. The Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. Borrower ratifies and reaffirms the continuing effectiveness of all promissory notes, guaranties, security agreements, mortgages, deeds of trust, environmental agreements, and all other instruments, documents and agreements entered into in connection with the Agreement. Borrower hereby further affirms its absolute and unconditional promise to pay to Bank the Advances, other Credit Extensions, and all other amounts due under the Letters of Credit and the other Loan Documents (including, without limitation, the Obligations), at the times and in the amounts provided for therein. Borrower confirms and agrees that the obligations of Borrower to Bank under the Agreement as supplemented hereby are secured by and entitled to the benefits of the Loan Documents. The parties agree that this Amendment shall be deemed to be one of the Loan Documents under the Agreement. Nothing in this Amendment shall constitute a satisfaction of any of Borrower's Obligations.

13. In order to induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

13.1 The representations and warranties contained in the Agreement and the other Loan Documents were true and correct in all material respects when made or deemed made, and, other than those representations that relate only to a specific earlier date, such representations and warranties continue to be true and correct in all material respects as of the date of this Amendment. For the avoidance of doubt, as of December 4, 2015, Borrower has the following Subsidiaries: HubSpot Ireland Ltd, HubSpot Ireland IP Limited, HubSpot Australia Pty Ltd. and HubSpot Asia Pte. Ltd.

13.2 Both before and immediately after giving effect to this Amendment, except as explicitly waived hereby, no Event of Default, or other event or circumstance that with the giving of notice or the passage of time could become an Event of Default, has occurred and is continuing.

13.3 The execution, delivery, and performance by Borrower of this Amendment and the other documents, instruments and agreements delivered or to be delivered to Bank in connection herewith (a) are within the corporate powers of Borrower and have been duly authorized by all necessary corporate action on the part of Borrower, (b) do not require any governmental or third party consents, except those which have been duly obtained and are in full force and effect, (c) do not and will not conflict with any requirement of law, Borrower's or Guarantor's articles or certificate of incorporation, bylaws, partnership agreement, operating agreement, minutes or resolutions, (d) after giving effect to this Amendment, do not result in any breach of or constitute a default under any agreement or instrument to which Borrower, Guarantor or any of their respective Subsidiaries is a party or by which Borrower, Guarantor or any of their properties are bound, and (e) do not result in or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature upon any of the assets or properties of Borrower or Guarantor or any of their respective Subsidiaries, other than those in favor of Bank.

13.4 This Amendment and the other instruments and agreements delivered or to be delivered to Bank in connection herewith have been duly executed and delivered by Borrower and constitutes the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except to the extent that (a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors, (b) enforcement may be subject to general principles of equity, and (c) the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of the court before which any proceedings for such remedies may be brought.

13.5 Neither Borrower nor Guarantor has any right of offset, defense, counterclaim, dispute or disagreement of any kind or nature whatsoever with respect to any of its liabilities, obligations or indebtedness arising under or in connection with any Loan Document.

14. As a condition to the effectiveness of this Amendment, Bank shall have received, in form and substance satisfactory to Bank, the following:

- (a) this Amendment, duly executed by Borrower; and
- (b) such other documents, instruments and certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

15. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

[Remainder of Page Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

HUBSPOT, INC.

By: /s/John Kinzer
Title: Chief Financial Officer

COMERICA BANK

By: /s/ illegible
Title: SVP

*[Signature Page to Seventh Amendment to
Amended and Restated Loan and Security Agreement]*

EXHIBIT D

COMPLIANCE CERTIFICATE

Please send all Required Reporting to:

Comerica Bank
Technology & Life Sciences Division
Loan Analysis Department
250 Lytton Avenue, 3rd Floor
Palo Alto, CA 94301
Phone: (650) 462-6060
Fax: (650) 462-6061

FROM: HUBSPOT, INC.

The undersigned authorized Officer of HUBSPOT, INC. ("Borrower"), hereby certifies that in accordance with the terms and conditions of the Amended and Restated Loan and Security Agreement between Borrower and Bank (the "Agreement"), (i) Borrower is in complete compliance for the period ending _____ with all required covenants, including without limitation the ongoing registration of intellectual property rights in accordance with Section 6.9(a), except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct as of the date hereof; provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date. Attached herewith are the required documents supporting the above certification. The Officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" or "Applicable" column.

Table with 3 columns: REPORTING COVENANTS, REQUIRED, and COMPLIES. Rows include: Company Prepared Quarterly F/S Compliance Certificate, CPA Audited, Unqualified F/S, Borrowing Base Cert., A/R & A/P Agings, Supporting Cash receipt documentation, Annual Business Plan (incl. operating budget), Audit, If Public: 10-Q, 10-K, Total amount of Borrower's cash and investments, Total amount of Borrower's cash and investments maintained with Bank, Total amount of deposits in Excluded Deposit Accounts (foreign), Total amount of deposits in Excluded Deposit Accounts (domestic).

REPORTING COVENANTS

Legal Action ≥\$100,000 (Sect. 6.2(a)(iv))
Inventory Disputes > \$100,000 (Sect. 6.3)
Cross default with other agreements
> \$100,000 (Sect. 8.7)
Judgment ≥ \$100,000 (Sect. 8.9)

DESCRIPTION

Notify promptly upon notice _____
Notify promptly upon notice _____
Notify promptly upon notice _____
Notify promptly upon notice _____

APPLICABLE

YES NO
YES NO
YES NO
YES NO
YES NO

FINANCIAL COVENANTS

TO BE TESTED QUARTERLY, UNLESS OTHERWISE NOTED:

Minimum Recurring Subscription Revenue

REQUIRED

See Section 6.8

ACTUAL

\$ _____

COMPLIES

YES NO

OTHER COVENANTS

Permitted Indebtedness for equipment leases
Permitted Investments for stock repurchase
Permitted Investments for subsidiaries
Permitted Investments for employee loans
Deposit Accounts Outside of Bank

REQUIRED

≤ \$10,000,000
≤ \$15,000,000
≤ \$1,500,000/qr.
≤ \$50,000
*

ACTUAL

COMPLIES

YES NO
YES NO
YES NO
YES NO
YES NO

* ≤ \$20,000,000 in the aggregate for foreign accounts

Please Enter Below Comments Regarding Violations:

The Officer further acknowledges that at any time Borrower is not in compliance with all the terms set forth in the Agreement, including, without limitation, the financial covenants, no Credit Extensions will be made.

Very truly yours,

Authorized Signer

Name: _____

Title: _____

**EIGHTH AMENDMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This Eighth Amendment to Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of April 6, 2016, by and between COMERICA BANK ("Bank") and HUBSPOT, INC., a Delaware corporation ("Borrower").

RECITALS

Borrower and Bank are parties to that certain Amended and Restated Loan and Security Agreement dated as of April 4, 2012, as amended, modified, supplemented or extended from time to time, including by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of May 30, 2013, that certain Second Amendment to Amended and Restated Loan and Security Agreement dated as of September 23, 2013, that certain Third Amendment to Amended and Restated Loan and Security Agreement dated as of March 21, 2014, that certain Fourth Amendment to Amended and Restated Loan and Security Agreement dated as of June 26, 2014, that certain Fifth Amendment to Amended and Restated Loan and Security Agreement dated as of September 12, 2014, that certain Sixth Amendment to Amended and Restated Loan and Security Agreement dated as of March 2, 2015 and that certain Seventh Amendment to Amended and Restated Loan and Security Agreement dated as of December 14, 2015 (collectively, the "Agreement"). The parties desire to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Borrower has notified Bank of its intent to form HubSpot Japan KK, a wholly owned subsidiary of Borrower organized under the laws of Japan ("HubSpot Japan") and open bank accounts as part of the operation of HubSpot Japan's business (the "Japan Accounts").

2. Bank hereby acknowledges (i) Borrower's formation of HubSpot Japan and (ii) the opening of the Japan Accounts so long as such accounts constitute Excluded Deposit Accounts. In addition, Bank hereby agrees that notwithstanding the provisions of Section 6.11 of the Agreement to the contrary, Borrower shall not be required to pledge the Shares of HubSpot Japan to Bank at this time but Bank reserves the right to require Borrower to pledge such Share in the future.

3. No course of dealing on the part of Bank or its officers, nor any failure or delay in the exercise of any right by Bank, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Bank's failure at any time to require strict performance by Borrower of any provision shall not affect any right of Bank thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Bank.

4. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement as amended, restated or otherwise modified by agreement of the parties. The Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. Borrower ratifies and reaffirms the continuing effectiveness of all promissory notes, guaranties, security agreements, mortgages, deeds of trust, environmental agreements, and all other instruments, documents and agreements entered into in connection with the Agreement. Borrower hereby further affirms its absolute and unconditional promise to pay to Bank the Advances, other Credit Extensions, and all other amounts due under the Letters of Credit and the other Loan Documents (including, without limitation, the Obligations), at the times and in the amounts provided for therein. Borrower confirms and agrees that the obligations of Borrower to Bank under the Agreement as supplemented hereby are secured by and entitled to the benefits of the Loan Documents. The parties agree that this Amendment shall be deemed to be one of the Loan Documents under the Agreement. Nothing in this Amendment shall constitute a satisfaction of any of Borrower's Obligations.

5. In order to induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

5.1 The representations and warranties contained in the Agreement and the other Loan Documents were true and correct in all material respects when made or deemed made, and, other than those representations that relate only to a specific earlier date, such representations and warranties continue to be true and correct in all material respects as of the date of this Amendment.

5.2 Both before and immediately after giving effect to this Amendment, except as explicitly waived hereby, no Event of Default, or other event or circumstance that with the giving of notice or the passage of time could become an Event of Default, has occurred and is continuing.

5.3 The execution, delivery, and performance by Borrower of this Amendment and the other documents, instruments and agreements delivered or to be delivered to Bank in connection herewith (a) are within the corporate powers of Borrower and have been duly authorized by all necessary corporate action on the part of Borrower, (b) do not require any governmental or third party consents, except those which have been duly obtained and are in full force and effect, (c) do not and will not conflict with any requirement of law, Borrower's or Guarantor's articles or certificate of incorporation, bylaws, partnership agreement, operating agreement, minutes or resolutions, (d) after giving effect to this Amendment, do not result in any breach of or constitute a default under any agreement or instrument to which Borrower, Guarantor or any of their respective Subsidiaries is a party or by which Borrower, Guarantor or any of their properties are bound, and (e) do not result in or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature upon any of the assets or properties of Borrower or Guarantor or any of their respective Subsidiaries, other than those in favor of Bank.

5.4 This Amendment and the other instruments and agreements delivered or to be delivered to Bank in connection herewith have been duly executed and delivered by Borrower and constitutes the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except to the extent that (a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors, (b) enforcement may be subject to general principles of equity, and (c) the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of the court before which any proceedings for such remedies may be brought.

5.5 Neither Borrower nor Guarantor has any right of offset, defense, counterclaim, dispute or disagreement of any kind or nature whatsoever with respect to any of its liabilities, obligations or indebtedness arising under or in connection with any Loan Document.

6. As a condition to the effectiveness of this Amendment, Bank shall have received, in form and substance satisfactory to Bank, the following:

(a) this Amendment, duly executed by Borrower; and

(b) such other documents, instruments and certificates, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

7. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

[Remainder of Page Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

HUBSPOT, INC.

By: /s/ John Kinzer
Title: Chief Financial Officer

COMERICA BANK

By: /s/ Garth Gorrall
Title: SVP

Subsidiaries of HubSpot, Inc.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
HubSpot Ireland Limited	Ireland
HubSpot Asia Pte, Ltd.	Singapore
HubSpot Australia Pty Ltd	Australia
HubSpot Japan K.K.	Japan

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-209689, 333-202532, and 333-199225) of HubSpot, Inc. of our report dated February 16, 2017 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Boston, MA
February 16, 2017

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-199225, 333-202532 and 333-209689 on Form S-8 of our report dated February 24, 2016, relating to the consolidated financial statements of HubSpot, Inc. and subsidiaries, appearing in this Annual Report on Form 10-K of HubSpot, Inc. for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
February 16, 2017

Certification of Chief Executive Officer
Pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Brian Halligan, certify that:

1. I have reviewed this annual report on Form 10-K of HubSpot, 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: February 16, 2017

/s/ Brian Halligan
Brian Halligan
Chief Executive Officer
(Principal Executive Officer)

Certification of Chief Financial Officer
Pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, John Kinzer, certify that:

1. I have reviewed this annual report on Form 10-K of HubSpot, 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: February 16, 2017

/s/ John Kinzer

 John Kinzer
 Chief Financial Officer
 (Principal Financial Officer)

Certifications of Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Brian Halligan, 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, the Annual Report on Form 10-K of HubSpot, Inc. for the period ended December 31, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of HubSpot, Inc.

/s/ Brian Halligan
Brian Halligan
Chief Executive Officer
(Principal Executive Officer)
February 16, 2017

I, John Kinzer, 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, the Annual Report on Form 10-K of HubSpot, Inc. for the period ended December 31, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of HubSpot, Inc.

/s/ John Kinzer
John Kinzer
Chief Financial Officer
(Principal Financial Officer)
February 16, 2017

The foregoing certifications are not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), and are not to be incorporated by reference into any filing of HubSpot, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.