Table of Contents

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, 2011

OR

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

Commission file number: 001-33368

Glu Mobile Inc.

(Exact name of registrant as specified in its charter)

Delaware	**91-2143667**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**
45 Fremont Street, Suite 2800 San Francisco, California	**94105**
(Address of Principal Executive Offices)	**(Zip Code)**

(415) 800-6100

(Registrant's Telephone Number, Including Area Code)

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

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

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

None

(Title of Class)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 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 (§ 229.405) 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. ☑

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. (Check one):

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 the voting stock held by non-affiliates of the registrant as of June 30, 2011, the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing price of such stock on such date as reported by The NASDAQ Global Market, was approximately $239,728,079. Shares of common stock held by each executive officer and director of the registrant and by each person who owns 10% or more of the registrant's outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's common stock as of March 1, 2012 was 64,041,465.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for registrant's 2012 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after registrant's fiscal year ended December 31, 2011 are incorporated by reference into Part III of this Annual Report on Form 10-K.

TABLE OF CONTENTS

Forward Looking Statements

The information in this Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. For example, words such as "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed elsewhere in this report in the section titled "Risk Factors" and the risks discussed in our other Securities and Exchange Commission (the "SEC") filings. We undertake no obligation to update the forward-looking statements after the date of this report.

PART I

Item 1. *Business*

Corporate Background

General

Glu Mobile designs, markets and sells mobile games. We have developed and published a portfolio of action/adventure and casual games designed to appeal to a broad cross section of the users of smartphones and tablet devices who purchase our games through direct-to-consumer digital storefronts as well as users of feature phones served by wireless carriers and other distributors. We create games based on our own original brands and intellectual property as well as third-party licensed brands. Our original games based on our own intellectual property include *Big Time Gangsta', Blood & Glory, Bug Village, Contract Killer, Contract Killer: Zombies, Eternity Warriors, Frontline Commando, Gun Bros, Men vs. Machines, Stardom: The A-List, Super K.O. Boxing and Toyshop Adventures.* Our games based on licensed intellectual property include *Build-a-lot, Call of Duty*, *Deer Hunter*, *DJ Hero, Guitar Hero, Family Feud, Family Guy, Lord of the Rings, Paperboy, The Price Is Right, Transformers*, *Who Wants to Be a Millionaire?* and *World Series of Poker*. We are based in San Francisco, California and our primary international offices are located in Brazil, Canada, China, England and Russia.

We were incorporated in Nevada in May 2001 as Cyent Studios, Inc. and changed our name to Sorrent, Inc. later that year. In November 2001, we incorporated a wholly owned subsidiary in California, and, in December 2001, we merged the Nevada corporation into this California subsidiary to form Sorrent, Inc., a California corporation. In May 2005, we changed our name to Glu Mobile Inc. In March 2007, we reincorporated in Delaware and implemented a 3-for-1 reverse split of our common stock and convertible preferred stock. Also in March 2007, we completed our initial public offering and our common stock is traded on the NASDAQ Global Market under the symbol "GLUU."

Except where the context requires otherwise, in this Annual Report on Form 10-K, references to "Company," "Glu," "Glu Mobile," "we," "us" and "our" refer to Glu Mobile Inc., and where appropriate, its subsidiaries.

Acquisitions

Acquisition of Griptonite, Inc.

On August 2, 2011, we completed the acquisition of Griptonite, Inc. Griptonite, which is based in Kirkland, Washington, previously developed games on a work-for-hire basis for Microsoft's Xbox 360, Nintendo's Wii, Nintendo's DS, Sony's PSP and Apple's iPhone platforms.

In connection with the merger, we issued to Foundation 9 Entertainment, Inc. (Griptonite's former corporate parent), in exchange for all of the issued and outstanding shares of Griptonite capital stock, a total of 6,106,015 shares of our common stock, of which 600,000 shares will be held in escrow until November 2, 2012 as security to satisfy indemnification claims under the Griptonite merger agreement. In addition, we may be required to issue additional shares (not to exceed 5,301,919 shares) or in specified circumstances pay additional cash (i) in satisfaction of indemnification obligations in the case of, among other things, breaches of our representations, warranties and covenants in the merger agreement or (ii) pursuant to potential working capital adjustments.

Acquisition of Blammo

On August 1, 2011, we completed the acquisition of Blammo Games Inc. Blammo, which is based in Toronto, Canada, previously developed games for mobile smartphone devices.

In exchange for the purchase of all of Blammo's share capital, we (i) issued to the former Blammo shareholders, in the aggregate, 1,000,000 shares of our common stock and (ii) agreed to issue to the former Blammo shareholders, in the aggregate, up to an additional 3,312,937 shares of our common stock if Blammo achieves specified net revenue targets during the years ending March 31, 2013, March 31, 2014 and March 31, 2015. 100,000 of the shares of common stock that were issued at closing will be held in escrow until August 1, 2012 to satisfy potential indemnification claims under the Blammo share purchase agreement. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Significant Transaction" for additional information regarding the conditions pursuant to which Glu would be obligated to issue additional shares of Glu's common stock to the former Blammo shareholders.

Previous Acquisitions

In December 2004, we acquired Macrospace Limited, a company registered in England and Wales; in March 2006, we acquired iFone Holdings Limited, a company registered in England and Wales; in December 2007, we acquired Beijing Zhangzhong MIG Information Technology Co. Ltd., or together with its affiliates MIG, a domestic limited liability company organized under the laws of China; and in March 2008, we acquired Superscape Group plc, a company registered in England and Wales with operations in Russia and the United States.

Available Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other reports, and amendments to these reports, required of public companies with the SEC. The public may read and copy the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We make available free of charge on the Investor Relations section of our corporate website all of the reports we file with the SEC as soon as reasonably practicable after the reports are filed. Our internet website is located at www.glu.com and our investor relations website is located at www.glu.com/investors. The information on our website is not incorporated into this report. **Copies of our Annual Report on Form 10-K for the year ended December 31, 2011 may also be obtained, without charge, by contacting Investor Relations, Glu Mobile Inc., 45 Fremont Street, Suite 2800, San Francisco, California 94105 or by calling 415-800-6100.**

Business Developments and Highlights

Since January 1, 2011, we have taken the following actions to support our business:

- We continued to focus our efforts on designing, marketing and selling games for smartphones and tablet devices, such as Apple's iPhone and iPad and mobile devices utilizing Google's Android operating system. Our significant achievements related to these efforts included the following:
  - We generated $35.1 million in smartphone revenues in 2011, a 256% increase from the $9.9 million in smartphone revenues we generated in 2010.
  - We generated the majority of our revenues from smartphone platforms for the first time on a quarterly basis in the second quarter of 2011, and increased the percentage that our smartphone revenues represent of our total revenues in each of the third and fourth quarters of 2011; in 2011, smartphone revenues comprised 53.0% of our total revenues.
  - In December 2011, we had approximately 2.9 million daily active users and 31.4 million monthly active users of our games on Apple's App Store, the Google Play Store and other platforms such as facebook, Amazon's Appstore and Google Chrome.
  - As of December 31, 2011, we had 176.1 million cumulative installs of our games on these platforms, including 44.7 million installs during the fourth quarter of 2011.
- We continued to execute on our strategy of becoming the leading publisher of social, mobile "freemium" games—games that are downloadable without an initial charge, but which enable a variety of additional content and features to be accessed for a fee or otherwise monetized through various advertising and offer techniques. We released 19 freemium games during 2011, and expect to launch more than 20 additional freemium titles during 2012.
- We succeeded in significantly increasing the revenues that we generate from titles based on our own intellectual property. 49.3% of our total revenues in 2011 were derived from original intellectual property titles, compared with 21.9% in 2010. Some of the successful original intellectual property titles that we launched in 2011 were *Big Time Gangsta', Blood & Glory, Bug Village, Contract Killer, Contract Killer: Zombies, Eternity Warriors, Frontline Commando and Stardom: The A-List*.
- In August 2011, we completed the Griptonite and Blammo acquisitions, which allowed us to approximately double our studio capacity. The first title created by Blammo, *Stardom: The A-List*, was released in the fourth quarter of 2011, while we expect the first titles created by our Griptonite studio to be launched in the first quarter of 2012.
- In January 2011, we issued and sold in an underwritten public offering an aggregate of 8,414,635 shares of our common stock at a price to the public of $2.05 per share for net proceeds of approximately $15.7 million after underwriting discounts and commissions and offering expenses. We ended 2011 with $32.2 million in cash on our balance sheet.

The mobile games market continued to undergo significant changes in 2011. There has been, and we believe that there will continue to be, an increase in the number of smartphones being sold as consumers continue to migrate from traditional feature phones to smartphones. In addition, since the beginning of 2010, Apple and a number of other manufacturers have introduced tablet devices, which enable mobile game designers to create games that are optimized for larger screen sizes and designed to take advantage of the tablets' advanced capabilities and functionality. We believe that the proliferation of smartphone devices will continue to accelerate for the foreseeable future.

Accordingly, for us to succeed in 2012 and beyond, we believe that we must increasingly publish mobile games that are widely accepted and commercially successful on the smartphone and tablet digital storefronts, which include Apple's App Store, the Google Play Store, Amazon's Appstore and Microsoft's Windows

Marketplace. In furtherance of that strategy, we have shifted our product development focus exclusively towards developing new titles for smartphones and tablet devices and intend to continue to devote significantly fewer resources towards selling games for feature phones in future periods.

The advanced capabilities and functionality of smartphones and tablets combined with the convenience and increasing adoption rates of these devices has resulted in mobile gaming being one of the fastest growing sectors of the gaming industry. In addition, within mobile gaming, social and freemium gaming experienced significant growth during 2011. Our strategy for increasing our revenues from smartphones and tablets involves becoming the leading publisher of social, mobile freemium games. Because our games can be downloaded and played for free, we are able to build a significantly larger customer base more quickly than we could if we charged users an up-front fee for downloading our games. In addition, our social, freemium games are generally designed to be persistent experiences maintained through regular content updates. We believe this approach will enable us to build and grow a longer lasting and more direct relationship with our customers, which will assist us in our future sales and marketing efforts. We intend to continue to have the substantial majority of our social, freemium games be based upon our own intellectual property, which we believe will significantly enhance our margins and long-term value.

Our Products

We develop and publish a portfolio of action/adventure and casual games designed to appeal to a broad cross section of the users of smartphones and tablet devices who purchase our games through direct-to-consumer digital storefronts as well as users of feature phones served by wireless carriers and other distributors. We create games based on our own original brands and intellectual property as well as third-party licensed brands. Our original games based on our own intellectual property include *Big Time Gangsta', Blood & Glory, Bug Village, Contract Killer, Contract Killer: Zombies, Eternity Warriors, Frontline Commando, Gun Bros, Men vs. Machines, Stardom: The A-List, Super K.O. Boxing and Toyshop Adventures.* Our games based on licensed intellectual property include *Build-a-lot, Call of Duty*, *Deer Hunter*, *DJ Hero, Guitar Hero, Family Feud, Family Guy, Lord of the Rings, Paperboy, The Price Is Right, Transformers*, *Who Wants to Be a Millionaire?* and *World Series of Poker*.

Consumers download our freemium games for smartphones and tablet devices through direct-to-consumer, digital storefronts, which include Apple's App Store, the Google Play Store, Amazon's Appstore and Microsoft's Windows Marketplace. Our freemium games are provided as a live service and are generally designed to be persistent experiences maintained through regular content updates. Although our freemium games may be downloaded and played free of charge, consumers may elect to purchase virtual currency which can be used to acquire various items to enhance their gameplay experience—we sometimes refer to these as in-app purchases or micro-transactions. The following summarizes some of the benefits received by players by virtue of their in-app purchases:

- *Play Longer Through Better Equipment*—Our games are generally designed to become significantly more challenging as the player advances through the game. For a game like *Blood & Glory,* players can use their virtual currency to purchase more powerful weapons, stronger armor and healing potions to increase their odds of continued survival.
- *Play Longer Through Energy Replenishment*—Some of our games, such as *Contract Killer*, are designed to have short playing sessions, the duration of which are limited by the energy available for each session. Players of *Contract Killer* can utilize their virtual currency to purchase items that will replenish their energy and enable them to extend their game play session.
- *Accelerate Game Progress*—Although some players are content to slowly "grind" their way through progressing in a game, other users are willing to purchase items in order to accelerate their advancement. For example, *Bug Village* enables players to spend their virtual currency in order to have their bugs instantly complete a task, thus allowing the user to accelerate his or her progress in the game.

- *Customization*—Our games generally enable consumers to express themselves by customizing their character or the world the character inhabits. For example, *Stardom: The A-List* allows users to personalize their characters' appearance, clothing and living environment, as well as purchase special items available for a limited time such as items that were introduced in a Valentine's Day content update.

We categorize the virtual goods that players purchase with their virtual currency as either durable or consumable. Once purchased by the player, durable virtual goods are available for the player to utilize for as long as he or she plays the game. Examples of durable virtual goods include sniper rifles in *Contract Killer: Zombies* or armor in *Eternity Warriors*. In contrast, consumable virtual goods last only until they are used by the player, at which point the player would need to replenish his or her supply of such consumable good. Examples of consumable virtual goods include damage boosts in *Big Time Gangsta'* and med kits in *Frontline Commando*.

We sell virtual currency to consumers at various prices ranging from $0.99 to $99.99, with the significant majority of such purchases occurring at the lower price points. The digital storefronts generally share with us 70% of the consumers' payments for virtual currency, which we record as revenues. Consumers may also acquire virtual currency through game play or by completing offers, as described below.

In addition to in-app purchases of virtual currency, we also monetize our freemium games through offers and in-game advertising. Offers enable users to acquire virtual currency without paying cash but by instead taking specified actions such as downloading another application, watching a short video, subscribing to a service or completing a survey. We work with third parties, including Tapjoy from which we generated 13.0% of our revenues in 2011, to provide these offers to the end users of our freemium games, and we receive a payment from the third-party offer provider based on consumers responding to these offers. We also work with third-party advertising aggregators who embed advertising, such as banner ads, in our games, and we receive a payment from such third-party advertising aggregators based on the number of impressions in our games. In addition, we have begun working directly with other application developers to include advertising for their applications in our games, and we receive a payment from these application developers based on either the number of impressions in our games or the number of consumers who download the developer's application.

We have generally designed our freemium games to incorporate social features in order to enhance the user's game play experience. For example, our *Gun Bros* title enables players to fight against each other in real-time, synchronous death matches, while the recently released *Stardom: The A-List* allows users to incorporate their friends into the game by filming movies and going on dates with them as well as through gifting. Many of our freemium games also leverage technologies such as Apple's Game Center, OpenFeint or Facebook Connect that enable players to compare their high scores and achievements with both their friends as well as the global leaderboard.

Our smartphone games typically have "thick clients" due to their high production values and, in some cases, 3-D graphics. A thick client game refers to the fact that our games have a large file size, often 100 megabytes or more, that reside on the player's smartphone device. Because of the inherent limitations of the smartphone platforms and telecommunications networks, which only allow applications that are less than 20 megabytes to be downloaded over a carrier's wireless network, users generally must download one of our games either via a wireless Internet (wifi) connection or initially to their computer and then side-loaded to their device. We believe that the higher production values inherent in our thick client games will enable us to more easily introduce our games to new platforms as the mobile gaming market continues to evolve.

The table below sets forth each of the smartphone freemium titles that we globally released in 2011, as well as the titles' commercial release date, genre and whether it was based on Glu's intellectual property or a licensed brand.

Title	Release Date	Genre	Intellectual Property
Zombie Isle	January 2011	Casual	Glu Owned
Big Time Gangsta'	March 2011	Action/Adventure	Glu Owned
Contract Killer	March 2011	Action/Adventure	Glu Owned
Treasure Raiders	March 2011	Casual	Glu Owned
Bug Village	April 2011	Casual	Glu Owned
Men vs. Machines	April 2011	Action/Adventure	Glu Owned
Star Blitz	May 2011	Action/Adventure	Glu Owned
Circus City	June 2011	Casual	Glu Owned
Eternity Warriors	July 2011	Action/Adventure	Glu Owned
Space City	July 2011	Casual	Glu Owned
Safari Zoo	August 2011	Casual	Glu Owned
Boo Town	October 2011	Casual	Glu Owned
Contract Killer: Zombies	October 2011	Action/Adventure	Glu Owned
Blood & Glory	November 2011	Action/Adventure	Glu Owned
Toy Village	November 2011	Casual	Glu Owned
Frontline Commando	December 2011	Action/Adventure	Glu Owned
Infected	December 2011	Action/Adventure	Licensed
The Nightworld	December 2011	Action/Adventure	Glu Owned
Stardom: The A-List	December 2011	Casual	Glu Owned

As the chart above illustrates, all but one of the freemium games that we released in 2011 was based on our own intellectual property, and we intend that this will be the case for the substantial majority of the freemium games that we release in 2012. This has contributed to the significant increase in the percentage of revenues that we generate from games based on our own intellectual property, despite the fact that the majority of the revenues that we generate in our feature phone business are from games based on licensed brands. In 2011, 2010 and 2009, games based on our own intellectual property accounted for approximately 49.3%, 21.9% and 22.5% of our revenues, respectively. We believe that this percentage will continue to increase as our smartphone revenues continue to account for a greater percentage of our total revenues.

Although we determined in 2010 to focus our development efforts on creating freemium games, we also continue to sell premium smartphone games which consumers download for a fee and which we generally do not continue to update after initial commercial launch. These premium games are generally our catalogue titles that are based on licensed intellectual property brands. We generally sell our premium smartphone games at prices ranging between $0.99 and $4.99 and, as with sales of virtual currency, we generally receive 70% of the consumers' payments from the digital storefront owner.

For games based on licensed brands, such as movies, television shows, board games and console games, we share with the content licensor a portion of our revenues. The average royalty rate that we paid on games based on licensed intellectual property was approximately 31.4% in 2011, 33.4% in 2010 and 35.5% in 2009. However, the individual royalty rates that we pay can be significantly above or below the average because our licenses were signed over a number of years and in some cases were negotiated by one of the companies we acquired. The royalty rates also vary based on factors, such as the strength of the licensed brand, the platforms for which we are permitted to distribute the licensed content, and our development or porting obligations.

For our feature phone business, end users typically purchase our games from their wireless carrier and are billed on their monthly phone bill. Carriers normally share with us 40% to 65% of their subscribers' payments for our games, which we record as revenues.

For more information on the revenues for the last three fiscal years by geographic areas, please see Note 12 of Notes to Consolidated Financial Statements included in Item 8 of this report.

Sales, Marketing and Distribution

We market and sell our games for smartphones and tablets primarily through direct-to-consumer digital storefronts. The significant majority of our smartphone revenues have historically been derived from Apple's iOS platform, which accounted for 34% of our total revenues in 2011. We received the majority of these iOS-related revenues directly from Apple, which represented 20.7% of our total revenues in 2011, with the balance of our iOS-related revenues generated from offers and advertisements on this platform. In addition, we generated approximately 11% of our total revenues from the Android platform in 2011, although Google itself was not a greater than 10% customer of ours in 2011. No smartphone digital storefront accounted for more than 10% of our total revenues in either 2010 or 2009.

We seek to commercially launch each of our smartphone titles on both Apple's App Store and the Google Play Store simultaneously, and believe that we are one of the few companies that has the necessary expertise and scale to achieve this, particularly due to the fragmentation inherent in the Android platform. We have also recently begun launching some of our games on social networking websites and other platforms such as facebook, the Mac App Store and Google Chrome.

As part of our efforts to successfully market our games on the direct-to-consumer digital storefronts, we attempt to educate the digital storefront owners regarding our title roadmap and seek to have our games featured or otherwise prominently placed within the digital storefront. We believe that the featuring or prominent placement of our games facilitates organic user discovery and is likely to result in our games achieving a greater degree of commercial success. We believe that a number of factors may influence the featuring or placement of a game in these digital storefronts, including:

- the perceived attractiveness of the title or brand;
- the past critical or commercial success of the game or of other games previously introduced by a publisher;
- incorporation of the digital storefront owner's latest technology in the publisher's title;
- how strong the consumer experience is on all of the devices that discover titles using any given digital storefront;
- the publisher's relationship with the applicable digital storefront owner and future pipeline of quality titles for it; and
- the current market share of the publisher.

In addition to our efforts to secure prominent featuring or placement for our games in these digital storefronts, we have also undertaken a number of marketing initiatives designed to acquire customers and increase downloads of our games and increase sales of virtual currency. These initiatives include the following:

- Undertaking extensive outreach efforts with video game websites and related media outlets, such as providing reviewers with advance access to our games prior to launch, which efforts are designed to help promote our games and increase downloads and sales.
- Paying third parties, such as Tapjoy, AdMob, iAd or Flurry, to advertise or incentivize consumers to download our games through offers or recommendations.
- Utilizing "push" notifications to alert users of sales on virtual currency or items in our games.
- Cross-promoting our games through banner advertisements in our other games, as well as advertising our games in our competitors' games.

- Utilizing social networking websites such as facebook and Twitter to build a base of fans and followers to whom we can quickly and easily provide information about our games.
- Expanding the functionality of the Glu Games Network, which we believe will allow us to create a global social gaming community to which we can market and sell our games.

For our feature phone business, we market and sell our games primarily through wireless carriers via placement in the "deck" of games and other applications that the carriers choose to make available to their customers. We believe that placement of games for feature phones on the top level or featured handset menu or toward the top of the genre-specific or other menus, rather than lower down or in sub-menus, is likely to result in games achieving a greater degree of commercial success. We also often coordinate our marketing efforts with carriers, branded content owners and mobile handset manufacturers in the launch of new games. For example, we may work with our wireless carriers to develop merchandising initiatives, such as pre-loading of games on handsets, often with free trials, Glu-branded game menus that offer games for trial or sale, and pay-per-play or other alternative billing arrangements.

End users download our feature phone games and related applications to their handsets, and typically their carrier bills them a one-time fee or monthly subscription fee, depending on the end user's desired payment arrangement and the carrier's offerings. Our carrier distribution agreements establish the portion of revenues that will be retained by the carrier for distributing our games and other applications. Wireless carriers generally control the price charged to end users for our mobile games either by approving or establishing the price of the games charged to their subscribers. Some of our carrier agreements also restrict our ability to change established prices.

We currently have agreements with numerous wireless carriers and other distributors. No wireless carrier represented 10% or more of our revenues in 2011, but Verizon Wireless accounted for 15.2% and 20.5% of our revenues in 2010 and 2009, respectively. No other carrier represented more than 10.0% of our revenues in any of these years.

Studios

We have six internal studios that create and develop our games for smartphones and tablet devices. These studios, based in San Francisco, California; Kirkland, Washington; Toronto, Canada; Sao Paulo, Brazil; Moscow, Russia; and Beijing, China, have the ability to design and build products from original intellectual property, based on games originated in other media such as online and game consoles, or based on other licensed brands and intellectual property. In addition, our Griptonite studio in Kirkland, Washington works closely with a development studio in Hyderabad, India that we agreed to acquire as part of the Griptonite acquisition; we expect to complete the acquisition of the Hyderabad, India studio in the second quarter of 2012 without paying material additional consideration.

Our game development process involves a significant amount of creativity, particularly with respect to the development of original intellectual property franchises or games in which we license intellectual property from motion pictures or brands that are not based on games from other media. In addition, even where we license intellectual property based on console or Internet games, our developers must create games that are inspired by the game play of the original. In each of these cases, creative and technical studio expertise is necessary to design games that appeal to end users and work well on mobile phones and tablets with their inherent limitations, such as small screen sizes and control buttons.

Our development studios are located on four different continents, which results in certain inherent complexities. To address these issues, we have instituted our Glu University training program. Glu University is designed to increase interaction amongst our studio teams, including having international studio team members regularly spend time in our San Francisco headquarters. The goal of this program is to ensure that we increase the

uniformity, quality and commercial success of our games. In addition, in 2011 we hired a Vice President of Studios who has primary responsibility for overseeing the efforts of our Sao Paulo, Moscow and Beijing studio teams and promoted our San Francisco studio head to the position of Vice President of Production, where he now oversees both the San Francisco and Griptonite studios.

Product Development

We have developed proprietary technologies and product development processes that are designed to enable us to rapidly and cost effectively develop and publish games that meet the expectations and preferences of consumers and the needs of our wireless carriers and other distributors. These technologies and processes include:

- core development platforms;
- porting tools and processes;
- broad development capabilities;
- application hosting;
- provisioning and billing capabilities; and
- merchandising, monetization tools and marketing platform.

Since the markets for our products are characterized by rapid technological change, particularly in the technical capabilities of mobile phones and tablets, and changing end-user preferences, continuous investment is required to innovate and publish new games, regularly update our social, freemium games that are delivered as a live service, and modify existing games for distribution on new platforms. We have instituted a number of measures that are designed both to increase the speed with which we bring our game concepts to market as well as more quickly in the product development cycle identify and terminate game concepts that are unlikely to be commercially successful. We have historically published the majority of our games internally, and have, in certain cases, retained a third-party to support our development activities. We also utilize third-party development tools in creating many of our freemium games, including tools from Unity Technologies with respect to our 3-D games.

We also rely on our own servers and third-party infrastructure to operate our social, freemium games that are delivered as a live service, to maintain and provide our analytics data and to deliver games on demand to end users through our carriers' networks. In particular, a significant portion of our social, freemium game traffic is hosted by Amazon Web Services, which provides us server redundancy by using multiple locations on various distinct power grids, and we expect to continue utilizing Amazon for a significant portion of our hosting services for the foreseeable future.

In 2011, we initiated our Glu Partners program, which provides for the external development of some of our games. Five of our freemium games that were commercially released in 2011 and the first quarter of 2012 were developed by external studios, and we initially entered into a commercial relationship with Blammo as part of our Glu Partners program. In addition, a component of our Glu Partners strategy is to extend our successful game franchises to other digital platforms, as we have done with respect to launching *Gun Bros* and *Eternity Warriors* on Facebook. We announced in February 2012 that we would be scaling the Glu Partners program back in order to focus our best talent on creating titles at our internal studios.

As of December 31, 2011, we had 467 employees in research and development compared with 369 as of December 31, 2010. Research and development expenses were $39.1 million, $25.2 million and $26.0 million for 2011, 2010 and 2009, respectively. We expect 2012 spending for research and development activities to increase from 2011 levels primarily due to our acquisitions of Griptonite and Blammo in August 2011.

Data Analytics

We established our data analytics team in 2010 to better analyze the number of consumers who download and play our games as well as the behavior of such consumers with respect to their gameplay. Some of the information that we regularly track and analyze includes the following:

- Revenues;
- Installations of our games by consumers;
- Daily active users (DAU) of our games, or the number of unique consumers playing our games each day;
- Monthly active users (MAU) of our games, or the number of unique consumers playing our games each month;
- Average revenue per daily active user (ARPDAU);
- The lifetime value (LTV) of our games on a per user basis;
- The number of minutes users are playing our games; and
- The number of sessions users play our games and the average session length.

All of the above information can be broken down and analyzed in a number of ways, including by platform, game title and time period. In addition, for each of our games we are able to analyze the behavior of consumers with respect to their gameplay in order to enhance player engagement and improve monetization. For example, for a game like *Toyshop Adventures*, we were able to analyze whether players were getting stuck on a particular level and were able to address this issue by releasing an update that included a hint for that level. We believe that our analytics information will provide us with a competitive advantage and will enable us to better tailor our games to consumer preferences.

Customer Service

We established our customer service team in 2010 as a direct result of the shift in our strategic focus towards developing social, freemium games that are provided as a live service and are regularly updated. Customer service has also become a more important facet of our business as we continue to build a more direct relationship with our consumers. We regard customer service as an important part of fostering customer loyalty and are committed to providing prompt responses to our customers' inquiries, which are primarily made through our corporate website or on our Facebook and Twitter pages. Examples of services we provide include addressing problems in recovering lost game accounts, virtual items and virtual currency. In addition, we also investigate and address irregularities in game operation reported by players. With the growth of our daily and monthly active users and the expansion of our social, freemium game portfolio, we expect to continue to expand the role of our customer service team in 2012 and beyond.

Seasonality

Many new mobile phones and tablets are released in the fourth calendar quarter to coincide with the holiday shopping season. Because many end users download our games soon after they purchase or receive new mobile phones and tablets, we generally experience seasonal sales increases based on the holiday selling period. Although we believe that the majority of this holiday impact occurs during the fourth quarter, some of this seasonality also occurs for us in our first calendar quarter due to some lag between mobile phone and tablet purchases and game purchases. In addition, companies' advertising budgets are generally highest during the fourth quarter and decline significantly in the first quarter of the following year, which affects the smartphone revenues we derive from advertisements and offers in our freemium games. We are unsure of whether, and to what degree, our increasing concentration on freemium games will mitigate or enhance the effects of the seasonality factors, or introduce entirely new seasonality factors.

Competition

The development, distribution and sale of mobile games is a highly competitive business, characterized by frequent product introductions and rapidly emerging new platforms, technologies and storefronts. For end users, we compete primarily on the basis of game quality, brand, customer reviews and, with respect to our premium products, price. We compete for promotional and deck placement based on these factors, as well as the relationship with the digital storefront owner or wireless carrier, historical performance, perception of sales potential and relationships with licensors of brands and other intellectual property. For content and brand licensors, we compete based on royalty and other economic terms, perceptions of development quality, porting abilities, speed of execution, distribution breadth and relationships with storefront owners or carriers. We also compete for experienced and talented employees.

With respect to our freemium games that we publish for smartphones and tablets, we compete with a continually increasing number of companies, including Zynga, DeNA, Gree, Tencent and many well-funded private companies. We also compete for consumer spending with large companies, such as Activision, Electronic Arts (EA Mobile), Gameloft and Take-Two Interactive, whose games for smartphones and tablets are primarily premium rather than freemium; Electronic Arts and Gameloft have historically been our two primary feature phone competitors with regard to feature phone gaming. In addition, given the open nature of the development and distribution for smartphones and tablets, we also compete or will compete with a vast number of small companies and individuals who are able to create and launch games and other content for these mobile devices utilizing relatively limited resources and with relatively limited start-up time or expertise. As an example of the competition that we face, it has been estimated that more than 100,000 active games were available on Apple's App Store as of March 1, 2012. The proliferation of titles in these open developer channels makes it difficult for us to differentiate ourselves from other developers and to compete for end users who purchase content for their smartphones and tablets without substantially increasing spending to market our products or increasing our development costs.

Some of our competitors' and our potential competitors' advantages over us, either globally or in particular geographic markets, include the following:

- significantly greater revenues and financial resources;
- stronger brand and consumer recognition regionally or worldwide;
- greater experience with the social, freemium games business model;
- the capacity to leverage their marketing expenditures across a broader portfolio of mobile and non-mobile products;
- larger installed customer bases from related platforms such as console gaming or social networking websites to which they can market and sell mobile games;
- more substantial intellectual property of their own from which they can develop games without having to pay royalties;
- lower labor and development costs and better overall economies of scale;
- greater resources to make acquisitions;
- greater platform-specific focus, experience and expertise; and
- broader global distribution and presence.

For more information on our competition, please see the Risk Factor – "The markets in which we operate are highly competitive, and many of our competitors have significantly greater resources than we do" and the other risk factors described in Item 1A of this report.

Intellectual Property

Our intellectual property is an essential element of our business. We use a combination of trademark, copyright, trade secret and other intellectual property laws, confidentiality agreements and license agreements to protect our intellectual property. Our employees and independent contractors are required to sign agreements acknowledging that all inventions, trade secrets, works of authorship, developments and other processes generated by them on our behalf are our property, and assigning to us any ownership that they may claim in those works. Despite our precautions, it may be possible for third parties to obtain and use without consent intellectual property that we own or license. Unauthorized use of our intellectual property by third parties, including piracy, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business. In addition, some of our competitors have in the past released games that are nearly identical to successful games released by their competitors in an effort to confuse the market and divert users from the competitor's game to the copycat game. To the extent that these tactics are employed with respect to any of our games, it could reduce our revenues that we generate from these games.

Our trademarks that have been registered with the U.S. Patent and Trademark Office include Glu, our 2-D 'g' character logo and several of our game titles, including *Big Time Gangsta', Bonsai Blast*, *Brain Genius*, *Contract Killer, Gun Bros, Magic Life, Space Monkey*, *Super K.O. Boxing* and *Zombie Isle*. In addition, we have trademark applications pending with the U.S. Patent and Trademark Office for our 3-D 'g' character logo and many of our game titles for which we do not yet have a registered trademark. We also own, or have applied to own, one or more registered trademarks in certain foreign countries, depending on the relevance of each brand to other markets. Registrations of both U.S. and foreign trademarks are renewable every ten years.

In addition, many of our games and other applications are based on or incorporate intellectual property that we license from third parties. We have both exclusive and non-exclusive licenses to use these properties for terms that generally range from two to five years. Our licensed brands include, among others, *Build-a-lot, Call of Duty*, *Deer Hunter*, *DJ Hero, Guitar Hero, Family Feud, Family Guy, Lord of the Rings, Paperboy, The Price Is Right, Transformers, Who Wants to Be a Millionaire?* and *World Series of Poker*. Our licensors include a number of well-established video game publishers and major media companies.

From time to time, we encounter disputes over rights and obligations concerning intellectual property. If we do not prevail in these disputes, we may lose some or all of our intellectual property protection, be enjoined from further sales of our games or other applications determined to infringe the rights of others, and/or be forced to pay substantial royalties to a third party, any of which would have a material adverse effect on our business, financial condition and results of operations.

Government Regulation

We are subject to a number of domestic and foreign laws and regulations that affect our business. Not only are these laws constantly evolving, which could result in them being interpreted in ways that could harm our business, but legislation is also continually being introduced that may affect both the content of our products and their distribution. In the United States, for example, numerous federal and state laws have been introduced which attempt to restrict the content or distribution of games. Legislation has been adopted in several states, and proposed at the federal level, that prohibits the sale of certain games to minors. The Federal Trade Commission has also indicated that it intends to review issues related to in-app purchases, particularly with respect to games that are marketed primarily to minors. In addition, two self-regulatory bodies in the United States (the Entertainment Software Rating Board) and the European Union (Pan European Game Information) provide consumers with rating information on various products such as entertainment software similar to our products based on the content (e.g., violence, sexually explicit content, language). Furthermore, the Chinese government has adopted measures designed to eliminate violent or obscene content in games. In response to these measures, some Chinese telecommunications operators have suspended billing their customers for certain mobile gaming platform services, including those services that do not contain offensive or unauthorized content, which could negatively impact our revenues in China.

We are also subject to federal, state and foreign laws regarding privacy and the protection of the information that we collect regarding our users. We currently collect certain personally identifiable information regarding our customers, including the unique device identifiers (UDIDs) of our customers' smartphones and tablets, and expect in the future to collect additional personally identifiable information regarding our customers. Any concerns about our practices with regard to the collection, use, disclosure, or security of personal information or other privacy related matters, even if unfounded, could damage our reputation and operating results. We post our privacy policy and our terms of service on our corporate website. In these policies, we describe our practices concerning the use, transmission and disclosure of the information that we collect regarding our users. Any failure by us to comply with our posted privacy policy, terms of service or privacy related laws and regulations could result in proceedings against us by governmental authorities or others, which could harm our business. In addition, the interpretation of data protection laws, and their application to the mobile gaming industry is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from state to state, country to country, or region to region, and in a manner that is not consistent with our current data protection practices. Complying with these varying international requirements could cause us to incur additional costs and change our business practices. Further, any failure by us to adequately protect our users' privacy and data could result in a loss of player confidence in our services and ultimately in a loss of users, which could adversely affect our business.

In the area of information security and data protection, many states have passed laws requiring notification to users when there is a security breach for personal data, such as the 2002 amendment to California's Information Practices Act, or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to implement. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws may subject us to significant liabilities.

We sometimes offer our players various types of sweepstakes, giveaways and promotional opportunities. We are subject to laws in a number of jurisdictions concerning the operation and offering of such activities and games, many of which are still evolving and could be interpreted in ways that could harm our business. Any court ruling or other governmental action that imposes liability on providers of online services could result in criminal or civil liability and could harm our business.

In addition, because our services are available worldwide, certain foreign jurisdictions and others may claim that we are required to comply with their laws, including in jurisdictions where we have no local entity, employees or infrastructure.

Employees

As of March 1, 2012, we had 575 employees, including 476 in research and product development. Of our total employees as of March 1, 2012, 293 were based in the United States and Canada, 117 were based in Europe, 119 were based in Asia and 46 were based in Latin America. Our employees in Brazil are represented by a labor union. We have never experienced any employment-related work stoppages and consider relations with our employees to be good. We believe that our future success depends in part on our continued ability to hire, assimilate and retain qualified personnel.

Executive Officers

The following table shows Glu's executive officers as of March 1, 2012 and their areas of responsibility. Their biographies follow the table.

Name	Age	Position
Niccolo M. de Masi	31	President, Chief Executive Officer and Director
Eric R. Ludwig	42	Executive Vice President and Chief Financial Officer
Adam Flanders	38	Senior Vice President, Sales and Marketing
Kal Iyer	42	Senior Vice President, Research and Development

Niccolo M. de Masi has served as our President and Chief Executive Officer and as one of our directors since January 2010. Prior to joining Glu, Mr. de Masi was the Chief Executive Officer and President of Hands-On Mobile, a mobile technology company and developer and publisher of mobile entertainment, from October 2009 to December 2009, and previously served as the President of Hands-On Mobile from March 2008 to October 2009. Prior to joining Hands-On Mobile, Mr. de Masi was the Chief Executive Officer of Monstermob Group PLC, a mobile entertainment company, from June 2006 to February 2007. Mr. de Masi joined Monstermob in 2004 and, prior to becoming its Chief Executive Officer, held positions as its Managing Director and as its Chief Operating Officer where he was responsible for formulating and implementing Monstermob's growth and product strategy. Prior to joining Monstermob, Mr. de Masi worked in a variety of corporate finance and operational roles within the technology, media and telecommunications (TMT) sector, beginning his career with JP Morgan on both the TMT debt capital markets and mergers and acquisitions teams in London. He has also worked as a physicist with Siemens Solar and within the Strategic Planning and Development divisions of Technicolor. Mr. de Masi holds B.A. and M.A. degrees in Physics, and an MSci. degree in Electronic Engineering—all from Cambridge University.

Eric R. Ludwig has served as our Executive Vice President and Chief Financial Officer since October 2011 and has served as our Chief Financial Officer since August 2008. Mr. Ludwig previously held the position of Senior Vice President, Chief Financial Officer and Chief Administrative Officer from September 2010 to October 2011. Prior to becoming our Chief Financial Officer, Mr. Ludwig served as our Vice President, Finance, Interim Chief Financial Officer from May 2008 to August 2008, served as our Vice President, Finance from April 2005 to May 2008 and served as our Director of Finance from January 2005 to April 2005. In addition, Mr. Ludwig has served as our Assistant Secretary since July 2006. Prior to joining us, from January 1996 to January 2005, Mr. Ludwig held various positions at Instill Corporation, an on-demand supply chain software company, most recently as Chief Financial Officer, Vice President, Finance and Corporate Secretary. Prior to Instill, Mr. Ludwig was Corporate Controller at Camstar Systems, Inc., an enterprise manufacturing execution and quality systems software company, from May 1994 to January 1996. He also worked at Price Waterhouse L.L.P. from May 1989 to May 1994. Mr. Ludwig holds a B.S. in commerce from Santa Clara University and is a Certified Public Accountant (inactive).

Adam Flanders has served as our Senior Vice President, Sales and Marketing since August 2011. Mr. Flanders joined Glu in 2006 and has held increasingly senior positions in Glu's sales and marketing organization. Prior to joining us, Mr. Flanders was one of the early employees at THQ Wireless where he served in various management and business development roles. Prior to THQ, he held finance positions at Ernst & Young LLP and Fidelity Investments. Adam graduated with a B.S. in finance from Bentley College.

Kal Iyer has served as our Senior Vice President, Research and Development since July 2010. Mr. Iyer joined Glu in 2003 and has held increasingly senior positions in Glu's research, development and engineering organization. Prior to joining us, Mr. Iyer worked at Pumatech International where he architected and built the infrastructure for mobile browsing. Prior to Pumatech, Mr. Iyer consulted for several Fortune 500 companies. Mr. Iyer holds a B.S. in mathematics from Jabalpur University, India.

Item 1A. *Risk Factors*

Our business is subject to many risks and uncertainties, which may affect our future financial performance. If any of the events or circumstances described below occurs, our business and financial performance could be harmed, our actual results could differ materially from our expectations and the market value of our stock could decline. The risks and uncertainties discussed below are not the only ones we face. There may be additional risks and uncertainties not currently known to us or that we currently do not believe are material that may harm our business and financial performance. Because of the risks and uncertainties discussed below, as well as other variables affecting our operating results, past financial performance should not be considered as a reliable indicator of future performance and investors should not use historical trends to anticipate results or trends in future periods.

We have a history of net losses, may incur substantial net losses in the future and may not achieve profitability.

We have incurred significant losses since inception, including a net loss of $18.2 million in 2009, a net loss of $13.4 million in 2010 and a net loss of $21.1 million in 2011. As of December 31, 2011, we had an accumulated deficit of $211.8 million. We expect our costs to increase as we implement additional initiatives designed to increase revenues, such as increased research and development and sales and marketing expenses related to our new games designed for smartphones and tablets, such as Apple's iPhone and iPad and devices based on Google's Android operating system. In addition, our costs have increased significantly as a result of our acquisitions of Blammo and Griptonite due to the addition of nearly 200 employees and independent contractors. If our revenues do not increase to offset these additional expenses, if we experience unexpected increases in operating expenses or if we are required to take additional charges related to impairments or restructurings, we will continue to incur significant losses and will not become profitable. In addition, our revenues declined in each of 2009 and 2010 from the preceding year, and only increased slightly in 2011 from 2010 levels. If we are not able to significantly increase our revenues, we will likely not be able to achieve profitability in the future. Furthermore, during 2009, 2010 and 2011, we incurred aggregate charges of approximately $8.5 million, $4.3 million and $1.1 million for royalty impairments and restructuring activities. As of December 31, 2011, an additional $483,000 of prepaid royalties remained on our balance sheet that are potentially subject to future impairment. If we continue to incur these charges, it will continue to negatively affect our operating results and our ability to achieve profitability.

Our financial results could vary significantly from quarter to quarter and are difficult to predict, particularly in light of the current economic environment, which in turn could cause volatility in our stock price.

Our revenues and operating results could vary significantly from quarter to quarter because of a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. In addition, we may not be able to accurately predict our future revenues or results of operations. We base our current and future expense levels on our internal operating plans and sales forecasts, and our operating costs are to a large extent fixed. As a result, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect financial results for that quarter.

We are also subject to macroeconomic fluctuations in the United States and global economies, including those that impact discretionary consumer spending, which have deteriorated significantly in many countries and regions, including the United States and Europe due to the effects of the ongoing sovereign debt crisis, and may remain depressed for the foreseeable future. Some of the factors that could influence the level of consumer spending include continuing conditions in the residential real estate and mortgage markets, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors affecting consumer spending. If these issues persist, or if the economy enters a prolonged period of decelerating growth or recession, our results of operations may be harmed.

In addition to other risk factors discussed in this section, factors that may contribute to the variability of our quarterly results include:

- the number of new games released by us and our competitors;
- the timing of release of new games by us and our competitors, particularly those that may represent a significant portion of revenues in a period, which timing can be impacted by how quickly digital storefront operators such as Apple review and approve our games for commercial release;
- the popularity of new games and games released in prior periods;
- changes in the prominence of storefront featuring for our leading games and those of our competitors;
- fluctuations in the size and rate of growth of overall consumer demand for mobile handsets, tablets, games and related content;
- our success in developing and monetizing social, freemium games for smartphones and tablets;
- our ability to increase the daily and monthly active users of our social, freemium games that we develop for smartphones and tablets, as well as the level of engagement of these users and the length of time these users continue to play our games;
- our ability to include certain types of virtual currency-incented advertising offers and other monetization techniques in our games sold through online storefronts, such as Apple's App Store and the Google Play Store;
- changes in accounting rules, such as those governing recognition of revenue, including the period of time over which we recognize revenue for in-app purchases of virtual currency and goods within certain of our games;
- the expiration of existing content licenses for particular games;
- the amount and timing of charges related to impairments of goodwill, intangible assets, prepaid royalties and guarantees; for example, in 2009, 2010 and 2011, we impaired $6.6 million, $663,000 and $531,000, respectively, of certain prepaid royalties and royalty guarantees;
- changes in pricing policies by us, our competitors or our carriers and other distributors, including to the extent that smartphone digital storefront owners impose a platform tax on our revenues derived from offers;
- changes in the mix of original intellectual property and licensed-content games, which have varying gross margins;
- the timing of successful mobile device launches;
- the seasonality of our industry;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- our ability to successfully migrate talent acquired through our Griptonite transaction to creating successful freemium/social titles;
- fluctuations in the fair market value of the contingent consideration issued to the Blammo non-employee shareholders, as the fair value of the contingent consideration will be measured during each reporting period until the end of the earn-out period in March 2015;
- the timing of compensation expense associated with equity compensation grants; and
- decisions by us to incur additional expenses, such as increases in marketing or research and development, or unanticipated increases in vendor-related costs, such as hosting fees.

Our strategy to grow our business involves developing a significant number of new titles for smartphones and tablets rather than for feature phones, which historically comprised a significant majority of our revenues. If we do not succeed in generating considerable revenues and gross margins from smartphones and tablets, our revenues, financial position and operating results will suffer.

As a result of the continued migration of users from traditional feature phones to smartphones, we expect our feature phone revenues, which represented 47.0%, 84.7% and 94.5% of our revenues in 2011, 2010 and 2009, respectively, to continue to decrease significantly for the foreseeable future. For us to succeed in 2012 and beyond, we believe that we must increasingly publish mobile games that are widely accepted and commercially successful on the smartphone and tablet digital storefronts (such as Apple's App Store, the Google Play Store, Amazon's Appstore and Microsoft's Windows Marketplace), as well as significantly increase the number of players of our games and the average lifetime value of these players. Our efforts to significantly increase our revenues derived from games for smartphones and tablets may prove unsuccessful or, even if successful, it may take us longer to achieve significant revenue than anticipated because, among other reasons:

- the open nature of many of these digital storefronts increases substantially the number of our competitors and competitive products and makes it more difficult for us to achieve prominent placement or featuring for our games;
- the billing and provisioning capabilities of some smartphones and tablets are currently not optimized to enable users to purchase games or make in-app purchases, which could make it difficult for users of these smartphones and tablets to purchase our games or make in-app purchases and could reduce our addressable market, at least in the short term;
- competitors may have substantially greater resources available to invest in developing and publishing products for smartphones and tablets;
- these digital storefronts are relatively new and rapidly evolving markets, for which we are less able to forecast with accuracy revenue levels, required marketing and developments expenses, and net income or loss;
- we have less experience with open storefront distribution channels than with carrier-based distribution;
- the pricing and revenue models for titles on these digital storefronts are rapidly evolving (for example, the introduction of in-app purchasing capabilities and the potential introduction of usage-based pricing for games), and have resulted, and may continue to result, in significantly lower average selling prices for our premium games developed for smartphones as compared to games developed for feature phones, and a lower than expected return on investment for these games;
- many of our content licenses do not grant us the rights to develop games for devices utilizing Apple's iOS operating system and certain other smartphones and tablets; and
- many OEMs and carriers are developing their own storefronts and it may be difficult for us to predict which ones will be successful, and we may expend time and resources developing games for storefronts that ultimately do not succeed.

Due to the expected continued decrease in our feature phone revenues, if we do not succeed in generating considerable revenues and gross margins from smartphones and tablets, our operating results will suffer.

We have focused our development efforts for smartphones and tablets on creating freemium games rather than premium games, and if our freemium strategy is unsuccessful, it will seriously harm our business.

We expect that a significant portion of our development activities for smartphones and tablets in 2012 and beyond will be focused on social, freemium games—games that are downloadable without an initial charge, but which enable a variety of additional content and features to be accessed for a fee or otherwise monetized through

various advertising and offer techniques. Our efforts to develop social, freemium games for smartphones and tablets may prove unsuccessful or, even if successful, may take us longer to achieve significant revenue than anticipated because, among other reasons:

- we have relatively limited experience in successfully developing and marketing social, freemium games, having launched our first freemium titles in the fourth quarter of 2010;
- our relatively limited experience with respect to creating games that include micro-transaction capabilities, advertising and offers may cause us to have difficulty optimizing the monetization of our freemium games;
- changes in the policies of digital storefronts and other distributors that have limited our ability to use certain types of virtual currency-incented advertising offers and other monetization techniques in our games;
- some of our competitors have released a significant number of social, freemium games on smartphones and tablets, and this competition will make it more difficult for us to differentiate our games and derive significant revenues from them;
- we intend to continue to develop the significant majority of our social, freemium games based upon our own intellectual property rather than well-known licensed brands, and, as a result, we may encounter difficulties in generating sufficient consumer interest in our games, particularly since prior to 2011, we had relatively limited success in generating significant revenues from games based on our own intellectual property;
- social, freemium games currently represent a minority of the games available on smartphones and tablets and have a limited history, and it is unclear how popular this style of game will become or remain or its revenue potential;
- our strategy with respect to developing social, freemium games assumes that a large number of consumers will download our games because they are free and that we will subsequently be able to effectively monetize these games via in-app purchases, offers and advertisements; however, some smartphones charge users a fee for downloading content, and users of these smartphones may be reluctant to download our freemium games because of these fees, which would reduce the effectiveness of our product strategy;
- our social, freemium games may otherwise not be widely downloaded by consumers for a variety of reasons, including poor consumer reviews or other negative publicity, ineffective or insufficient marketing efforts, a failure to achieve prominent storefront featuring for such games or the inconvenience associated with downloading our thick-client games—our thick-client games often utilize a significant amount of the available memory on a user's device, and due to the inherent limitations of the smartphone platforms and telecommunications networks, which only allow applications that are less than 20 megabytes to be downloaded over a carrier's wireless network, players must download one of our thick-client games either via a wireless Internet (wifi) connection or initially to their computer and then side-loaded to their device.
- even if our social, freemium games are widely downloaded, we may fail to retain users of these games or optimize the monetization of these games for a variety of reasons, including poor game design or quality, gameplay issues such as game unavailability, long load times or an unexpected termination of the game due to data server or other technical issues or our failure to effectively respond and adapt to changing user preferences through updates to our games;
- we have encountered difficulties in keeping users engaged in our social, freemium games for a significant amount of time subsequent to their initial download of the games, and we may have difficulty increasing consumer retention in our games;
- the Federal Trade Commission has indicated that it intends to review issues related to in-app purchases, particularly with respect to games that are marketed primarily to minors (a class action lawsuit has

been filed relating to this issue; we have not been named as a party to this lawsuit) and the Federal Trade Commission might issue rules significantly restricting or even prohibiting in-app purchases or we could potentially be named as a defendant in a future class action lawsuit; and

- because these are effectively new products for us, we are less able to forecast with accuracy revenue levels, required marketing and development expenses, and net income or loss.

If we do not achieve a sufficient return on our investment with respect to developing and selling social, freemium games, it will negatively affect our operating results and may require us to formulate a new business strategy.

We derive the significant majority of our smartphone revenues from Apple's iOS and Google's Android platforms, and if we are unable to maintain a good relationship with each of Apple and Google or if the Apple App Store or the Google Play Store were unavailable for any prolonged period of time, our business will suffer.

The significant majority of our smartphone revenues are derived from Apple's iOS and Google's Android platforms, which accounted for 34% and 11%, respectively, of our total revenues in 2011. We believe that we have maintained a good relationship with both Apple and Google, which has contributed to the majority of our games receiving featuring on their storefronts when they are commercially released. Accordingly, any deterioration in our relationship with either Apple or Google would materially harm our business and likely cause our stock price to decline.

We are subject to each of Apple's and Google's standard terms and conditions for application developers, which govern the promotion, distribution and operation of games and other applications on their respective storefronts. Each of Apple and Google has broad discretion to change its standard terms and conditions. In addition, these standard terms and conditions can be vague and subject to changing interpretations by Apple or Google. For example, in the second quarter of 2011, Apple began prohibiting certain types of virtual currency-incented advertising offers in games sold on the Apple App Store. These offers accounted for approximately one-third of our smartphone revenues during the three months ended June 30, 2011, and our inability to subsequently utilize such offers negatively impacted our smartphone revenues thereafter. Any similar change in the future that impacts our freemium revenues could materially harm our business, and we may not receive any advance warning of such change. In addition, each of Apple and Google have the right to prohibit a developer from distributing its applications on its storefront if the developer violates its standard terms and conditions. In the event that either Apple or Google ever determines that we are in violation of its standard terms and conditions, including by a new interpretation, and prohibits us from distributing our games on its storefront, it would materially harm our business and likely cause our stock price to significantly decline.

We also rely on the continued function of the Apple App Store and the Google Play Store, as the majority of our smartphone revenues are derived from these two digital storefronts. There have been occasions in the past when these digital storefronts were unavailable for short periods of time or where there have been issues with the in-app purchasing functionality within the storefront. In the event that either the Apple App Store or the Google Play Store is unavailable or if in-app purchasing functionality within the storefront is non-operational for a prolonged period of time, it would have a material adverse effect on our revenues and operating results.

We have a new business model with a short operating history and rely on a small portion of our total players for nearly all of our smartphone revenue that we derive from in-app purchases.

In early 2010, we revised our business model to focus on becoming a leading publisher of social, mobile freemium games. Our freemium games are provided as a live service and are generally designed to be persistent experiences maintained through regular content updates, which requires continuous investment by us. We have a short history operating in this business model, which limits the experience upon which we can draw when making operating decisions, and we may be less successful executing our new business than we anticipate.

The fact that our freemium games can be downloaded and played for free has contributed to our success in generating large numbers of installs and significantly growing our user base. However, only a small portion of our daily and monthly active users ever purchase virtual currency or goods in our games. In order to significantly increase our smartphone revenues, we must increase the number of users of our games and keep them playing our games for a longer period of time so that we can more effectively monetize these users. To attract and retain players, we must devote significant resources so that the games they play retain their interest and attract them to our other games. We have to date encountered difficulties in keeping users engaged in our freemium games for a significant amount of time subsequent to their initial download of the games, and we might not succeed in our efforts to increase the average lifetimes of our users. If we fail to grow our daily and monthly active users, if the rates at which we attract and retain players does not increase or if the average amount our users pay declines, our business may not grow, our financial results will suffer, and our stock price may decline.

Acquisitions could result in operating difficulties, dilution and other harmful consequences.

In August 2011, we completed the acquisitions of Griptonite and Blammo, and we expect to continue to evaluate and consider a wide array of potential strategic transactions. At any given time, we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to our financial condition and results of operations. The process of integrating any acquired business, including Griptonite and Blammo, may create unforeseen operating difficulties and expenditures and is itself risky. The areas where we may face difficulties include:

- diversion of management time and a shift of focus from operating the businesses to issues related to integration and administration;
- declining employee morale and retention issues resulting from changes in compensation, management, reporting relationships, future prospects or the direction of the business;
- the need to integrate each acquired company's accounting, management, information, human resource and other administrative systems to permit effective management, and the lack of control if such integration is delayed or not implemented;
- the need to implement controls, procedures and policies appropriate for a larger public company that the acquired companies lacked prior to acquisition;
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries; and
- liability for activities of the acquired companies before the acquisition, including violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities.

If the anticipated benefits of any future acquisitions do not materialize, we experience difficulties integrating businesses acquired in the future, or other unanticipated problems arise, our business, operating results and financial condition may be harmed.

The integration of Griptonite has been, and may continue to prove to be, particularly challenging due to its size, as Griptonite has nearly 200 employees and independent contractors compared with approximately 400 employees at Glu prior to the Blammo and Griptonite acquisitions, as well as the fact that Griptonite has historically built premium games on a work-for-hire basis for non-smartphone platforms such as Microsoft's Xbox 360, Nintendo's Wii, Nintendo's DS and Sony's PSP. We have invested, and will continue to invest, considerable management time and resources in order to educate the Griptonite studio personnel with respect to the development of freemium games for smartphone platforms, and do not yet know if these efforts will prove successful since we have not yet commercially released any games that were developed by the Griptonite studio. If we are not successful in these efforts, it will adversely impact our operating results given the significant increase in our operating expenses that have resulted from such acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions, including the Griptonite and Blammo acquisitions, do not yield expected returns, we may be required to take charges to our earnings based on this impairment assessment process, which could harm our operating results. For example, during 2008 we incurred an aggregate goodwill impairment charge related to write-downs in the third and fourth quarters of 2008 of $69.5 million as the fair values of our three reporting units were determined to be below their carrying values.

Moreover, the terms of acquisitions may require that we make future cash or stock payments to shareholders of the acquired company, which may strain our cash resources or cause substantial dilution to our existing stockholders at the time the payments are required to be made. For example, our Blammo acquisition agreement provides that the former Blammo shareholders may earn up to 3,312,937 shares of our common stock if Blammo achieves certain net revenue targets during the years ending March 31, 2013, March 31, 2014 and March 31, 2015. In addition, our merger agreement with Griptonite provides that we may be required to issue up to 5,301,919 additional shares or in specified circumstances pay additional cash (i) in satisfaction of indemnification obligations in the case of, among other things, breaches of our representations, warranties and covenants in the merger agreement or (ii) pursuant to potential working capital adjustments.

The markets in which we operate are highly competitive, and many of our competitors have significantly greater resources than we do.

The development, distribution and sale of mobile games is a highly competitive business, characterized by frequent product introductions and rapidly emerging new platforms, technologies and storefronts. For end users, we compete primarily on the basis of game quality, brand, customer reviews and, with respect to our premium products, price. We compete for promotional and storefront or deck placement based on these factors, as well as the relationship with the digital storefront owner or wireless carrier, historical performance, perception of sales potential and relationships with licensors of brands and other intellectual property. For content and brand licensors, we compete based on royalty and other economic terms, perceptions of development quality, porting abilities, speed of execution, distribution breadth and relationships with storefront owners or carriers. We also compete for experienced and talented employees.

With respect to our freemium games that we publish for smartphones and tablets, we compete with a continually increasing number of companies, including Zynga, DeNA, Gree, Tencent and many well-funded private companies. We also compete for consumer spending with large companies, such as Activision, Electronic Arts (EA Mobile), Gameloft and Take-Two Interactive, whose games for smartphones and tablets are primarily premium rather than freemium; Electronic Arts and Gameloft have historically been our two primary feature phone competitors with regard to feature phone gaming. In addition, given the open nature of the development and distribution for smartphones and tablets, we also compete or will compete with a vast number of small companies and individuals who are able to create and launch games and other content for these mobile devices utilizing relatively limited resources and with relatively limited start-up time or expertise. As an example of the competition that we face, it has been estimated that more than 100,000 active games were available on Apple's App Store as of March 1, 2012. The proliferation of titles in these open developer channels makes it difficult for us to differentiate ourselves from other developers and to compete for end users without substantially increasing spending to market our products or increasing our development costs.

Some of our competitors' and our potential competitors' advantages over us, either globally or in particular geographic markets, include the following:

- significantly greater revenues and financial resources;
- stronger brand and consumer recognition regionally or worldwide;
- greater experience with the social, freemium games business model;

- the capacity to leverage their marketing expenditures across a broader portfolio of mobile and non-mobile products;
- larger installed customer bases from related platforms such as console gaming or social networking websites to which they can market and sell mobile games;
- more substantial intellectual property of their own from which they can develop games without having to pay royalties;
- lower labor and development costs and better overall economies of scale;
- greater resources to make acquisitions;
- greater platform-specific focus, experience and expertise; and
- broader global distribution and presence.

If we are unable to compete effectively or we are not as successful as our competitors in our target markets, our sales could decline, our margins could decline and we could lose market share, any of which would materially harm our business, operating results and financial condition.

Consumer tastes are continually changing and are often unpredictable, and we compete for consumer discretionary spending against other forms of entertainment; if we fail to develop and publish new mobile games that achieve market acceptance, our sales would suffer.

Our business depends on developing and publishing mobile games that consumers will want to download and spend time and money playing. We must continue to invest significant resources in research and development, analytics and marketing to introduce new games and continue to update our successful freemium games, and we often must make decisions about these matters well in advance of product release to timely implement them. Our success depends, in part, on unpredictable and volatile factors beyond our control, including consumer preferences, competing games, new mobile platforms and the availability of other entertainment activities. If our games and related applications do not meet consumer expectations, or they are not brought to market in a timely and effective manner, our business, operating results and financial condition would be harmed. For example, although we have enjoyed success with respect to a number of our action/adventure freemium games, such as *Big Time Gangsta', Blood & Glory, Contract Killer, Contract Killer: Zombies, Eternity Warriors, Frontline Commando* and *Gun Bros,* we have had more limited success with respect to our casual titles, with only *Bug Village* and *Stardom: The A-List* generating significant revenues. If we fail to develop casual titles that achieve broad market acceptance, it could limit our potential revenue growth and harm our operating results. Even if our games are successfully introduced and initially adopted, a failure to continue to update them with compelling content or a subsequent shift in the entertainment preferences of consumers could cause a decline in our games' popularity that could materially reduce our revenues and harm our business, operating results and financial condition. Furthermore, we compete for the discretionary spending of consumers, who face a vast array of entertainment choices, including games played on personal computers and consoles, television, movies, sports and the Internet. If we are unable to sustain sufficient interest in our games compared to other forms of entertainment, our business and financial results would be seriously harmed.

If we are unsuccessful in establishing and increasing awareness of our brand and recognition of our games or if we incur excessive expenses promoting and maintaining our brand or our games, our potential revenues could be limited, our costs could increase and our operating results and financial condition could be harmed.

We believe that establishing and maintaining our brand is critical to establishing a direct relationship with end users who purchase our products from direct-to-consumer channels, such as Apple's App Store and the Google Play Store, and maintaining our existing relationships with wireless carriers, distributors and content licensors, as well as potentially developing new such relationships. Increasing awareness of our brand and recognition of our games is particularly important in connection with our strategic focus of developing social,

freemium games based on our own intellectual property. Our ability to promote the Glu brand depends on our success in providing high-quality games. Similarly, recognition of our games by end users depends on our ability to develop engaging games of high quality with attractive titles. However, our success also depends, in part, on the services and efforts of third parties, over which we have little or no control. For instance, if digital storefront owners or wireless carriers fail to provide high levels of service, our end users' ability to access our games may be interrupted or end users may not receive the virtual currency or goods for which they have paid, which may adversely affect our brand. If end users, digital storefront owners, branded content owners and wireless carriers do not perceive our existing games as high-quality or if we introduce new games that are not favorably received by our end users, digital storefront owners and wireless carriers, then we may not succeed in building brand recognition and brand loyalty in the marketplace. In addition, globalizing and extending our brand and recognition of our games will be costly and will involve extensive management time to execute successfully, particularly as we expand our efforts to increase awareness of our brand and games among international consumers. Moreover, if a game is introduced with defects, errors or failures or unauthorized objectionable content or if a game has playability issues such as game unavailability, long load times or a unexpected termination of the game due to data server or other technical issues, we could experience damage to our reputation and brand, and our attractiveness to digital storefront owners, wireless carriers, licensors, and end users might be reduced. In addition, although we have significantly increased our sales and marketing-related expenditures in connection with the launch of our social, freemium games, these efforts may not succeed in increasing awareness of our brand and new games. If we fail to increase and maintain brand awareness and consumer recognition of our games, our potential revenues could be limited, our costs could increase and our business, operating results and financial condition could suffer.

Inferior storefront featuring or deck placement would likely adversely impact our revenues and thus our operating results and financial condition.

The open nature of the digital storefronts, such as Apple's App Store and the Google Play Store, substantially increases the number of our competitors and competitive products, which makes it more difficult for us to achieve prominent placement or featuring for our games. Our failure to achieve prominent placement or featuring for our games on the digital storefronts could make it more difficult for users to discover our games and, as a result, cause our games to not generate significant revenues. It may also require us to expend significantly increased amounts on marketing campaigns in order to generate substantial revenues on these platforms, reducing or eliminating the profitability of publishing games for them. We believe that a number of factors may influence the featuring or placement of a game in these digital storefronts, including:

- the perceived attractiveness of the title or brand;
- the past critical or commercial success of the game or of other games previously introduced by a publisher;
- the publisher's relationship with the applicable digital storefront owner and future pipeline of quality titles for it; and
- the current market share of the publisher.

Conversely, wireless carriers provide a limited selection of games that are accessible to their subscribers through a deck on their mobile handsets. The inherent limitation on the number of games available on the deck is a function of the limited screen size of handsets and carriers' perceptions of the depth of menus and numbers of choices end users will generally utilize. Carriers typically provide one or more top-level menus highlighting games that are recent top sellers, that the carrier believes will become top sellers or that the carrier otherwise chooses to feature, in addition to a link to a menu of additional games sorted by genre. We believe that deck placement on the top-level or featured menu or toward the top of genre-specific or other menus, rather than lower down or in sub-menus, is likely to result in higher game sales. If carriers choose to give our games less favorable deck placement, our games may be less successful than we anticipate and our feature phone revenues will decline more steeply than we anticipate.

We have depended on a small number of games for a significant portion of our revenues in recent fiscal periods. If these games do not continue to succeed or we do not release highly successful new games, our revenues would decline.

In our industry, new games are frequently introduced, but a relatively small number of games account for a significant portion of industry sales. Similarly, a significant portion of our revenues comes from a limited number of mobile games, although the games in that group have shifted over time. For example, in 2011, 2010 and 2009, we generated approximately 49.5%, 41.6% and 35.0% of our revenues, respectively, from our top ten games. However, other than *Gun Bros*, which generated 11.1% of our total revenues in 2011, no individual game represented more than 10% of our revenues in any of those periods. Our growth depends on our ability to consistently launch new freemium games that generate significant revenues. In addition, we seek to extend the lives of our successful freemium games through regular content updates. The development and launch of our new freemium games and regular content updates require the investment of significant time and resources with no guarantee that they will result in significant revenues. If our new freemium games are not successful or if we are not able to cost-effectively extend the lives of our successful freemium games, our revenues could be limited and our business and operating results would suffer in both the year of release and thereafter.

If we fail to maintain and enhance our capabilities for porting games to a broad array of mobile devices, particularly those utilizing the Android operating system, our smartphone revenues and financial results could suffer.

The majority of our smartphone revenues are derived from the sale of games for smartphones and tablets that utilize Apple's iOS or Google's Android operating systems. Unlike the Apple ecosystem in which Apple controls both the device (iPod, iTouch and iPad) and the storefront (Apple's App Store), there is a high-degree of fragmentation with respect to Android, as a large number of OEMs manufacture and sell Android-based devices with a variety of versions of the Android operating system, and there are many Android-based storefronts in addition to the Google Play Store. In order for us to sell our games to as wide as possible an audience of Android users, we must port, or convert into separate versions, our games to a significant percentage of the numerous Android devices that are commercially available, many of which have different technological requirements. These include devices with various combinations of underlying technologies, Android operating system version, user interfaces, keypad layouts, screen resolutions, sound capabilities and other OEM-specific customizations. Since our Android-based smartphone revenues is growing, it is important that we maintain and enhance our porting capabilities, which could require us to invest considerable resources in this area. These additional costs could harm our business, operating results and financial condition. In addition, we must continue to increase the efficiency of our porting processes or it may take us longer to port games to an equivalent number of devices, which would negatively impact our margins. If we fail to maintain or enhance our porting capabilities, our smartphone revenues and financial results could suffer.

We utilize a game development engine licensed from Unity Technologies to create many of our freemium games. If we experience any prolonged issues with regard to the operation of this engine or if we lose access to this engine for any reason, it could delay our game development efforts and cause us to not meet revenue expectations for a quarterly or annual period, which would likely cause our stock price to decline.

We utilize a game development engine licensed from Unity Technologies to create many of our freemium games, including our 3-D games, and expect to continue to utilize this engine for the foreseeable future. Because we do not own this game development engine, we do not control its operation or maintenance. As a result, if we were to experience any issues with regard to the operation of this engine, these issues might not be resolved as quickly as if it were an internally developed engine, despite the fact that we have contractual service level commitments from Unity. In addition, although Unity does not have the right to terminate our agreement absent an uncured material breach of the agreement by Glu, we could lose access to this engine under certain circumstances such as a natural disaster that impacts Unity or a bankruptcy event. If we experience any prolonged issues with regard to the operation of the Unity game development engine or if we lose access to this

engine for any reason, it could delay our game development efforts and cause us to not meet revenue expectations for a quarterly or annual period, which would likely cause our stock price to decline. Furthermore, in the event that Unity were to be acquired by one of our competitors, it would be less likely that our agreement would be renewed, which could impact our game development efforts in the future, particularly with respect to the development of sequels to games that were developed on the Unity engine.

If sales of feature phones in our carrier-based business or the average selling prices of our games sold through wireless carriers decline more rapidly than we currently expect, it could have a material adverse impact on our revenues, financial position and results of operations.

We currently derive a significant portion of our revenues from sales of our games on feature phones through wireless carriers. However, our feature phone revenues declined from $75.0 million in 2009 to $54.5 million in 2010 to $31.1 million in 2011, which was primarily due to the continuing migration of consumers from feature phones to smartphones. We believe that the decline in the sales of feature phones and the transition of consumers to smartphones will continue to accelerate in 2012 and beyond. In addition, due to the accelerating decline in the sales of feature phones, we intend to distribute significantly fewer games for feature phones in future periods, which will further reduce our revenues that we derive from feature phones. However, if our feature phone revenues decline more rapidly than we currently anticipate, it would negatively impact our overall revenues and cash flows from operations, which could in turn negatively impact our ability to invest resources in developing and marketing our freemium games for smartphone platforms. In addition, games sold on smartphones typically have lower average prices than our games sold on feature phones, and as consumers continue to migrate to smartphones, it could result in lower average prices for our games sold on feature phones. Any unexpected acceleration in the slowdown in revenues generated from feature phones, or any reduction in the average prices of our games sold through our wireless carriers, could have a material adverse impact on our revenues, financial position and results of operations.

Changes in foreign exchange rates and limitations on the convertibility of foreign currencies could adversely affect our business and operating results.

We currently transact business in more than 70 countries in more than 20 different currencies, with Pounds Sterling and Euros being the primary international currencies in which we transact business. Conducting business in currencies other than U.S. Dollars subjects us to fluctuations in currency exchange rates that could have a negative impact on our reported operating results. In 2009, some of these currencies fluctuated by up to 40%, and we experienced continued significant fluctuations in 2010 and 2011. These issues may continue to negatively impact the economy and our growth. To date, we have not engaged in exchange rate hedging activities, and we do not expect to do so in the foreseeable future. Even if we were to implement hedging strategies to mitigate this risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as cash expenditures, ongoing management time and expertise, external costs to implement the strategies and potential accounting implications.

We face additional risk if a currency is not freely or actively traded. Some currencies, such as the Chinese Renminbi in which our Chinese operations principally transact business, are subject to limitations on conversion into other currencies, which can limit our ability to react to rapid foreign currency devaluations and to repatriate funds to the United States should we require additional working capital.

We might elect not, or may be unable, to renew our existing brand and content licenses when they expire and might not choose to obtain additional licenses, which would negatively impact our feature phone revenues and might negatively impact our smartphone revenues to the extent that we do not create successful games based on our own intellectual property.

Revenues derived from mobile games and other applications based on or incorporating brands or other intellectual property licensed from third parties accounted for 50.7%, 78.1% and 77.5% of our revenues in 2011, 2010 and 2009, respectively. In 2011, revenues derived under various licenses from our five largest licensors,

Activision, Atari, Caesar's, Freemantle Media and 2waytraffic, together accounted for approximately 30.9% of our revenues. Creating games based on well-known, licensed brands has historically been critical to the success of our feature phone business, as this helped us achieve more prominent placement on our wireless carriers' decks and contributed to greater commercial success with feature phone consumers. In addition, the majority of our premium games that we initially released for smartphones were based on licensed brands. However, we have shifted our business strategy towards becoming the leading publisher of social, mobile freemium games, and we intend to continue to have the substantial majority of these social, freemium games be based upon our own intellectual property. As a result, we have allocated a significantly smaller amount of our operating budget to licensing deals and might elect not to renew our existing brand and content licenses when they expire. In addition, we intend to only selectively enter into new licensing arrangements in future periods. Our existing licenses expire at various times during the next several years, and our revenues will be negatively impacted to the extent that we lose the right to distribute games based on licensed content. For example, our right to publish our *World Series of Poker* game for smartphones and tablets will expire on March 31, 2012, which will negatively impact our smartphone revenues. The expected decline in the revenues we derive from games based on licensed brands could have an unexpectedly greater impact on our overall revenues and operating results to the extent that we are not successful in significantly increasing our revenues from games developed for smartphones and tablets based on our own intellectual property.

System or network failures or cyber attacks could reduce our sales, increase costs or result in a loss of revenues or end users of our games.

We rely on digital storefronts, wireless carriers and other third-party networks to deliver games to our customers and on their or other third parties' billing systems to track and account for the downloading of our games. We also rely on our own servers and third-party infrastructure to operate our social, freemium games that are delivered as a live service, to maintain and provide our analytics data and to deliver games on demand to end users through our carriers' networks. In particular, a significant portion of our social, freemium game traffic is hosted by Amazon Web Services, which service provides server redundancy and uses multiple locations on various distinct power grids, and we expect to continue utilizing Amazon for a significant portion of our hosting services for the foreseeable future. Any technical problem with or cyber attack on these third parties' or our systems, servers or other technologies could result in the theft of end user personal information, the inability of end users to download or play our games, prevent the completion of billing for a game or result in the loss of users' virtual currency or other in-app purchases or our analytics data, or interfere with access to some aspects of our games. For example, some users of our Android-based games have recently experienced issues receiving the virtual currency that they purchased and paid for. In addition, in connection with the release of our *Gun Bros* game on Apple's App Store in the fourth quarter of 2010, we experienced issues with our data servers that resulted in gameplay issues and the loss of some users' virtual assets they acquired through in-app purchases. If virtual assets are lost, or if users do not receive their purchased virtual currency, we may be required to issue refunds, we may receive negative publicity and game ratings, we may lose users of our games, and we may become subject to regulatory investigation or class action litigation, any of which would negatively affect our business. Furthermore, during the fourth quarter of 2010 and first half of 2011, we lost some of our analytics data, including data with respect to our daily and monthly average users. Any of these problems could harm our reputation or cause us to lose end users or revenues or incur substantial repair costs and distract management from operating our business.

Third parties are developing some of our social, freemium games, and to the extent that they do not timely deliver high-quality games that meet our and consumer expectations, our business will suffer.

In the first quarter of 2011, we initiated our Glu Partners program, which provides for the external development of some of our games; five of the social, freemium games that we released during 2011 and the first quarter of 2012 were produced by third parties with which we have a strategic relationship. Prior to 2011, we had previously created and developed all of our games in our internal studios, and we had no prior experience in outsourcing and managing the production of our game concepts by external developers. This inexperience

combined with the fact that we had no direct supervision and reduced control over the external development process resulted in games that took longer to develop, were of lesser quality and were more costly to develop than comparable games produced by our internal studios. We intend to continue to utilize third party developers in 2012, though for fewer of our games, and we may face the same challenges that we faced in 2011, or new and unforeseen challenges, as part of these efforts.

We pay our external developers significant development fees, and to the extent that the games developed by external studios are not commercially successful, we may not generate sufficient revenues to recoup our development costs or produce a sufficient return on investment, which would adversely affect our operating results. We also may be required to pay these external developers significant termination fees in the event that we cancel a project prior to its completion. In addition, we may lose the services of one of our external developers for a number of reasons, including that a competitor acquires its business or signs the developer to an exclusive development arrangement. In addition, the developer might encounter financial or other difficulties that cause it to go out of business, potentially prior to completing production of our games, or otherwise render it unable to fulfill its obligations under the development agreement, and we may be unable to recoup our upfront payment to the developer under such circumstances. There is also significant demand for the services of external developers which may cause our developers to work for a competitor in the future or to renegotiate agreements with us on terms less favorable for us.

We face added business, political, regulatory, operational, financial and economic risks as a result of our international operations and distribution, any of which could increase our costs and adversely affect our operating results.

International sales represented approximately 50.1%, 55.1% and 52.2% of our revenues in 2011, 2010 and 2009, respectively. To target international markets, we develop games that are localized and customized for consumers in those markets. We have international offices located in a number of foreign countries including Brazil, Canada, China, England and Russia. We expect to maintain our international presence, and we expect international sales will continue to be an important component of our revenues. Risks affecting our international operations include:

- challenges caused by distance, language and cultural differences;
- multiple and conflicting laws and regulations, including complications due to unexpected changes in these laws and regulations;
- our ability to develop, customize and localize games that appeal to the tastes and preferences of consumers in international markets;
- competition from local game developers that have significant market share in certain foreign markets and a better understanding of local consumer preferences;
- foreign currency exchange rate fluctuations;
- difficulties in staffing and managing international operations, as well as issues related to having a labor union in our Sao Paulo studio;
- potential violations of the Foreign Corrupt Practices Act or U.K.’s Bribery Act, particularly in certain emerging countries in East Asia, Eastern Europe and Latin America;
- greater fluctuations in sales through storefronts and carriers in developing countries, including longer payment cycles and greater difficulty collecting accounts receivable;
- protectionist laws and business practices that favor local businesses in some countries;
- regulations that could potentially affect the content of our products and their distribution, particularly in China;

- potential adverse foreign tax consequences, since due to our international operations, we must pay income tax in numerous foreign jurisdictions with complex and evolving tax laws;
- foreign exchange controls that might prevent us from repatriating income earned in countries outside the United States, particularly China;
- price controls;
- the servicing of regions by many different carriers;
- imposition of public sector controls;
- political, economic and social instability;
- restrictions on the export or import of technology;
- trade and tariff restrictions and variations in tariffs, quotas, taxes and other market barriers; and
- difficulties in enforcing intellectual property rights in certain countries.

These risks could harm our international operations, which, in turn, could materially and adversely affect our business, operating results and financial condition.

If we fail to deliver our games at the same time as new mobile devices are commercially introduced, our sales may suffer.

Our business depends, in part, on the commercial introduction of new mobile devices with enhanced features, including larger, higher resolution color screens, improved audio quality, and greater processing power, memory, battery life and storage. For example, the introduction of new and more powerful versions of Apple's iPhone and iPad and devices based on Google's Android operating system have helped drive the growth of the mobile games market. In addition, consumers generally purchase the majority of content, such as our games, for a new phone or tablet within a few months of purchasing the device. We do not control the timing of these mobile device launches. Some manufacturers give us access to their mobile devices prior to commercial release. If one or more major manufacturers were to cease to provide us access to new mobile device models prior to commercial release, we might be unable to introduce compatible versions of our games for those mobile devices in coordination with their commercial release, and we might not be able to make compatible versions for a substantial period following their commercial release. If, because we do not adequately build into our title plan the demand for games for a particular mobile device or experience game launch delays, we miss the opportunity to sell games when new mobile devices are shipped or our end users upgrade to a new mobile device, our revenues would likely decline and our business, operating results and financial condition would likely suffer.

If consumers or digital platform operators believe that our games contain objectionable content, our reputation and operating results could suffer.

The majority of our successful freemium games are in the action/adventure genre, and we expect that the majority of the games that we release in 2012 will be of a similar nature. Some of these games contain violence or other content that certain consumers may find objectionable, particularly with respect to their children. For example, our *Big Time Gangsta* game has been assigned a 17 and older rating by Apple due to its violence and drug and alcohol references. In addition, Google required us to submit two versions of our *Blood &* Glory and *Contract Killer: Zombies* games, one version which had no depictions of blood. Despite these ratings and precautions, consumers may be offended by certain of the content in our games and children to whom these games are not targeted may choose to play them anyway. In addition, there is a risk that one of our employees or an employee of an outside developer could include hidden features in one of our games without our knowledge, which hidden features might contain profanity, graphic violence or sexually explicit or otherwise objectionable material. If consumers believe that a game we published contains objectionable content, consumers could refuse

to buy it or demand a refund of their money and they could pressure the digital platform operators to no longer allow us to publish the game on their platforms. This could have a materially negative impact on our business, operating results and financial condition.

Our business and growth may suffer if we are unable to hire and retain key personnel.

Our future success will depend, to a significant extent, on our ability to retain and motivate our key personnel, namely our management team and experienced game development personnel, including those at Blammo and Griptonite who may be continuing to experience uncertainty due to our acquisition of their companies. In addition, in order to grow our business, execute on our business strategy and replace departing employees, we must be able to identify, hire and retain qualified personnel. Competition for qualified management, game development and other personnel can be intense, and we may not be successful in attracting and retaining such personnel. This may be particularly the case for us to the extent our stock price remains at a relatively depressed level, as individuals may elect to seek employment with other companies that they believe have better long-term prospects. Competitors have in the past and may in the future attempt to recruit our employees, and our management and key employees are not bound by agreements that could prevent them from terminating their employment at any time. We may also experience difficulty assimilating our newly hired personnel, including those at Blammo and Griptonite, and they may be less effective or productive than we anticipated, which may adversely affect our business. In addition, we do not maintain a key-person life insurance policy on any of our officers. Our business and growth may suffer if we are unable to hire and retain key personnel.

We may need to raise additional capital or borrow funds to grow our business, and we may not be able to raise capital or borrow funds on terms acceptable to us or at all.

As a result of our Blammo and Griptonite acquisitions, as well as our plans to increase our spending on sales and marketing and research and development initiatives in connection with our social, freemium games that we will release in 2012, we expect to use a significant amount of cash in our operations in 2012 as we seek to grow our business. As of December 31, 2011, we had $32.2 million of cash and cash equivalents. If our cash and cash equivalents and cash generated from operations are insufficient to meet our cash requirements, we will need to seek additional capital, potentially through an additional debt or equity financing (potentially pursuant to our effective universal shelf registration statement), procuring a new debt facility or selling some of our assets, to fund our operations. We may not be able to raise needed cash on terms acceptable to us or at all. Financings, if available, may be on terms that are dilutive or potentially dilutive to our stockholders, such was the case with respect to the private placement transaction we completed in August 2010 and the underwritten offering of our common stock that we effected in January 2011, particularly given our current stock price. The holders of new securities may also receive rights, preferences or privileges that are senior to those of existing holders of our common stock. Additionally, our $8.0 million credit facility expired on June 30, 2011, and, if we wish to enter into a new facility, we may be unable to procure one on terms that are acceptable to us, particularly in light of the current credit market conditions. If new sources of financing are required but are insufficient or unavailable, we would be required to modify our growth and operating plans to the extent of available funding, which would harm our ability to grow our business.

Our business is subject to increasing governmental regulation in the key territories in which we conduct business. If we do not successfully respond to these regulations, our business may suffer.

We are subject to a number of domestic and foreign laws and regulations that affect our business. Not only are these laws constantly evolving, which could result in them being interpreted in ways that could harm our business, but legislation is also continually being introduced that may affect both the content of our products and their distribution. In the United States, for example, numerous federal and state laws have been introduced which attempt to restrict the content or distribution of games. Legislation has been adopted in several states, and proposed at the federal level, that prohibits the sale of certain games to minors. If such legislation is adopted, it

could harm our business by limiting the games we are able to offer to our customers or by limiting the size of the potential market for our games. We may also be required to modify certain games or alter our marketing strategies to comply with new and possibly inconsistent regulations, which could be costly or delay the release of our games. The Federal Trade Commission has also indicated that it intends to review issues related to in-app purchases, particularly with respect to games that are marketed primarily to minors. If the Federal Trade Commission issues rules significantly restricting or even prohibiting in-app purchases, it would significantly impact our business strategy. In addition, two self-regulatory bodies in the United States (the Entertainment Software Rating Board) and the European Union (Pan European Game Information) provide consumers with rating information on various products such as entertainment software similar to our products based on the content (for example, violence, sexually explicit content, language). Furthermore, the Chinese government has adopted measures designed to eliminate violent or obscene content in games. In response to these measures, some Chinese telecommunications operators have suspended billing their customers for certain mobile gaming platform services, including those services that do not contain offensive or unauthorized content, which could negatively impact our revenues in China. Any one or more of these factors could harm our business by limiting the products we are able to offer to our customers, by limiting the size of the potential market for our products, or by requiring costly additional differentiation between products for different territories to address varying regulations.

Furthermore, the growth and development of freemium gaming and the sale of virtual goods may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies such as ours. We anticipate that scrutiny and regulation of our industry will increase and we will be required to devote legal and other resources to addressing such regulation. For example, existing laws or new laws regarding the regulation of currency and banking institutions may be interpreted to cover virtual currency or goods. If that were to occur we may be required to seek licenses, authorizations or approvals from relevant regulators, the granting of which may depend on us meeting certain capital and other requirements and we may be subject to additional regulation and oversight, all of which could significantly increase our operating costs. Changes in current laws or regulations or the imposition of new laws and regulations in the United States or elsewhere regarding these activities may dampen the growth of freemium gaming and impair our business.

We sometimes offer our players various types of sweepstakes, giveaways and promotional opportunities. We are subject to laws in a number of jurisdictions concerning the operation and offering of such activities and games, many of which are still evolving and could be interpreted in ways that could harm our business. Any court ruling or other governmental action that imposes liability on providers of online services could result in criminal or civil liability and could harm our business.

In addition, because our services are available worldwide, certain foreign jurisdictions and others may claim that we are required to comply with their laws, including in jurisdictions where we have no local entity, employees or infrastructure.

The laws and regulations concerning data privacy and data security are continually evolving, and our actual or perceived failure to comply with these laws and regulations could harm our business.

We are subject to federal, state and foreign laws regarding privacy and the protection of the information that we collect regarding our users, which laws are currently in a state of flux and likely to remain so for the foreseeable future. The U.S. government, including the Federal Trade Commission and the Department of Commerce, has announced that it is reviewing the need for greater regulation for the collection of information concerning consumer behavior on the Internet, and the European Union is in the process of proposing reforms to its existing data protection legal framework. Various government and consumer agencies have also called for new regulation and changes in industry practices. If we do not follow existing laws and regulations with respect to privacy related matters, or any concerns raised by consumer about our privacy practices, even if unfounded, could damage our reputation and operating results.

We currently collect certain personally identifiable information regarding our customers, including the unique device identifiers (UDIDs) of our customers' smartphones and tablets, and expect in the future to collect additional personally identifiable information regarding our customers. We post our privacy policy and our terms of service on our corporate website. In these policies, we describe our practices concerning the use, transmission and disclosure of the information that we collect regarding our users. Any failure by us to comply with our posted privacy policy, terms of service or privacy related laws and regulations could result in proceedings against us by governmental authorities or others, which could harm our business. In addition, the interpretation of data protection laws, and their application to the mobile gaming industry is often unclear. There is a risk that these laws may be interpreted and applied in conflicting ways from state to state, country to country, or region to region, and in a manner that is not consistent with our current data protection practices. Complying with these varying international requirements could cause us to incur additional costs and change our business practices. Further, any failure by us to adequately protect our users' privacy and data could result in a loss of player confidence in our services and ultimately in a loss of users, which could adversely affect our business.

In the area of information security and data protection, many states have passed laws requiring notification to users when there is a security breach for personal data, such as the 2002 amendment to California's Information Practices Act, or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to implement. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws may subject us to significant liabilities.

Our facilities are located near known earthquake fault zones, and the occurrence of an earthquake or other natural disaster could cause damage to our facilities and equipment, which could require us to curtail or cease operations.

Our principal offices are located in the San Francisco Bay Area, an area known for earthquakes, and are thus vulnerable to damage. We are also vulnerable to damage from other types of disasters, including power loss, fire, explosions, floods, communications failures, terrorist attacks and similar events. If any disaster were to occur, our ability to operate our business at our facilities could be impaired.

If we do not adequately protect our intellectual property rights, it may be possible for third parties to obtain and improperly use our intellectual property and our business and operating results may be harmed.

Our intellectual property is an essential element of our business. We rely on a combination of copyright, trademark, trade secret and other intellectual property laws and contractual restrictions on disclosure to protect our intellectual property rights. To date, we have not sought patent protection. Consequently, we will not be able to protect our technologies from independent invention by third parties. Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise to obtain and use our technology and games, and some parties have distributed "jail broken" versions of our games where all of the content has been unlocked and made available for free. Monitoring unauthorized use of our games is difficult and costly, and we cannot be certain that the steps we have taken will prevent piracy and other unauthorized distribution and use of our technology and games, particularly internationally where the laws may not protect our intellectual property rights as fully as in the United States. In the future, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and divert our management's attention and our resources. In addition, some of our competitors have in the past released games that are nearly identical to successful games released by their competitors in an effort to confuse the market and divert users from the competitor's game to the copycat game. To the extent that these tactics are employed with respect to any of our games, it could reduce our revenues that we generate from these games.

In addition, although we require our third-party developers to sign agreements not to disclose or improperly use our trade secrets and acknowledging that all inventions, trade secrets, works of authorship, developments and other processes generated by them on our behalf are our property and to assign to us any ownership they may

have in those works, it may still be possible for third parties to obtain and improperly use our intellectual properties without our consent. This could harm our brand, business, operating results and financial condition.

We may become involved in intellectual property disputes, which may disrupt our business and could require us to pay significant damage awards.

Third parties may sue us, including for intellectual property infringement, or initiate proceedings to invalidate our intellectual property, which, if successful, could disrupt the conduct of our business, cause us to pay significant damage awards or require us to pay licensing fees. In the event of a future successful claim against us, we might be enjoined from using our or our licensed intellectual property, we might incur significant licensing fees and we might be forced to develop alternative technologies. Our failure or inability to develop non-infringing technology or games or to license the infringed or similar technology or games on a timely basis could force us to withdraw games from the market or prevent us from introducing new games. We might also incur substantial expenses in defending against third-party claims, regardless of their merit.

In addition, we use open source software in some of our games and expect to continue to use open source software in the future. From time to time, we may face claims from companies that incorporate open source software into their products, claiming ownership of, or demanding release of, the source code, the open source software and/or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our games, any of which would have a negative effect on our business and operating results.

Our reported financial results could be adversely affected by changes in financial accounting standards or by the application of existing or future accounting standards to our business as it evolves.

Our reported financial results are impacted by the accounting policies promulgated by the SEC and national accounting standards bodies and the methods, estimates, and judgments that we use in applying our accounting policies. Due to recent economic events, the frequency of accounting policy changes may accelerate, including conversion to unified international accounting standards. Policies affecting software revenue recognition have and could further significantly affect the way we account for revenue related to our products and services. For example, the accounting for revenue derived from smartphone platforms and freemium games, particularly with regard to micro-transactions, is still evolving and, in some cases, uncertain. We currently defer revenues related to virtual currency over the average playing period of paying users which approximates the useful life of the transaction. While we believe our estimates are reasonable based on available game player information, we may revise such estimates in the future as our games' operation periods change. Any adjustments arising from changes in the estimates of the lives of these virtual items would be applied prospectively on the basis that such changes are caused by new information indicating a change in the game player behavior patterns of our paying users. Any changes in our estimates of useful lives of these virtual items may result in our revenues being recognized on a basis different from prior periods' and may cause our operating results to fluctuate. As we enhance, expand and diversify our business and product offerings, the application of existing or future financial accounting standards, particularly those relating to the way we account for revenue, could have a significant adverse effect on our reported results although not necessarily on our cash flows.

If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; in that case, our stockholders could lose confidence in our financial reporting, which could negatively impact the price of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. In addition, Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal control over financial reporting. We have incurred, and expect to continue to incur, substantial accounting and auditing expenses and expend significant management time in complying with the requirements of Section 404. Even if

we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm discover a material weakness or a significant deficiency in our internal control, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our stock price. In addition, a delay in compliance with Section 404 could subject us to a variety of administrative sanctions, including ineligibility for short form resale registration, action by the SEC, the suspension or delisting of our common stock from the NASDAQ Global Market and the inability of registered broker-dealers to make a market in our common stock, which would further reduce our stock price and could harm our business.

Maintaining and improving our financial controls and the requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified members for our board of directors.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules and regulations of the NASDAQ Stock Market. The requirements of these rules and regulations has significantly increased our legal, accounting and financial compliance costs, makes some activities more difficult, time-consuming and costly and may also place undue strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. This can be difficult to do. To maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we expend significant resources and provide significant management oversight to implement appropriate processes, document our system of internal control over relevant processes, assess their design, remediate any deficiencies identified and test their operation. As a result, management's attention may be diverted from other business concerns, which could harm our business, operating results and financial condition. These efforts also involve substantial accounting-related costs. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NASDAQ Global Market.

Changes in our tax rates or exposure to additional tax liabilities could adversely affect our earnings and financial condition.

We are subject to income taxes in the United States and in various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes, and, in the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain.

We are also required to estimate what our tax obligations will be in the future. Although we believe our tax estimates are reasonable, the estimation process and applicable laws are inherently uncertain, and our estimates are not binding on tax authorities. The tax laws' treatment of software and internet-based transactions is particularly uncertain and in some cases currently applicable tax laws are ill-suited to address these kinds of transactions. Apart from an adverse resolution of these uncertainties, our effective tax rate could also be adversely affected by our profit level, by changes in our business or changes in our structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the elections we make, changes in applicable tax laws (in the United States or foreign jurisdictions), or changes in the valuation allowance for deferred tax assets, as well as other factors. For example, the current administration has made public statements indicating that it has made international tax reform a priority, and key members of the U.S. Congress have conducted hearings and proposed new legislation. Recent changes to U.S. tax laws, including limitations on the

ability of taxpayers to claim and utilize foreign tax credits and the deferral of certain tax deductions until earnings outside of the United States are repatriated to the United States, as well as changes to U.S. tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings.

We incur certain tax expenses that do not decline proportionately with declines in our consolidated pre-tax income or loss. As a result, in absolute dollar terms, our tax expense will have a greater influence on our effective tax rate at lower levels of pre-tax income or loss than at higher levels. In addition, at lower levels of pre-tax income or loss, our effective tax rate will be more volatile.

We are also required to pay taxes other than income taxes, such as payroll, value-added, net worth, property and goods and services taxes, in both the United States and foreign jurisdictions. We are subject to examination by tax authorities with respect to these non-income taxes. The outcomes from examinations, changes in our business or changes in applicable tax rules may have an adverse effect on our earnings and financial condition. In addition, we do not collect sales and use taxes since we do not make taxable sales in jurisdictions where we have employees and/or property or we do not have nexus in the jurisdiction. If tax authorities assert that we have taxable nexus in the jurisdiction, those authorities might seek to impose past as well as future liability for taxes and/or penalties. Such impositions could also impose significant administrative burdens and decrease our future sales. Moreover, state and federal legislatures have been considering various initiatives that could change our position regarding sales and use taxes.

Furthermore, as we change our international operations, adopt new products and new distribution models, implement changes to our operating structure or undertake intercompany transactions in light of changing tax laws, acquisitions and our current and anticipated business and operational requirements, our tax expense could increase.

Our stock price has fluctuated and declined significantly since our initial public offering in March 2007, and may continue to fluctuate, may not rise and may decline further.

The trading price of our common stock has fluctuated in the past and is expected to continue to fluctuate in the future, as a result of a number of factors, many of which are outside our control, such as:

- price and volume fluctuations in the overall stock market, including as a result of trends in the U.S. or global economy as a whole and the continuing unprecedented volatility in the financial markets;
- changes in the operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- actual or anticipated fluctuations in our operating results;
- 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 financial estimates or ratings by any securities analysts who follow our company or our industry, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our stock;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, capital raising activities or capital commitments;
- the public’s response to our press releases or other public announcements, including our filings with the SEC;
- any significant sales of our stock by our directors, executive officers or large stockholders, including the investors in our 2010 private placement transaction or by the former stockholders of Blammo and Griptonite, each of whose shares have been registered for resale under the Securities Act and may be freely sold at any time; and
- lawsuits threatened or filed against us.

In addition, the stock markets, including the NASDAQ Global Market on which our common stock is listed, have recently and in the past, experienced extreme price and volume fluctuations that have affected the market prices of many companies, some of which appear to be unrelated or disproportionate to the operating performance of these companies. These broad market fluctuations could adversely affect the market price of our common stock. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. Securities class action litigation against us could result in substantial costs and divert our management's attention and resources.

Some provisions in our certificate of incorporation and bylaws may deter third parties from seeking to acquire us.

Our certificate of incorporation and bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our board of directors, including the following:

- our board of directors is classified into three classes of directors with staggered three-year terms;
- only our chairman of the board, our lead independent director, our chief executive officer, our president or a majority of our board of directors is authorized to call a special meeting of stockholders;
- our stockholders are able to take action only at a meeting of stockholders and not by written consent;
- only our board of directors and not our stockholders is able to fill vacancies on our board of directors;
- our certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before a meeting of stockholders.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

We lease approximately 19,027 square feet in San Francisco, California for our corporate headquarters, which includes our operations, studio and research and development facilities, pursuant to a sublease agreement that expires in November 2013. We also lease approximately 52,100 square feet in San Mateo, California, with respect to our former corporate headquarters, pursuant to a sublease agreement that expires in July 2012; we have sublet all of this space to two tenants. We lease approximately 54,453 square feet in Kirkland, Washington for our Griptonite studio pursuant to a lease that expires in September 2015. We lease approximately 15,796 square feet in Beijing, China for our principal Asia Pacific offices and our China studio facilities pursuant to a lease that expires in October 2013 and two leases that both expire in November 2013. We lease approximately 13,429 square feet in Moscow, Russia for our Russia studio facilities pursuant to a lease that expires in November 2012. We also lease properties in Brazil, Canada, England, France and Spain. We believe our space is adequate for our current needs and that suitable additional or substitute space will be available to accommodate the foreseeable expansion of our operations.

Item 3. *Legal Proceedings*

From time to time, we are subject to various claims, complaints and legal actions in the normal course of business. We are not currently party to any pending litigation, the outcome of which will have a material adverse effect on our operations, financial position or liquidity. However, the ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on us because of defense costs, potential negative publicity, diversion of management resources and other factors.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

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

Market Information for Common Stock

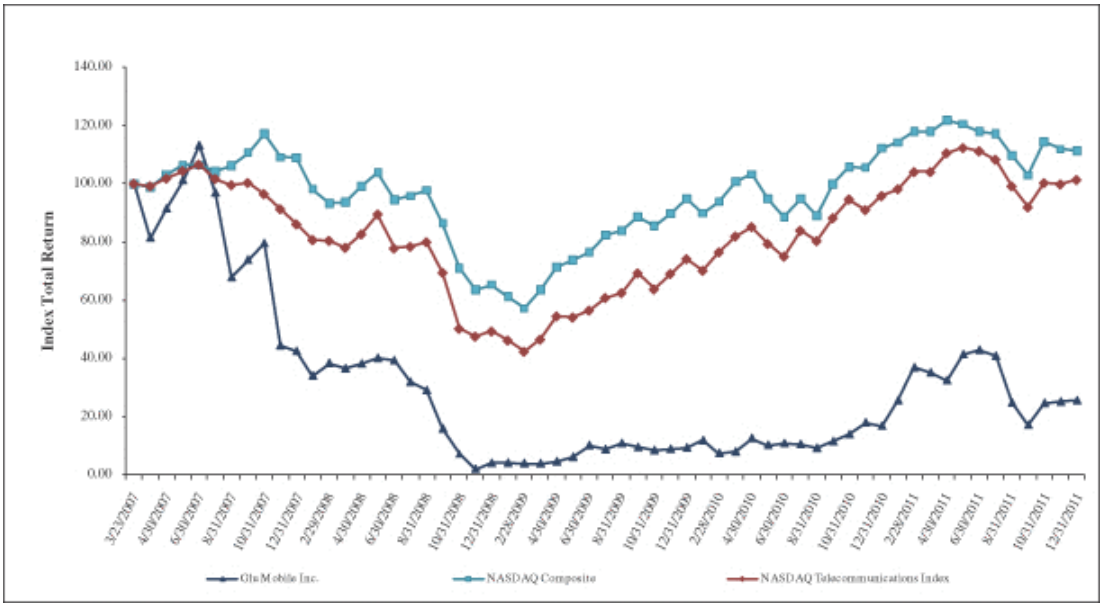
Our common stock has been listed on The NASDAQ Global Market under the symbol "GLUU" since our initial public offering in March 2007. The following table sets forth, for the periods indicated, the high and low intra-day prices for our common stock as reported on The NASDAQ Global Market. The closing price of our common stock on March 13, 2012 was $4.17.

	High	Low
Year ended December 31, 2010		
First quarter	$ 1.54	$ 0.85
Second quarter	$ 1.69	$ 0.90
Third quarter	$ 1.50	$ 1.02
Fourth quarter	$ 2.75	$ 1.34
Year ended December 31, 2011		
First quarter	$ 5.08	$ 1.92
Second quarter	$ 5.75	$ 3.17
Third quarter	$ 6.10	$ 2.05
Fourth quarter	$ 3.81	$ 1.80

Our stock price has fluctuated and declined significantly since our initial public offering. Please see the Risk Factor—"Our stock price has fluctuated and declined significantly since our initial public offering in March 2007, and may continue to fluctuate, may not rise and may decline further"—in Item 1A of this report.

Stock Price Performance Graph

The following graph shows a comparison from March 22, 2007 (the date our common stock commenced trading on The NASDAQ Stock Market) through December 31, 2011 of the cumulative total return for an investment of $100 (and the reinvestment of dividends) in our common stock, the NASDAQ Composite Index and the NASDAQ Telecommunications Index. Such returns are based on historical results and are not intended to suggest future performance.



The above information under the heading "Stock Price Performance Graph" shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act of 1934, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act, and shall not be incorporated by reference into any registration statement or other document filed by us with the SEC, whether made before or after the date of this report, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Equity Compensation Plan Information

The following table sets forth certain information, as of December 31, 2011, concerning securities authorized for issuance under all of our equity compensation plans: our 2001 Second Amended and Restated Stock Option Plan (the "2001 Plan"), which plan terminated upon the adoption of the 2007 Equity Incentive Plan (the "2007 Plan"), 2007 Employee Stock Purchase Plan (the "ESPP") and 2008 Equity Inducement Plan (the "Inducement Plan"). Each of the 2007 Plan and ESPP contains an "evergreen" provision, pursuant to which on January 1st of each year we automatically add 3% and 1%, respectively, of our shares of common stock outstanding on the preceding December 31st to the shares reserved for issuance under each plan; the evergreen provision for our 2007 Plan expired after the last increase on January 1, 2011, while the evergreen provision for our 2007 ESPP expires after the scheduled increase on January 1, 2015. In addition, pursuant to a "pour over" provision in our 2007 Plan, options that are cancelled, expired or terminated under the 2001 Plan are added to the number of shares reserved for issuance under our 2007 Plan.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	7,625,067	$ 2.79	3,221,206(1)
Equity compensation plans not approved by security holders	2,118,909(2)	2.76	243,213(3)
Total	9,743,976	$ 2.78	3,464,419(4)

(1) Represents 2,617,961 shares available for issuance under our the 2007 Plan, which plan permits the grant of incentive and non-qualified stock options, stock appreciation rights, restricted stock, stock awards and restricted stock units; and 603,245 shares available for issuance under the ESPP.

(2) Represents outstanding options under the Inducement Plan.

(3) Represents shares available for issuance under the Inducement Plan, which plan permits the grant of non-qualified stock options.

(4) Excludes 637,488 shares available for issuance under the ESPP, which was added to the share reserve on January 1, 2012 pursuant to the evergreen provisions described above.

In March 2008, in connection with our acquisition of Superscape Group plc, our Board of Directors adopted the Inducement Plan to augment the shares available under our existing 2007 Plan. The Inducement Plan, which has a ten-year term, did not require the approval of our stockholders. We initially reserved 600,000 shares of our common stock for grant and issuance under the Inducement Plan. On December 28, 2009, the Compensation Committee of our Board of Directors increased the number of shares reserved for issuance under the Inducement Plan by 819,245 shares, which increased the number of shares available for issuance under the Inducement Plan at that time to 1,250,000 shares. We utilized all of these shares for a stock option grant that we awarded to Niccolo M. de Masi in connection with his appointment as our new President and Chief Executive Officer. Furthermore, in connection with the acquisitions of Griptonite and Blammo, the Compensation Committee of our Board of Directors increased the number of shares reserved for issuance under our Inducement Plan by 1,050,000 shares. We utilized these additional shares to grant stock options to certain of the new non-executive officer employees of Griptonite and Blammo to purchase shares of our common stock. Accordingly, we have reserved a total of 2,469,245 shares of our common stock for grant and issuance under the Inducement Plan since its inception, of which, as of December 31, 2011, 2,118,909 shares were subject to outstanding stock options and 243,213 shares were available for issuance. The remaining 107,123 shares represent shares that were subject to previously issued options under the Inducement Plan which have been exercised and sold by the option holders.

We may only grant Nonqualified Stock Options ("NSOs") under the Inducement Plan and grants under the Inducement Plan may only be made to persons not previously an employee or director of Glu, or following a bona fide period of non-employment, as an inducement material to such individual's entering into employment with us and to provide incentives for such persons to exert maximum efforts for our success. We may grant NSOs under the Inducement Plan at prices less than 100% of the fair value of the shares on the date of grant, at the discretion of our Board of Directors. The fair value of our common stock is determined by the last sale price of our stock on the NASDAQ Global Market on the date of determination. If any option granted under the Inducement Plan expires or terminates for any reason without being exercised in full, the unexercised shares will be available for grant by us under the Inducement Plan. All outstanding NSOs are subject to adjustment for any future stock dividends, splits, combinations, or other changes in capitalization as described in the Inducement Plan. If we were acquired and the acquiring corporation did not assume or replace the NSOs granted under the Inducement Plan, or if we were to liquidate or dissolve, all outstanding awards will expire on such terms as our Board of Directors determines.

Stockholders

As of March 1, 2012, we had approximately 87 record holders of our common stock and hundreds of additional beneficial holders.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our Board of Directors.

Recent Sales of Unregistered Securities

Not applicable.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 6. ***Selected Financial Data***

The following selected consolidated financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," Item 8, "Financial Statements and Supplementary Data," and other financial data included elsewhere in this report. Our historical results of operations are not necessarily indicative of results of operations to be expected for any future period.

	Year Ended December 31,				
	2011	2010	2009	2008	2007
	(In thousands, except per share amounts)				
Consolidated Statements of Operations Data:					
Revenues	$66,185	$ 64,345	$ 79,344	$ 89,767	$66,867
Cost of revenues:					
Royalties and other cost of revenues	12,389	16,643	21,829	22,562	18,381
Impairment of prepaid royalties and guarantees	531	663	6,591	6,313	—
Amortization of intangible assets	5,447	4,226	7,092	11,309	2,201
Total cost of revenues	18,367	21,532	35,512	40,184	20,582
Gross profit	47,818	42,813	43,832	49,583	46,285
Operating expenses(1):					
Research and development	39,073	25,180	25,975	32,140	22,425
Sales and marketing	14,607	12,140	14,402	26,066	13,224
General and administrative	14,002	13,108	16,271	20,971	16,898
Amortization of intangible assets	825	205	215	261	275
Restructuring charge	545	3,629	1,876	1,744	—
Acquired in-process research and development	—	—	—	1,110	59
Impairment of goodwill	—	—	—	69,498	—
Gain on sale of assets	—	—	—	—	(1,040)
Total operating expenses	69,052	54,262	58,739	151,790	51,841
Loss from operations	(21,234)	(11,449)	(14,907)	(102,207)	(5,556)
Interest and other income (expense), net	747	(1,265)	(1,127)	(1,359)	1,965
Loss before income taxes and cumulative effect of change in accounting principle	(20,487)	(12,714)	(16,034)	(103,566)	(3,591)
Income tax benefit (provision)	(614)	(709)	(2,160)	(3,126)	265
Net loss	(21,101)	(13,423)	(18,194)	(106,692)	(3,326)
Accretion to preferred stock	—	—	—	—	(17)
Deemed dividend	—	—	—	—	(3,130)
Net loss attributable to common stockholders	$(21,101)	$(13,423)	$(18,194)	$(106,692)	$ (6,473)
Net loss per share attributable to common stockholders—basic and diluted loss before cumulative effect of change in accounting principle	$ (0.37)	$ (0.38)	$ (0.61)	$ (3.63)	$ (0.14)
Deemed dividend	—	—	—	—	(0.14)
Net loss per share attributable to common stockholders—basic and diluted	$ (0.37)	$ (0.38)	$ (0.61)	$ (3.63)	$ (0.28)
Weighted average common shares outstanding	57,518	35,439	29,853	29,379	23,281

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

Research and development	$1,387	$ 480	$ 716	$ 714	$ 939
Sales and marketing	351	217	564	5,174	674
General and administrative	1,372	871	1,646	2,097	2,186

	Year Ended December 31,				
	2011	2010	2009	2008	2007
	(In thousands)				
Cash and cash equivalents and short-term investments	$32,212	$12,863	$ 10,510	$19,166	$ 59,810
Total assets	82,804	44,816	57,738	92,076	161,505
Current portion of long-term debt	—	2,288	16,379	14,000	—
Long-term debt, less current portion	—	—	—	10,125	—
Total stockholder's equity/(deficit)	$49,173	$13,885	$11,693	$ 26,794	$ 129,461

Please see Note 2, Note 3 and Note 7 of Notes to Consolidated Financial Statements, for a discussion of factors such as accounting changes, business combinations, and any material uncertainties (if any) that may materially affect the comparability of the information reflected in selected financial data, described in Item 8 of this report.

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

The information in this discussion and elsewhere in this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "may," "will," "believe," "anticipate," "plan," "expect," "intend," "could," "estimate," "continue" and similar expressions or variations are intended to identify forward-looking statements. In this report, forward-looking statements include, without limitation, the following:

- *our expectations and beliefs regarding the future conduct and growth of our business;*
- *our expectations regarding competition and our ability to compete effectively;*
- *our expectations regarding the development of our social, freemium games for smartphones and tablets;*
- *our intention to continue our use of in-game advertising, offers, micro-transactions and other monetization techniques with respect to the games we develop for smartphones and tablets;*
- *our expectation that the substantial majority of the social, freemium games that we are developing for smartphones and tablets will be based on our own intellectual property, which we believe will significantly enhance our margins and long-term value;*
- *our expectations regarding our revenues, including the expected continued decline in revenues from games we develop for feature phones in our carrier-based business and our belief that our smartphone revenues will continue to increase as a percentage of our total revenues during each quarter of 2012;*
- *our expectation that the revenues that we derive from in-app purchases in our games will continue to grow in 2012;*
- *our expectations regarding our operating expenses, including anticipated increased spending on sales and marketing and research and development initiatives during 2012 compared with 2011, as well as the anticipated impact that our recent acquisitions of Blammo and Griptonite will have on our operating expenses;*
- *our expectation that the first titles created by our Griptonite studio should be launched in the first quarter of 2012;*
- *our expectation that we will release more than 20 new freemium games for smartphones in 2012;*
- *our assumptions regarding the impact of Recent Accounting Pronouncements applicable to us;*
- *our assessments and estimates that determine our effective tax rate and valuation allowance; and*

- *our belief that our cash and cash equivalents and cash flows from operations will be sufficient to meet our cash needs for at least the next 12 months.*

Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in "Risk Factors" included in Section 1A of this report. All forward-looking statements in this document are based on information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statements to reflect future events or circumstances.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes contained elsewhere in this report. Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") includes the following sections:

- An Overview that discusses at a high level our operating results and some of the trends that affect our business;
- Critical Accounting Policies and Estimates that we believe are important to understanding the assumptions and judgments underlying our financial statements;
- Recent Accounting Pronouncements;
- Results of Operations, including a more detailed discussion of our revenues and expenses; and
- Liquidity and Capital Resources, which discusses key aspects of our statements of cash flows, changes in our balance sheets and our financial commitments.

Overview

This overview provides a high-level discussion of our operating results and some of the trends that affect our business. We believe that an understanding of these trends is important to understand our financial results for fiscal 2011, as well as our future prospects. This summary is not intended to be exhaustive, nor is it intended to be a substitute for the detailed discussion and analysis provided elsewhere in this report, including our consolidated financial statements and accompanying notes.

Financial Results and Trends

Revenues for 2011 were $66.2 million, a 3% increase from 2010 in which we reported revenues of $64.3 million. This increase in revenues was primarily due to a significant increase in our revenues that we generated from games for smartphones, such as Apple's iPhone and mobile phones utilizing Google's Android operating system. We believe that the migration of users from feature phones to smartphone devices, which offer enhanced functionality, will continue to accelerate in 2012 and for the foreseeable future as consumers increasingly upgrade their mobile phones. Accordingly, we have shifted our product development focus exclusively towards developing new titles for smartphones and tablet devices, such as Apple's iPad, and intend to continue to devote significantly fewer resources towards selling games for feature phones in future periods.

For us to succeed in 2012 and beyond, we believe that we must increasingly publish mobile games that are widely accepted and commercially successful on smartphone and tablet digital storefronts, which include Apple's App Store, the Google Play Store, Amazon's Appstore and Microsoft's Windows Marketplace. Our smartphone revenues accounted for approximately 53% and 15% of our revenues for the years ended December 31, 2011 and December 31, 2010, respectively. Our strategy for increasing our revenues from smartphones and tablets involves becoming the leading publisher of social, mobile "freemium" games—games that are downloadable without an initial charge, but which enable a variety of additional content and features to be accessed for a fee or otherwise monetized through various advertising and offer techniques. Because our games can be downloaded and played

for free, we are able to more quickly build a significantly larger customer base than we could if we charged users an upfront fee for downloading our games. In addition, our social, freemium games are generally designed to be persistent experiences maintained through regular content updates. We believe this approach will enable us to build and grow a longer lasting and more direct relationship with our customers, which will assist us in our future sales and marketing efforts. We intend to continue to have the substantial majority of our social, freemium games be based upon our own intellectual property, which we believe will significantly enhance our margins and long-term value.

Our smartphone revenues surpassed our feature phone revenues for the first time on a quarterly basis in the second quarter of 2011 and continued to grow during each of the third and fourth quarters of 2011. However, continuing to significantly grow our revenues from smartphones and tablets may be challenging for us for several reasons, including: (1) we have encountered difficulties in retaining users of our games for any significant length of time after they initially download our games and only a small percentage of users ever purchase virtual currency in our games, and these factors have combined to suppress the overall average lifetime value of our users; (2) the open nature of many of the smartphone and tablet storefronts substantially increases the number of competitive products and competitors to produce them, many of which may devote large marketing budgets to promoting their titles reducing the likelihood of consumer discovery of our titles; (3) we have only relatively recently concentrated our efforts on developing and marketing social, freemium games; (4) our relatively limited experience creating games that include micro-transaction capabilities, advertising and offers has caused us, and may continue to cause us to have, difficulty optimizing the monetization of our social, freemium games; (5) we historically have had more limited success in generating significant revenues from games based on our own intellectual property rather than licensed brands; and (6) our social, freemium games may not be widely downloaded by consumers for a variety of reasons, including poor consumer reviews or other negative publicity, ineffective or insufficient marketing efforts, a failure to achieve prominent storefront featuring for such games or as a result of the large file sizes of many of our games.

In addition, our revenues will continue to depend significantly on growth in the mobile games market, our ability to continue to attract new end users in that market and the overall strength of the economy, particularly in the United States. Our revenues may also be adversely impacted by decisions by digital storefront owners or our carriers to alter their terms related to the distribution of our games. For example, during the quarter ended June 30, 2011, Apple stopped permitting publishers to include certain types of advertising in games sold through the Apple App Store, and this change in Apple policy has negatively impacted our smartphone revenues. Our revenues depend on a variety of other factors, including our relationships with digital storefront owners, carriers, other distributors and our licensors. The loss of any of our key relationships could adversely impact our revenues in the future.

Our net loss in 2011 was $21.1 million versus a net loss of $13.4 million in 2010. This increase in our net loss was primarily due to an increase in operating expenses of $14.8 million driven by additional personnel and facility costs associated with the acquisitions of Griptonite and Blammo and increased research and development and sales and marketing expenses associated with the development and launch of our freemium titles. This increase was partially offset by a decrease in our cost of revenues by $3.2 million due to a decrease in royalty-burdened revenues and impairments of advanced royalties, a $1.8 million increase in revenues due to continued growth in sales of our smartphone games and a decrease in other income and expenses of $2.0 million related primarily to lower interest charges as the MIG promissory notes were fully repaid and favorable foreign exchange revaluations in 2011 compared to 2010. Our operating results are also affected by fluctuations in foreign currency exchange rates of the currencies in which we incur meaningful operating expenses (principally the British Pound Sterling, Chinese Renminbi, Brazilian Real and Russian Ruble), and our customers' reporting currencies, as we transact business in more than 70 countries in more than 20 different currencies, and these currencies fluctuated significantly in 2010 and 2011.

We significantly increased our spending on sales and marketing initiatives in 2011 in connection with the launch and promotion of our social, freemium games, and we expect our sales and marketing expenditures to

continue to increase during 2012. We also expect that our expenses to develop and port games for smartphones and tablets will increase as we enhance our existing titles and develop new titles to take advantage of the additional functionality offered by these devices. In addition, we expect our overall operating expenses, particularly our research and development expenses, to significantly increase in 2012 due to our acquisitions of Griptonite and Blammo. As a result of these acquisitions and the increased spending on sales and marketing and research and development initiatives, we expect to use a significant amount of cash in operations throughout 2012, though at declining rates as we begin releasing products developed by the Griptonite studio.

Our ability to attain profitability will be affected by our ability to grow our revenues, including our ability to integrate the Blammo and Griptonite acquisitions and begin deriving significant revenues from the efforts of the acquired companies, particularly Griptonite, and the extent to which we must incur additional expenses to expand our sales, marketing, development, and general and administrative capabilities to grow our business. The largest component of our recurring expenses is personnel costs, which consist of salaries, benefits and incentive compensation, including bonuses and stock-based compensation, for our employees. We expect that the restructuring measures we implemented during 2010 and first, second and fourth quarters of 2011, which primarily consisted of headcount reductions, will have a beneficial effect on our overall operating expenses, but will not fully offset the expected increases in our operating expenses. Our business has historically been impacted by seasonality, as many new mobile handset models are released in the fourth calendar quarter to coincide with the holiday shopping season. Because many end users download our games soon after they purchase new mobile phones and tablets, we generally experience seasonal sales increases based on the holiday selling period. However, due to the time between mobile phone and tablet purchases and game purchases, some of this holiday impact occurs for us in our first calendar quarter. In addition, companies' advertising budgets are generally highest during the fourth quarter and decline significantly in the first quarter of the following year, which affects the smartphone revenues we derive from advertisements in our freemium games. We expect these seasonal trends to continue in the future.

Cash and cash equivalents at December 31, 2011 totaled $32.2 million, an increase of $19.3 million from the $12.9 million balance at December 31, 2010. This increase was primarily due to $15.7 million of net proceeds we received from the underwritten public offering of common stock that we completed in January 2011 (the "2011 Public Offering"), $10.3 million in cash that we acquired in connection with our acquisition of Griptonite in August 2011, and $5.7 million of proceeds received from warrant exercises, option exercises and purchases under our employee stock purchase program. These inflows were partially offset by $6.7 million of cash used in operations, $2.3 million paid under our credit facility, $2.7 million of capital expenditures and $698,000 of taxes that had been withheld on the December 31, 2010 payment to retire outstanding promissory notes made to the former MIG shareholders. We believe our cash and cash equivalents and cash flows from operations will be sufficient to meet our anticipated cash needs for at least the next 12 months.

Significant Transactions

Acquisition of Griptonite

On August 2, 2011, we completed the acquisition of Griptonite pursuant to an Agreement and Plan of Merger, as amended (the "Merger Agreement"), by and among Glu, Granite Acquisition Corp., a Washington corporation and wholly owned subsidiary of Glu ("Sub"), Foundation 9 Entertainment, Inc., a Delaware corporation ("Foundation 9"), and Griptonite. Pursuant to the terms of the Merger Agreement, Sub merged with and into Griptonite in a statutory reverse triangular merger (the "Merger"), with Griptonite surviving the Merger as a wholly owned subsidiary of Glu.

In connection with the Merger, we issued to Foundation 9, as Griptonite's sole shareholder, in exchange for all of the issued and outstanding shares of Griptonite capital stock, a total of 6,106,015 shares of our common stock, of which 600,000 shares will be held in escrow until November 2, 2012 as security to satisfy indemnification claims under the Merger Agreement. In addition, we may be required to issue additional shares

(not to exceed 5,301,919 shares) or in specified circumstances pay additional cash (i) in satisfaction of indemnification obligations in the case of, among other things, breaches of our representations, warranties and covenants in the Merger Agreement or (ii) pursuant to potential working capital adjustments.

Acquisition of Blammo

On August 1, 2011, we completed the acquisition of Blammo by entering into a Share Purchase Agreement (the "Share Purchase Agreement") by and among Glu, Blammo and each of the owners of the outstanding share capital of Blammo (the "Sellers").

Pursuant to the terms of the Share Purchase Agreement, we purchased from the Sellers all of the issued and outstanding share capital of Blammo (the "Share Purchase"), and in exchange for such Blammo share capital, we (i) issued to the Sellers, in the aggregate, 1,000,000 shares of our common stock (the "Initial Shares") and (ii) agreed to issue to the Sellers, in the aggregate, up to an additional 3,312,937 shares of our common stock (the "Additional Shares") if Blammo achieves certain Net Revenue targets during the years ending March 31, 2013, March 31, 2014 and March 31, 2015, as more fully described below. 100,000 of the Initial Shares will be held in escrow until August 1, 2012 to satisfy potential indemnification claims under the Share Purchase Agreement.

The Additional Shares will be issued to the Sellers if, and to the extent that, Blammo achieves certain Net Revenue (as such term is defined in the Share Purchase Agreement) performance targets as follows: (i) for fiscal 2013 (April 1, 2012 through March 31, 2013), (a) 227,273 Additional Shares will be issued to the Sellers if, and only in the event that, Blammo meets its Baseline Net Revenue goal for such fiscal year, and (b) up to an additional 681,818 Additional Shares will be issued to the Sellers to the extent that Blammo exceeds its Baseline Net Revenue goal and meets its Upside Net Revenue goal for such fiscal year, (ii) for fiscal 2014 (April 1, 2013 through March 31, 2014), (a) 416,667 Additional Shares will be issued to the Sellers if, and only in the event that, Blammo meets its Baseline Net Revenue goal for such fiscal year, and (b) up to an additional 833,333 Additional Shares will be issued to the Sellers to the extent that Blammo exceeds its Baseline Net Revenue goal and meets its Upside Net Revenue goal for such fiscal year, and (iii) for fiscal 2015 (April 1, 2014 through March 31, 2015), (a) no Additional Shares will be issued to the Sellers if Blammo does not meet its Baseline Net Revenue goal for such fiscal year and (b) up to 1,153,846 Additional Shares will be issued to the Sellers to the extent that Blammo exceeds its Baseline Net Revenue goal and meets its Upside Net Revenue goal for such fiscal year. To the extent that Blammo meets its Baseline Net Revenue goal for a fiscal year but does not meet its Upside Net Revenue goal for such fiscal year, Additional Shares will be issued to the Sellers on a straight-line basis based on the amount by which Blammo exceeded the Baseline Net Revenue goal. Blammo's Baseline and Upside Net Revenue goals for fiscal 2013, 2014 and 2015 are as follows:

Fiscal Year	Baseline Net Revenue	Upside Net Revenue
Fiscal 2013	$ 3,500,000	$ 5,000,000
Fiscal 2014	$ 5,500,000	$ 10,000,000
Fiscal 2015	$ 8,500,000	$ 15,000,000

The first title created by Blammo was released in the fourth quarter of 2011 and we anticipate that the first title created by our Griptonite studio should be launched in the first quarter of 2012.

Public Offering

In January 2011, we completed the 2011 Public Offering in which we sold an aggregate of 8,414,635 shares of our common stock at a price to the public of $2.05 per share for net proceeds of approximately $15.7 million after underwriting discounts and commissions and offering expenses. The underwriters of the 2011 Public Offering were Roth Capital Partners, LLC, Craig-Hallum Capital Group LLC, Merriman Capital, Inc. and Northland Capital Markets.

Private Placement

In August 2010, we completed a private placement of our common stock (the "2010 Private Placement") in which we issued and sold to certain investors an aggregate of 13,495,000 shares of common stock at $1.00 per share and warrants exercisable to purchase up to 6,747,500 shares of common stock at $1.50 per share for initial net proceeds of approximately $13.2 million (excluding any proceeds we may receive upon exercise of the warrants).

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles, or GAAP. These accounting principles require us to make certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the dates of the consolidated financial statements, the disclosure of contingencies as of the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the periods presented. Although we believe that our estimates and judgments are reasonable under the circumstances existing at the time these estimates and judgments are made, actual results may differ from those estimates, which could affect our consolidated financial statements.

We believe the following to be critical accounting policies because they are important to the portrayal of our financial condition or results of operations and they require critical management estimates and judgments about matters that are uncertain:

- revenue recognition;
- fair value;
- business combinations – purchase accounting;
- long-lived assets;
- goodwill;
- stock-based compensation; and
- income taxes.

Revenue Recognition

We generate revenues through the sale of our games on traditional feature phones and smartphones and tablets, such as Apple's iPhone and iPad and other mobile devices utilizing Google's Android operating system. Feature phone games are distributed primarily through wireless carriers and Smartphone games are distributed primarily through digital storefronts such as the Apple App Store.

Smartphone revenue

We distribute our games for smartphones and tablets on digital storefronts such as the Apple's App Store and the Google Play Store. Within these storefronts, users can download our freemium games and pay to acquire virtual currency which can be redeemed in the game for virtual goods. We recognize revenue when persuasive evidence of an arrangement exists, the service has been provided to the user, the price paid by the user is fixed or determinable, and collectability is reasonably assured. Determining whether and when some of these criteria have been satisfied requires judgments that may have a significant impact on the timing and amount of revenue we report in each period. For the purpose of determining when the service has been provided to the player, we have determined that an implied obligation exists to the paying user to continue displaying the purchased virtual goods within the game over the virtual goods' estimated useful lives. We sell both consumable and durable virtual goods. Consumable goods are items consumed at a predetermined time or otherwise have limitations on repeated use, while durable goods are items accessible to the user over an extended period of time. We recognize revenue from

the sale of virtual currency and other virtual items ratably over the estimated average playing period of paying users. Where we do not have the ability to differentiate revenues from durable and consumable virtual goods, all revenues are deferred ratably over the average playing period of paying users. While we believe our estimates to be reasonable based on available game player information, we may revise such estimates in the future as the games' operation periods change. Any adjustments arising from changes in the estimates of the lives of these virtual goods would be applied prospectively on the basis that such changes are caused by new information indicating a change in game player behavior patterns. Any changes in our estimates of useful lives of these virtual goods may result in revenues being recognized on a basis different from prior periods' and may cause our operating results to fluctuate.

We also have relationships with certain advertising agencies for advertisements within our smartphone games and revenue from these advertisers is generated through impressions, clickthroughs, banner ads and offers. Revenue is recognized as advertisements are delivered, an executed contract exists, the price is fixed or determinable and collectability has been reasonably assured. Delivery generally occurs when the advertisement has been displayed or the offer has been completed by the user. Certain offer advertisements that result in the user receiving virtual currency are deferred and recognized over the average playing period of paying users.

Feature phone revenue

Our feature phone revenues are derived primarily by licensing software products in the form of mobile games. We distribute these products primarily through mobile telecommunications service providers ("carriers"), which market the games to end users. License fees are usually billed by the carrier upon download of the game by the end user and are generally billed monthly. Revenues are recognized from our games when persuasive evidence of an arrangement exists, the game has been delivered, the fee is fixed or determinable, and the collection of the resulting receivable is probable. We consider a signed license agreement to be evidence of an arrangement with a carrier and a "clickwrap" agreement to be evidence of an arrangement with an end user. For these licenses, we define delivery as the download of the game by the end user.

Other estimates and judgments

We estimate revenues from carriers and digital storefronts in the current period when reasonable estimates of these amounts can be made. Certain carriers and digital storefronts provide reliable interim preliminary reporting and others report sales data within a reasonable time frame following the end of each month, both of which allow us to make reasonable estimates of revenues and therefore to recognize revenues during the reporting period. Determination of the appropriate amount of revenue recognized involves judgments and estimates that we believe are reasonable, but it is possible that actual results may differ from our estimates. When we receive the final reports, to the extent not received within a reasonable time frame following the end of each month, we record any differences between estimated revenues and actual revenues in the reporting period. Historically, the revenues on the final revenue report have not differed by more than one half of 1% of the reported revenues for the period, which we deem to be immaterial.

In accordance with ASC 605-45, *Revenue Recognition: Principal Agent Considerations* , we recognize as revenues the amounts the carrier and digital storefronts reports as payable upon the sale of our games. We have evaluated our carrier and digital storefront agreements and have determined that we are not the principal when selling our games. Key indicators that we evaluated to reach this determination include:

- wireless subscribers directly contract with the carriers and digital storefronts, which have most of the service interaction and are generally viewed as the primary obligor by the subscribers;
- carriers and digital storefronts generally have responsibility for fulfillment of the games and have significant control over the types of games that they offer to their subscribers;
- the limited number of digital storefronts currently available in the marketplace;

- carriers and digital storefronts are directly responsible for billing and collecting fees from their subscribers, including the resolution of billing disputes;
- carriers and digital storefronts generally pay us a fixed percentage of their revenues or a fixed fee for each game;
- carriers and digital storefronts generally must approve the price of our games in advance of their sale to subscribers or provide tiered pricing thresholds, and the more significant carriers generally have the ability to set the ultimate price charged to their subscribers; and
- we have limited risks, including no inventory risk and limited credit risk.

Fair Value Measurements

We account for fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. We use a three tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

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

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The first two are levels in the hierarchy are considered observable inputs and the last is considered unobservable. Our cash and cash equivalents are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. As of December 31, 2011 and December 31, 2010, we had $32.2 million and $12.9 million in cash and cash equivalents.

Level 3 liabilities consist of acquisition-related non-current liabilities for contingent consideration (i.e., earnouts) related to the acquisition of Blammo. The former Blammo shareholders have the opportunity to earn additional shares of our common stock based on future net revenues generated by Blammo during the fiscal years ending March 31, 2013, March 31, 2014 and March 31, 2015. See Note 3 of the Notes to Consolidated Financial Statements for further details regarding the Blammo acquisition. The expected number of shares to be issued in each year depends on the probability of Blammo achieving the net revenue targets set forth in the acquisition agreement, and we used a risk-neutral framework to estimate the probability of achieving these revenue targets for each year. The fair value of the contingent consideration was determined using a digital option, which captures the present value of the expected payment multiplied by the probability of reaching the revenue targets for each year. Key assumptions for the year ended December 31, 2011 included a discount rate of 25.0%, volatility of 53.0%, risk free rates of between 0.15% and 0.42% and probability-adjusted revenue levels. Probability-adjusted revenue is a significant input that is not observable in the market, which ASC 820-10-35 refers to as a Level 3 input. The fair value of these contingent liabilities recorded on our consolidated balance sheet as of December 31, 2011 was $796,000. In accordance with ASC 805-30-35-1, changes in the fair value of contingent consideration subsequent to the acquisition date have been recognized in general and administrative expense.

Business Combinations—Purchase Accounting

In the first quarter of 2010, we adopted a new accounting standard related to business combinations, ASC 805, *Business Combinations* ("ASC 805"), which revised the accounting guidance applied to business combinations. The new standard:

- expanded the definition of a business and a business combination;
- requires recognition of assets acquired, liabilities assumed, and contingent consideration at their fair value on the acquisition date with subsequent changes recognized in earnings;
- requires acquisition-related expenses and restructuring costs to be recognized separately from the business combination and expensed as incurred;
- requires in-process research and development to be capitalized at fair value as an indefinite-lived intangible asset until completion or abandonment; and
- requires that changes in accounting for deferred tax asset valuation allowances and acquired income tax uncertainties after the measurement period be recognized as a component of provision for taxes.

We account for acquisitions of entities that include inputs and processes and have the ability to create outputs as business combinations. The purchase price of the acquisition is allocated to tangible assets, liabilities, and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses and restructuring costs are expensed as incurred. While we use our best estimates and assumptions as a part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the business combination date, these estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the preliminary purchase price allocation period, which may be up to one year from the business combination date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. After the preliminary purchase price allocation period, we record adjustments to assets acquired or liabilities assumed subsequent to the purchase price allocation period in our operating results in the period in which the adjustments were determined.

Long-Lived Assets

We evaluate our long-lived assets, including property and equipment and intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable in accordance with ASC 360, *Property Plant & Equipment* ("ASC 360"). Factors considered important that could result in an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the acquired assets, significant negative industry or economic trends, and a significant decline in our stock price for a sustained period of time. We recognize impairment based on the difference between the fair value of the asset and its carrying value. Fair value is generally measured based on either quoted market prices, if applicable, or a discounted cash flow analysis.

Goodwill

In accordance with ASC 350, *Intangibles—Goodwill and Other* ("ASC 350"), we do not amortize goodwill or other intangible assets with indefinite lives but rather test them for impairment. ASC 350 requires us to perform an impairment review of our goodwill balance at least annually, which we do as of September 30 each year, and also whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. In our impairment reviews, we look at the goodwill allocated to our reporting units—the Americas, EMEA and Asia-Pacific ("APAC").

ASC 350 requires a two-step approach to testing goodwill for impairment for each reporting unit annually, or whenever events or changes in circumstances indicate the fair value of a reporting unit is below its carrying

amount. The first step measures for impairment by applying the fair value-based tests at the reporting unit level. The second step (if necessary) measures the amount of impairment by applying the fair value-based tests to individual assets and liabilities within each reporting unit. The fair value of the reporting units are estimated using a combination of the market approach, which utilizes comparable companies' data, and/or the income approach, which uses discounted cash flows.

We have three geographic regions comprised of the (1) Americas, (2) APAC and (3) EMEA regions. As of December 31, 2011, we only had goodwill attributable to the APAC and Americas reporting units. We performed an annual impairment review as of September 30, 2011 as prescribed in ASC 350 and concluded that we were not at risk of failing the first step, as the fair value of the Americas and APAC reporting units exceeded their carrying values and thus no adjustment to the carrying value of goodwill was necessary. As a result, we were not required to perform the second step. In order to determine the fair value of the reporting units, we utilized the discounted cash flow and market methods. We have consistently utilized both methods in our goodwill impairment tests and weight both results equally and we believe both, in conjunction with each other, provide a reasonable estimate of the determination of fair value of the reporting unit—the discounted cash flow method being specific to anticipated future results of the reporting unit and the market method, which is based on our market sector including our competitors. The assumptions supporting the discounted cash flow methods were determined using our best estimates as of the date of the impairment review. In 2011, 2010 and 2009 we did not record any goodwill impairment charges as the fair values of our reporting units exceeded their respective carrying values.

Application of the goodwill impairment test requires judgment, including the identification of the reporting units, the assigning of assets and liabilities to reporting units, the assigning of goodwill to reporting units and the determining of the fair value of each reporting unit. Significant judgments and assumptions include the forecast of future operating results used in the preparation of the estimated future cash flows, including forecasted revenues and costs based on current titles under contract, forecasted new titles that we expect to release, timing of overall market growth and our percentage of that market, discount rates and growth rates in terminal values. The market comparable approach estimates the fair value of a company by applying to that company market multiples of publicly traded firms in similar lines of business. The use of the market comparable approach requires judgments regarding the comparability of companies with lines of business similar to ours. This process is particularly difficult in a situation where no domestic public mobile games companies exist. The factors used in the selection of comparable companies include growth characteristics as measured by revenue or other financial metrics; margin characteristics; product-defined markets served; customer-defined markets served; the size of a company as measured by financial metrics such as revenue or market capitalization; the competitive position of a company, such as whether it is a market leader in terms of indicators like market share; and company-specific issues that suggest appropriateness or inappropriateness of a particular company as a comparable. Further, the total gross value calculated under each method was not materially different, and therefore if the weighting were different we do not believe that this would have significantly impacted our conclusion. If different comparable companies had been used, the market multiples and resulting estimates of the fair value of our stock would also have been different. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit, which could trigger impairment.

Stock-Based Compensation

We apply the fair value provisions of ASC 718, *Compensation-Stock Compensation* ("ASC 718"). ASC 718 requires the recognition of compensation expense, using a fair-value based method, for costs related to all share-based payments, including stock options. ASC 718 requires companies to estimate the fair value of share-based payment awards on the grant date using an option pricing model. The fair value of stock options and stock purchase rights granted pursuant to our equity incentive plans and 2007 Employee Stock Purchase Plan, respectively, is determined using the Black-Scholes valuation model. The determination of fair value is affected by the stock price, as well as assumptions regarding subjective and complex variables such as expected employee exercise behavior and expected stock price volatility over the expected term of the award. Generally, these

assumptions are based on historical information and judgment is required to determine if historical trends may be indicators of future outcomes. Employee stock-based compensation expense is calculated based on awards ultimately expected to vest and is reduced for estimated forfeitures. Forfeitures are revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates and an adjustment to stock-based compensation expense will be recognized at that time. Changes to the assumptions used in the Black-Scholes option valuation calculation and the forfeiture rate, as well as future equity granted or assumed through acquisitions could significantly impact the compensation expense we recognize.

In 2011, 2010 and 2009, we recorded total employee non-cash stock-based compensation expense of $3.1 million, $1.6 million and $2.9 million, respectively. The 2011 compensation expense includes contingent consideration potentially issuable to the Blammo employees, which is recorded as research and development expense over the term of the earn-out periods, as these employees are primarily employed in product development. We will re-measure the fair value of the contingent consideration each reporting period and will only record a compensation expense for the portion of the earn-out target which is likely to be achieved. The total fair value of this liability has been estimated at $1.2 million, of which $551,000 of stock-based compensation expense has been recorded during the year ended December 31, 2011. In future periods, stock-based compensation expense may increase as we issue additional equity-based awards to continue to attract and retain key employees. Additionally, ASC 718 requires that we recognize compensation expense only for the portion of stock options that are expected to vest. If the actual number of forfeitures differs from that estimated by management, we may be required to record adjustments to stock-based compensation expense in future periods.

Income Taxes

We account for income taxes in accordance with ASC 740, *Income Taxes* (ASC 740). As part of the process of preparing our consolidated financial statements, we are required to estimate our income tax benefit (provision) in each of the jurisdictions in which we operate. This process involves estimating our current income tax benefit (provision) together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet using the enacted tax rates in effect for the year in which we expect the differences to reverse.

We record a valuation allowance to reduce our deferred tax assets to an amount that more likely than not will be realized. As of December 31, 2011 and 2010, our valuation allowance on our net deferred tax assets was $63.0 million and $58.8 million, respectively. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of our net recorded amount, we would need to make an adjustment to the allowance for the deferred tax asset, which would increase income in the period that determination was made.

We account for uncertain income tax positions in accordance with ASC 740-10, which clarifies the accounting for uncertainty in income taxes recognized in financial statements. ASC 740-10 prescribes a recognition threshold and measurement attribute of tax positions taken or expected to be taken on a tax return. The interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Our policy is to recognize interest and penalties related to unrecognized tax benefits in income tax expense.

Results of Operations

The following sections discuss and analyze the changes in the significant line items in our statements of operations for the comparison periods identified.

Comparison of the Years Ended December 31, 2011 and 2010

Revenues

	Year Ended December 31,	
	2011	2010
	(In thousands)	
Feature phone	$ 31,091	$54,475
Smartphone	35,094	9,870
Revenues	$66,185	$ 64,345

Our revenues increased $1.8 million, or 2.9%, from $64.3 million in 2010 to $66.2 million in 2011, due to a $25.2 million increase in smartphone revenues resulting from increased sales growth on Apple's iOS-based devices and Android devices related primarily to micro-transactions, offers and advertisements. This was partially offset by a $23.4 million decline in feature phone revenues primarily due to the continued migration of users from feature phones to smartphones and our shift in our product development focus towards developing new titles for smartphone devices. Our smartphone revenues do not include approximately $7.1 million of revenues as of December 31, 2011, relating primarily to offers and in-app-purchases which have been deferred over their average useful lives. In 2011 approximately 11.1% of our total revenues were generated by our *Gun Bros* title, while no individual title accounted for 10% or more of our total revenues in 2010. International revenues (defined as revenues generated from carriers and other distributors whose principal operations are located outside the United States) decreased by $2.2 million, from $35.4 million in 2010 to $33.2 million in 2011. This was primarily related to a $3.3 million decrease in our Americas, excluding the United States, revenues, primarily related to declining feature phone revenues. This decrease was partially offset by a $1.2 million increase in our EMEA revenues, primarily related to increased revenues from certain OEM relationships and smartphone revenue growth on Apple and Android digital storefronts, partially offset by continued declines in our carrier-based business. Our smartphone revenues exceeded our feature phone revenues in each of the second, third and fourth quarters of 2011 and we believe that our smartphone revenues will continue to increase as a percentage of our total revenues during each quarter of 2012. We have experienced significant growth with respect to the revenues that we derive from micro-transactions in our freemium games, and expect to experience additional growth during 2012.

Cost of Revenues

	Year Ended December 31,	
	2011	2010
	(In thousands)	
Cost of revenues:		
Royalties and other cost of revenues	$ 12,389	$16,643
Impairment of prepaid royalties and guarantees	531	663
Amortization of intangible assets	5,447	4,226
Total cost of revenues	$ 18,367	$21,532
Revenues	$66,185	$ 64,345
Gross margin	72.2%	66.5%

Our cost of revenues decreased $3.2 million, or 14.7%, from $21.5 million in 2010 to $18.4 million in 2011. This decrease was primarily due to a $6.8 million decrease in royalties associated with a decline in royalty-burdened revenue, impairments and recoupments of previously impaired titles. This decrease was partially offset by a $2.4 million increase in hosting fees to support our freemium titles and a $1.2 million increase in amortization of intangible assets associated with the additional intangible assets we acquired as part of both the Griptonite and Blammo acquisitions. Revenues attributable to games based upon branded intellectual property decreased as a percentage of revenues from 78.1% in 2010 to 50.7% in 2011, primarily due to our focus on developing freemium games for smartphones and tablets that are based on our own intellectual property. Revenues attributable to games based upon original intellectual property were 49.3% of our total revenues for 2011, and we expect that this percentage will continue to significantly increase in 2012. The average royalty rate that we paid on games based on licensed intellectual property, excluding royalty impairments, decreased from 33.4% in 2010 to 31.4% in 2011 due to decreased sales of titles with higher royalty rates. Overall royalties, including impairment of prepaid royalties and guarantees, as a percentage of total revenues decreased from 27.1% in 2010 to 15.1% in 2011. We expect that our gross margin will increase in 2012 from the 72.2% gross margin we recognized in 2011 due primarily to our expectation that we will continue to generate an increasing percentage of our total revenues from games based upon original intellectual property. However, we expect our overall cost of revenues to remain relatively flat due to an expected increase in our total revenues and an expected increase in our hosting costs related to our freemium games.

Research and Development Expenses

	Year Ended December 31,	
	2011	2010
	(In thousands)	
Research and development expenses	$39,073	$25,180
Percentage of revenues	59.0%	39.1%

Our research and development expenses increased $13.9 million, or 55.2%, from $25.2 million in 2010 to $39.1 million in 2011. The increase in research and development costs was primarily due to a $8.4 million increase in salaries, benefits and variable compensation under our employee bonus plans as we increased our research and development headcount from 369 employees in 2010 to 467 employees in 2011, mainly resulting from the acquisitions of the Griptonite and Blammo studios in the third quarter of 2011. The increase was also due to a $3.9 million increase in outside service fees associated with the development of new freemium smartphone games by external developers as part of our Glu Partners program, a $907,000 increase in stock-based compensation expense, which includes a $551,000 charge associated with the contingent consideration issued to employees of Blammo who had been shareholders of Blammo and a $496,000 increase in travel and entertainment associated with additional travel related to the integration of the Griptonite acquisition and travel from our regional offices to our U.S. headquarters as part of our Glu University initiative. As a percentage of revenues, research and development expenses increased from 39.1% in 2010 to 59.0% in 2011. Research and development expenses included $1.4 million of stock-based compensation expense in 2011 and $480,000 in 2010. We anticipate that our research and development expenses will continue to increase during 2012, primarily due to the increased headcount from the Griptonite and Blammo acquisitions being included for the full fiscal year and our expected release of more than 20 new freemium games for smartphones during 2012.

Sales and Marketing Expenses

	Year Ended December 31,	
	2011	2010
	(In thousands)	
Sales and marketing expenses	$14,607	$12,140
Percentage of revenues	22.1%	18.9%

Our sales and marketing expenses increased $2.5 million, or 20.3%, from $12.1 million in 2010 to $14.6 million in 2011. The increase was primarily due to a $3.2 million increase in marketing promotions associated with the launch of our social, freemium game titles. This amount was partially offset by a $384,000 decrease in salaries, benefits, variable compensation and expatriate costs as we reduced our sales and marketing headcount from 48 in 2010 to 33 in 2011, which was the result of headcount reductions in our EMEA region and lower cost locations. We also had a $341,000 decrease in allocated facility and overhead costs, resulting from lower sales and marketing headcount. As a percentage of revenues, sales and marketing expenses increased from 18.9% in 2010 to 22.1% in 2011. Sales and marketing expenses included $351,000 of stock-based compensation expense in 2011 and $217,000 in 2010. We expect our sales and marketing expenditures to continue to increase in 2012 in connection with the sales and marketing initiatives we intend to undertake related to our expected release of more than 20 new freemium games for smartphones during 2012.

General and Administrative Expenses

	Year Ended December 31,	
	2011	2010
	(In thousands)	
General and administrative expenses	$14,002	$13,108
Percentage of revenues	21.2%	20.4%

Our general and administrative expenses increased $894,000, or 6.8%, from $13.1 million in 2010 to $14.0 million in 2011. The increase in general and administrative expenses was primarily due to a $1.1 million increase in professional, consulting and outside service fees associated primarily with the external legal, audit and valuation services performed as part of the Griptonite and Blammo acquisitions and a $501,000 increase in stock-based compensation expense. We also had a $281,000 increase in salaries, benefits and variable compensation due primarily to a $317,000 increase in variable compensation under our employee bonus plans. However, salaries and benefit costs decreased in 2011 compared to 2010 despite headcount increasing from 56 in 2010 to 62 in 2011. This is due to the fact that costs attributable to the additional headcount that we added in the third and fourth quarters of 2011 did not fully offset lower salary costs from the first six months of 2011. The increase in general and administrative expenses was partially offset by a $1.0 million decrease in allocated facility and overhead costs due to increased research and development headcount in 2011. As a percentage of revenues, general and administrative expenses increased from 20.4% in 2010 to 21.2% in 2011. General and administrative expenses included $1.4 million of stock-based compensation expense in 2011 and $871,000 in 2010. We anticipate that our general and administrative expenses will increase slightly during 2012. In addition, we may also be exposed to continued fluctuations in the fair market value of the contingent consideration issued to the Blammo non-employee shareholders, as the fair value of the contingent consideration will be measured during each reporting period until the end of the earn-out period in March 2015.

Other Operating Expenses

Our restructuring charge decreased from $3.6 million in 2010 to $545,000 in 2011. Our restructuring charges for 2011 were comprised of $472,000 related to employee termination costs in our United States, China, Brazil, Italy and United Kingdom offices and $73,000 related primarily to facility-related charges associated with vacating a portion of our Moscow office.

Our amortization of intangible assets increased from $205,000 in 2010 to $825,000 in 2011. This increase was due to amortization expense associated with non-competion agreements capitalized at their fair value as part of the purchase accounting for both the Griptonite and Blammo acquisitions.

Other Income (Expense), net

Interest and other income/(expense), net, increased from a net expense of $1.3 million in 2010 to net income of $747,000 in 2011. This change was primarily due to an increase in foreign currency gains of $1.5 million related to the revaluation of certain assets and liabilities including accounts payable and accounts receivable, and a $546,000 decrease in net interest expense related to the lower balances outstanding on the MIG notes and borrowings under our credit facility. We expect our net interest expense to decrease in future periods due to having fully repaid the MIG notes at the end of 2010 and due to the expiration of our credit facility at June 30, 2011.

Income Tax Provision

Our income tax provision decreased from $709,000 in 2010 to $614,000 in 2011. This decrease was primarily due to a partial release of our valuation allowance, pursuant to ASC 805-740, as a result of the acquisition of Griptonite. This decrease was partially offset by higher taxable profits in certain foreign jurisdictions, primarily the United Kingdom, changes in the valuation allowance and increased foreign withholding taxes resulting from increased sales in countries with withholding tax requirements. The provision for income taxes differs from the amount computed by applying the statutory U.S. federal rate principally due to the effect of our non-U.S. operations, non-deductible stock-based compensation expense, an increase in the valuation allowance and increased foreign withholding taxes. Our effective income tax rate for the year ended December 31, 2011 was 3.0% compared to 5.6% in the prior year. The lower effective tax rate in 2011 was mainly attributable to higher pre-tax income in our U.K. entity, changes in withholding taxes and non-deductible stock based compensation. These changes were partially offset by a release of our valuation allowance associated with the acquisition of Griptonite.

Our effective income tax rates for 2011 and future periods will depend on a variety of factors, including changes in the deferred tax valuation allowance, as well as changes in our business such as intercompany transactions, any acquisitions, any changes in our international structure, any changes in the geographic location of our business functions or assets, changes in the geographic mix of our income, any changes in or termination of our agreements with tax authorities, changes in applicable accounting rules, applicable tax laws and regulations, rulings and interpretations thereof, developments in tax audit and other matters, and variations in our annual pre-tax income or loss. We incur certain tax expenses that do not decline proportionately with declines in our pre-tax consolidated income or loss. As a result, in absolute dollar terms, our tax expense will have a greater influence on our effective tax rate at lower levels of pre-tax income or loss than at higher levels. In addition, at lower levels of pre-tax income or loss, our effective tax rate will be more volatile. At December 31, 2011, we anticipated that the liability for uncertain tax positions could decrease by approximately $589,000 within the next twelve months due to the expiration of certain statutes of limitation in foreign jurisdictions in which we do business.

Comparison of the Years Ended December 31, 2010 and 2009

Revenues

	Year Ended December 31,	
	2010	2009
	(In thousands)	
Feature phone	$54,475	$74,999
Smartphone	9,870	4,345
Revenues	$64,345	$ 79,344

Our revenues decreased $15.0 million, or 18.9%, from $79.3 million in 2009 to $64.3 million in 2010. This decrease was due to a $20.5 million decline in feature phone revenue which was partially offset by a $5.5 million

increase in smartphone revenue. The decrease in feature phone revenues was primarily due to the continued migration of users from feature phones to smartphones where we were unable to capture the same market share as we have in our traditional carrier business. Foreign currency exchange rates also had a greater positive impact on our revenues during the year ended December 31, 2009 compared to the year ended December 31, 2010. Due to the diversification of our product portfolio, including the titles resulting from the acquisitions of MIG and Superscape, no single title represented 10% or more of sales in either 2009 or 2010. International revenues decreased by $6.0 million, from $41.4 million in 2009 to $35.4 million in 2010. This was primarily related to a $3.2 million, or 15.7%, decrease in our EMEA revenues, a $1.7 million, or 22.3%, decrease in our China revenues and an $893,000, or 8.7%, decrease in our Americas revenues, excluding U.S. revenues. The decline in our EMEA and Americas revenues, excluding U.S. revenues, was primarily due to declining sales in our feature phone business. The decline in our China revenues was primarily due to $700,000 of one-time revenues recorded from an APAC customer in the first quarter of 2009 and a decrease in the revenue share we receive through our revenue share arrangements with China Mobile that became effective in February 2010.

Cost of Revenues

	Year Ended December 31,	
	2010	2009
	(In thousands)	
Cost of revenues:		
Royalties	$16,643	$21,829
Impairment of prepaid royalties and guarantees	663	6,591
Amortization of intangible assets	4,226	7,092
Total cost of revenues	$21,532	$35,512
Revenues	$ 64,345	$ 79,344
Gross margin	66.5%	55.2%

Our cost of revenues decreased $14.0 million, or 39.4%, from $35.5 million in 2009 to $21.5 million in 2010. This decrease was primarily due to a $5.9 million decrease in impairments of prepaid royalties and guarantees due to fewer new licenses and full impairment of existing titles, a decrease of $5.2 million in royalties associated with a decline in revenue and a $2.9 million reduction in amortization for titles and content due primarily to certain intangible assets relating to MIG, Macrospace and Superscape being fully amortized in the first and fourth quarters of 2009. Revenues attributable to games based upon branded intellectual property increased as a percentage of revenues from 77.5% in 2009 to 78.1% in 2010, primarily due to a decrease in sales of games developed by MIG and Superscape based on their original intellectual property. Revenues attributable to games based upon original intellectual property were 21.9% of our total revenues for 2010, of which nearly one-third related to MIG. The average royalty rate that we paid on games based on licensed intellectual property, excluding royalty impairments, decreased from 35.5% in 2009 to 33.4% in 2010 due to decreased sales of titles with higher royalty rates. Overall royalties, including impairment of prepaid royalties and guarantees, as a percentage of total revenues decreased from 35.8% in 2009 to 27.1% in 2010.

Research and Development Expenses

	Year Ended December 31,	
	2010	2009
	(In thousands)	
Research and development expenses	$25,180	$25,975
Percentage of revenues	39.1%	32.7%

Our research and development expenses decreased $795,000, or 3.1%, from $26.0 million in 2009 to $25.2 million in 2010. The decrease in research and development costs was primarily due to a decrease in salaries and

benefits of $713,000, a $571,000 decrease in outside services costs due to a reduction in third-party costs for porting and external development and a decrease in stock-based compensation expense of $236,000, which was partially offset by an increase in allocated facilities and overhead costs of $825,000. We decreased our research and development staff from 402 employees in 2009 to 369 in 2010. As a percentage of revenues, research and development expenses increased from 32.7% in 2009 to 39.1% in 2010. Research and development expenses included $480,000 of stock-based compensation expense in 2010 and $716,000 in 2009.

Sales and Marketing Expenses

	Year Ended December 31,	
	2010	2009
	(In thousands)	
Sales and marketing expenses	$12,140	$14,402
Percentage of revenues	18.9%	18.2%

Our sales and marketing expenses decreased $2.3 million, or 15.7%, from $14.4 million in 2009 to $12.1 million in 2010. The decrease was primarily due to a $2.1 million decrease in salaries, benefits, variable compensation and expatriate costs as we reduced our sales and marketing headcount from 67 in 2009 to 48 in 2010; this was partially the result of converting our Latin America sales and marketing team from our employees to employees of a third-party distribution agent. We also had an $875,000 decrease in the MIG earnout expense due to lower amortization of stock-based compensation expense associated with reaching the end of the vesting terms and conditions in 2009, a $376,000 decrease in travel and entertainment expense and a $347,000 decrease in stock-based compensation expense due to reduced headcount. This was partially offset by a $915,000 increase in consulting fees associated with converting our Latin America sales and marketing to third-party distribution agents as discussed above and a $672,000 increase in marketing promotions associated with the launch of our new social, freemium game titles during the fourth quarter of 2010. As a percentage of revenues, sales and marketing expenses increased from 18.2% in 2009 to 18.9% in 2010. Sales and marketing expenses included $217,000 of stock-based compensation expense in 2010 and $564,000 in 2009.

General and Administrative Expenses

	Year Ended December 31,	
	2010	2009
	(In thousands)	
General and administrative expenses	$13,108	$16,271
Percentage of revenues	20.4%	20.5%

Our general and administrative expenses decreased $3.2 million, or 19.4%, from $16.3 million in 2009 to $13.1 million in 2010. The decrease in general and administrative expenses was primarily due to a $1.3 million decrease in allocated facility and overhead costs, a $1.2 million decrease in professional and consulting fees and a $775,000 decrease in stock-based compensation expense. Salaries and benefits decreased by $541,000, which was offset by an $893,000 increase in variable compensation under our bonus plan. We decreased our general and administrative headcount from 72 in 2009 to 56 in 2010. As a percentage of revenues, general and administrative expenses decreased from 20.5% in 2009 to 20.4% in 2010. General and administrative expenses included $871,000 of stock-based compensation expense in 2010 and $1.6 million in 2009.

Other Operating Expenses

Our restructuring charge increased from $1.9 million in 2009 to $3.6 million in 2010. This was due to an additional $1.5 million of restructuring charges relating to employee termination costs in our United States, APAC, Latin America and United Kingdom offices. The remaining restructuring charge of $2.1 million related primarily to facility related charges resulting from the relocation of our corporate headquarters to San Francisco.

In 2011, we anticipate incurring approximately $600,000 of restructuring charges related to employee severance and benefit arrangements associated with the terminations of employees in China, Russia and the United Kingdom and facility related charges in China and Russia.

Other Income (Expense), net

Interest and other income/(expense), net, increased from a net expense of $1.1 million during 2009 to a net expense of $1.3 million in 2010. This change was primarily due to a $754,000 increase in foreign currency losses related to the revaluation of certain assets and liabilities including accounts payable and accounts receivable which was partially offset by a $607,000 decrease in interest expense related to the lower balances outstanding on the MIG notes and borrowings under our credit facility.

Income Tax Benefit (Provision)

Our income tax provision decreased from $2.2 million in 2009 to $709,000 in 2010 as a result of taxable profits in certain foreign jurisdictions, changes in the valuation allowance and increased foreign withholding taxes resulting from increased sales in countries with withholding tax requirements. The provision for income taxes differs from the amount computed by applying the statutory U.S. federal rate principally due to the effect of our non-U.S. operations, non-deductible stock-based compensation expense, an increase in the valuation allowance and increased foreign withholding taxes. Our effective income tax rate for the year ended December 31, 2010 was 5.6% compared to 13.5% in the prior year. The higher effective income tax tax rate in 2009 was mainly attributable to a decrease in pre-tax losses and changes in withholding taxes, dividends and non-deductible stock based compensation.

One of our subsidiaries in China has received approval as a High & New Technology Enterprise qualification from the Ministry of Science and Technology, and also a Software Enterprise Qualification from the Ministry of Industry and Information Technology. During the third quarter of 2010, the State Administration of Taxation approved our application to apply the favorable tax benefits to operations beginning January 1, 2009. We revalued certain deferred tax assets and liabilities during the quarter, and certain taxes that were expensed in 2009 were refunded in 2010 and the tax benefit was recognized. However, in the event that circumstances change and we no longer meet the requirements of our original qualification, we would need to revalue certain tax assets and liabilities.

Liquidity and Capital Resources

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Consolidated Statement of Cash Flows Data:			
Capital expenditures	$ 2,708	$ 710	$ 838
Cash flows provided by (used in) operating activities	(6,727)	2,249	1,130
Cash flows provided by (used in) investing activities	7,634	(710)	(838)
Cash flows provided by (used in) financing activities	18,379	1,141	(8,925)

Since our inception, we have incurred recurring losses and we had an accumulated deficit of $211.8 million as of December 31, 2011.

Operating Activities

In 2011, net cash used in operating activities was $6.7 million, compared to net cash provided by operating activities of $2.2 million in 2010. This increase in cash utilized in our business was primarily due to a net loss of $21.1 million and a decrease in accrued royalties of $3.4 million. These amounts were partially offset by an

increase in deferred revenues of $6.2 million. In addition, we had adjustments for non-cash items, including amortization expense of $6.3 million, stock-based compensation expense of $3.1 million and depreciation expense of $1.8 million.

In 2010, net cash provided by operating activities was $2.2 million, compared to net cash provided by operating activities of $1.1 million in 2009. This increase in cash from operations was primarily due to a decrease in accounts receivable of $5.2 million due to declining sales of games for feature phones in our carrier-based business and improved cash collections, a $3.7 million decrease in our prepaid royalties, a $1.8 million increase in accrued compensation and a $1.1 million increase in accounts payable. In addition, we had adjustments for non-cash items, including amortization expense of $4.4 million, depreciation expense of $2.0 million, stock-based compensation expense of $1.6 million and impairment of prepaid royalties of $663,000. These amounts were partially offset by a net loss of $13.4 million and a decrease in accrued royalties of $5.3 million.

Investing Activities

Our primary investing activities have consisted of purchases of property and equipment. We may use more cash in investing activities in 2012 for property and equipment related to supporting our infrastructure and our development and design studios. We expect to fund these investments with our existing cash and cash equivalents.

In 2011, cash from investing activities was $7.6 million, which primarily consisted of $10.3 million in cash acquired in connection with our acquisition of Griptonite. This was partially offset by $2.7 million used in the purchase of property, plant and equipment, mainly relating to the purchases of computer, server and networking equipment to support our freemium games, purchases of software and the additions of leasehold improvements.

In 2010, we used $710,000 of cash for investing activities resulting primarily from purchases of computer and networking equipment, software and leasehold improvements.

In 2009, we used $838,000 of cash for investing activities resulting primarily from purchases of computer and networking equipment, software equipment and leasehold improvements.

Financing Activities

In 2011, net cash provided by financing activities was $18.4 million due primarily to $15.7 million of net proceeds received from the 2011 Public Offering and $5.7 million of proceeds received from option and warrant exercises and purchases under our employee stock purchase plan. These inflows were partially offset by $2.3 million that we repaid under our credit facility and a payment of $698,000 relating to taxes that had been withheld on the December 31, 2010 promissory note payment made to the former MIG shareholders.

In 2010, net cash provided by financing activities was $1.1 million due primarily to the $13.2 million of net proceeds that we received from the 2010 Private Placement and $598,000 of proceeds that we received from option exercises and purchases under our employee stock purchase plan. These inflows were partially offset by the $10.3 million that we paid during 2010 with respect to the promissory notes and bonuses that we issued to the MIG shareholders and $2.4 million that we paid down under our credit facility.

In 2009, net cash used in financing activities was $8.9 million due to the payment of $14.0 million in principal amount related to the MIG notes, which was partially offset by the net proceeds from borrowings under our credit facility of $4.7 million and proceeds from option exercises and purchases under our employee stock purchase plan of $402,000.

Sufficiency of Current Cash and Cash Equivalents

Our cash and cash equivalents were $32.2 million as of December 31, 2011, which includes $15.7 million in net proceeds that we received from the 2011 Public Offering and $10.3 million in cash that we acquired in August 2011 in connection with our acquisition of Griptonite. Cash and cash equivalents held outside of the U.S. in various foreign subsidiaries were $7.4 million and $4.7 million as of December 31, 2011 and December 31, 2010, respectively. Under current tax laws and regulations, if cash and cash equivalents held outside the U.S. are distributed to the U.S. in the form of dividends or otherwise, we may be subject to additional U.S. income taxes and foreign withholding taxes. We have not provided deferred taxes on unremitted earnings attributable to foreign subsidiaries because these earnings are intended to be reinvested indefinitely. However, in 2009 and 2010 we repatriated certain distributable earnings from a subsidiary in China. No deferred tax asset was recognized since we do not believe the deferred tax asset will reverse in the foreseeable future

We expect to fund our operations and satisfy our contractual obligations during 2012 primarily through our cash and cash equivalents and cash flows from operations. However, as a result of the acquisitions of Griptonite and Blammo, as well as our plans to increase our spending on sales and marketing and research and development initiatives in connection with the release of our new social, freemium games, we expect to use a significant amount of cash in our operations during 2012 as we seek to grow our business. We believe our cash and cash equivalents and cash flows from operations will be sufficient to meet our anticipated cash needs for at least the next 12 months. However, our cash requirements for the next 12 months may be greater than we anticipate due to, among other reasons, the impact of foreign currency rate changes, revenues that are lower than we currently anticipate, greater than expected operating expenses, particularly with respect to our research and development and sales and marketing initiatives, usage of cash to fund our foreign operations, unanticipated limitations or timing restrictions on our ability to access funds that are held in our non-U.S. subsidiaries or any investments or acquisitions that we may decide to pursue.

Our $8.0 million credit facility expired on June 30, 2011. We may seek in the future to enter into a new credit facility, but, in the event that we elect to do so, we cannot assure you that we will be able to enter into a new facility on terms favorable to us or at all.

If our cash sources are insufficient to satisfy our cash requirements, we may seek to raise additional capital by selling convertible debt, preferred stock (convertible into common stock or unconvertible) or common stock, potentially pursuant to our effective universal shelf registration statement, procuring a new credit facility and/or selling some of our assets. We may be unable to raise additional capital through the sale of securities, or to do so on terms that are favorable to us, particularly given current capital market and overall economic conditions. Any sale of convertible debt securities or additional equity securities could result in substantial dilution to our stockholders as was the case with the 2010 Private Placement and the 2011 Public Offering. The holders of new securities may also receive rights, preferences or privileges that are senior to those of existing holders of our common stock. Additionally, we may be unable to procure a new credit facility, or to do so on terms that are acceptable to us, particularly in light of the current credit market conditions.

Contractual Obligations

The following table is a summary of our contractual obligations as of December 31, 2011:

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	Thereafter
			(In thousands)		
Operating lease obligations, net of sublease income	$ 7,855	$3,427	$ 4,320	$ 108	$ —
Guaranteed royalties(1)	332	332	—	—	—
Developer commitments(2)	585	585	—	—	—
Uncertain tax position obligations, including interest and penalties(3)	5,264	—	—	—	5,264
Blammo earn-out (4)	1,421	—	1,421	—	—
Total contractual obligations	$15,457	$ 4,344	$5,741	$ 108	$5,264

(1) We have entered into license and development arrangements with various owners of brands and other intellectual property so that we can create and publish games for mobile devices based on that intellectual property. A significant portion of these agreements require us to pay guaranteed royalties over the term of the contracts regardless of actual game sales.

(2) We have contracts with various third-party developers to design and develop games as part of our Glu Partners initiative. These contracts require us to advance funds to these third-party developers, in installments, payable upon the completion of specified development milestones.

(3) As of December 31, 2011, unrecognized tax benefits and potential interest and penalties were classified within "Other long-term liabilities" on our consolidated balance sheets. As of December 31, 2011, the settlement of our income tax liabilities cannot be determined; however, the liabilities are not expected to become due within the next 12 months.

(4) As of December 31, 2011, the contingent consideration issued to the former Blammo shareholders had a fair value of $1.4 million. The fair value represents the present value of probability-adjusted revenues related to the Blammo earnout for fiscal 2013, fiscal 2014 and fiscal 2015. As of December 31, 2011, we had recorded $796,000 on our condensed consolidated balance sheets under the caption "other long-term liabilities" as employee shareholders of Blammo must continue to provide services during the earnout periods.

Off-Balance Sheet Arrangements

At December 31, 2011, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, that are not already disclosed in this report.

Recent Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board ("FASB") issued ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations* ("ASU 2010-29"), which clarifies the pro forma revenue and earnings disclosure requirements for business combinations. ASU 2010-29 specifies if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. In addition, this ASU expands the supplemental pro forma disclosures under ASC 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments. ASU 2010-29 is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. We adopted ASU 2010-29 as of January 1, 2011 and its adoption did not have a material impact on the consolidated financial statements.

In May 2011, the FASB issued Accounting Standards Update ("ASU") 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, ("ASU 2011-04").* ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between U.S. GAAP and IFRS. ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This new guidance is to be applied prospectively for reporting periods beginning on or after December 15, 2011. We anticipate that the adoption of this standard will not materially impact our consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income, ("ASU 2011-05")*. ASU 2011-05 eliminates the option to report other comprehensive income and its components in the statement of changes in equity. ASU 2011-05 requires that all non-owner changes in stockholders' equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. This new guidance is to be applied retrospectively for interim and annual periods beginning after December 15, 2011. We anticipate that the adoption of this standard will not materially impact our consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment* (the "revised standard"). The revised standard is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a "qualitative" assessment to determine whether further impairment testing is necessary. The revised standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. An entity has the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. We anticipate that the adoption of this standard will not materially impact our consolidated financial statements.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

Interest Rate and Credit Risk

Our exposure to interest rate risk relates primarily to our investment portfolio and the potential losses arising from changes in interest rates.

We are potentially exposed to the impact of changes in interest rates as they affect interest earned on our investment portfolio. As of December 31, 2011, we had no short-term investments and substantially all $32.2 million of our cash and cash equivalents was held in operating bank accounts earning nominal interest. Accordingly, we do not believe that a 10% change in interest rates would have a significant impact on our interest income, operating results or liquidity related to these amounts.

The primary objectives of our investment activities are, in order of importance, to preserve principal, provide liquidity and maximize income without significantly increasing risk. We do not currently use or plan to use derivative financial instruments in our investment portfolio.

As of December 31, 2011 and December 31, 2010, our cash and cash equivalents were maintained by financial institutions in the United States, the United Kingdom, Brazil, Canada, China, France, Hong Kong, Italy, Russia and Spain and our current deposits are likely in excess of insured limits.

Our accounts receivable primarily relate to revenues earned from domestic and international wireless carriers and digital storefronts. We perform ongoing credit evaluations of our carriers' financial condition but generally require no collateral from them. At December 31, 2011, Apple accounted for 26.6%, Tapjoy accounted for 18.0%, Telecomunicaciones Movilnet accounted for 11.7% and Google accounted for 10.3% of total accounts

receivable. At December 31, 2010, Verizon Wireless accounted for 18.3% and Telecomunicaciones Movilnet accounted for 14.8% of total accounts receivable. No other customer represented more than 10% of our total accounts receivable as of these dates.

Foreign Currency Exchange Risk

We transact business in more than 70 countries in more than 20 different currencies, and in 2010 and 2011, some of these currencies fluctuated by up to 40%. Our revenues are usually denominated in the functional currency of the carrier or distributor while the operating expenses of our operations outside of the United States are maintained in their local currency, with the significant operating currencies consisting of British Pound Sterling ("GBP"), Chinese Renminbi, Brazilian Real and Russian Ruble. Although recording operating expenses in the local currency of our foreign operations mitigates some of the exposure of foreign currency fluctuations, variances among the currencies of our customers and our foreign operations relative to the United States Dollar ("USD") could have and have had a material impact on our results of operations.

Our foreign currency exchange gains and losses have been generated primarily from fluctuations in GBP versus the USD and in the Euro versus GBP. At month-end, foreign currency-denominated accounts receivable and intercompany balances are marked to market and unrealized gains and losses are included in other income (expense), net. Translation adjustments arising from the use of differing exchange rates are included in accumulated other comprehensive income in stockholders' equity. We have in the past experienced, and in the future expect to experience, foreign currency exchange gains and losses on our accounts receivable and intercompany receivables and payables. Foreign currency exchange gains and losses could have a material adverse effect on our business, operating results and financial condition.

There is also additional risk if the currency is not freely or actively traded. Some currencies, such as the Chinese Renminbi, in which our Chinese operations principally transact business, are subject to limitations on conversion into other currencies, which can limit our ability to react to foreign currency devaluations.

To date, we have not engaged in exchange rate hedging activities, and we do not expect to do so in the foreseeable future.

Inflation

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

Item 8. ***Financial Statements and Supplementary Data***

GLU MOBILE INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Glu Mobile Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Glu Mobile Inc. and its subsidiaries at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 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, 2011, based on criteria established in *Internal Control—Integrated Framework* 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 audits (which was an integrated audit in 2011). 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 audits 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 audits 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded Griptonite, Inc. and Blammo Games, Inc. from its assessment of internal control over financial reporting as of December 31, 2011 because they were acquired by the Company in purchase business combinations during 2011. We have also excluded Griptonite, Inc. and Blammo Games Inc. from our audit of internal control over financial reporting. Griptonite, Inc. and Blammo Games Inc. are wholly-owned subsidiaries whose combined total assets and combined total revenues represent 9.8% and 1.2%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2011.

/s/ PricewaterhouseCoopers LLP

San Jose, California
March 14, 2012

GLU MOBILE INC.

CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2011	2010
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 32,212	$ 12,863
Accounts receivable, net	11,821	10,660
Prepaid royalties	483	2,468
Prepaid expenses and other	1,881	2,557
Total current assets	46,397	28,548
Property and equipment, net	3,934	2,134
Other long-term assets	404	574
Intangible assets, net	10,078	8,794
Goodwill	21,991	4,766
Total assets	$ 82,804	$ 44,816
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,894	$ 5,666
Accrued liabilities	939	939
Accrued compensation	5,404	4,414
Accrued royalties	3,865	7,234
Accrued restructuring	887	1,689
Deferred revenues	7,139	842
Current portion of long-term debt	—	2,288
Total current liabilities	25,128	23,072
Other long-term liabilities	8,503	7,859
Total liabilities	33,631	30,931
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000 shares authorized at December 31, 2011 and 2010; no shares issued and outstanding at December 31, 2011 and 2010	—	—
Common stock, $0.0001 par value: 250,000 authorized at December 31, 2011 and 2010; 63,749 and 44,585 shares issued and outstanding at December 31, 2011 and 2010	6	4
Additional paid-in capital	260,744	203,464
Accumulated other comprehensive income	266	1,159
Accumulated deficit	(211,843)	(190,742)
Total stockholders' equity	49,173	13,885
Total liabilities and stockholders' equity	$ 82,804	$ 44,816

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

GLU MOBILE INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2011	2010	2009
	(In thousands, except per share data)		
Revenues	$66,185	$ 64,345	$ 79,344
Cost of revenues:			
Royalties and other cost of revenues	12,389	16,643	21,829
Impairment of prepaid royalties and guarantees	531	663	6,591
Amortization of intangible assets	5,447	4,226	7,092
Total cost of revenues	18,367	21,532	35,512
Gross profit	47,818	42,813	43,832
Operating expenses:			
Research and development	39,073	25,180	25,975
Sales and marketing	14,607	12,140	14,402
General and administrative	14,002	13,108	16,271
Amortization of intangible assets	825	205	215
Restructuring charge	545	3,629	1,876
Total operating expenses	69,052	54,262	58,739
Loss from operations	(21,234)	(11,449)	(14,907)
Interest and other income/(expense), net:			
Interest income	45	26	94
Interest expense	(74)	(601)	(1,276)
Other income/(expense), net	776	(690)	55
Interest and other income/(expense), net	747	(1,265)	(1,127)
Loss before income taxes	(20,487)	(12,714)	(16,034)
Income tax provision	(614)	(709)	(2,160)
Net loss	$ (21,101)	$ (13,423)	$ (18,194)
Net loss per share—basic and diluted	$ (0.37)	$ (0.38)	$ (0.61)
Weighted average common shares outstanding—basic and diluted	57,518	35,439	29,853

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

GLU MOBILE INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock							
	Shares	Amount	Additional Paid-In Capital	Deferred Stock-based Compensation	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total Stockholders' Equity Deficit	Compre-hensive Loss
				(In thousands, except per share data)				
Balances at December 31, 2008	29,584	$ 3	$ 184,757	$ (11)	$ 1,170	$ (159,125)	$ 26,794	
Net loss	—	—	—	—	—	(18,194)	(18,194)	$ (18,194)
Adjustment to deferred stock-based compensation for terminated employees	—	—	—	11	—	—	11	—
Stock-based compensation expense	—	—	2,915	—	—	—	2,915	—
Vesting of early exercised options	—	—	4	—	—	—	4	—
Issuance of common stock upon exercise of stock options	276	—	190	—	—	—	190	—
Issuance of common stock pursuant to Employee Stock Purchase Plan	500	—	212	—	—	—	212	—
Foreign currency translation adjustment	—	—	—	—	(239)	—	(239)	(239)
Comprehensive loss	—	—	—	—	—	—	—	$ (18,433)
Balances at December 31, 2009	30,360	$ 3	$ 188,078	$ —	$ 931	$ (177,319)	$ 11,693	
Net loss	—	—	—	—	—	(13,423)	(13,423)	$ (13,423)
Stock-based compensation expense	—	—	1,568	—	—	—	1,568	—
Vesting of early exercised options	—	—	2	—	—	—	2	—
Issuance of common stock upon exercise of stock options	330	—	287	—	—	—	287	—
Issuance of common stock upon Private Placement, net of issuance costs	13,495	1	13,218	—	—	—	13,219	
Issuance of common stock pursuant to Employee Stock Purchase Plan	400	—	311	—	—	—	311	—
Foreign currency translation adjustment	—	—	—	—	228	—	228	228
Comprehensive loss	—	—	—	—	—	—	—	$ (13,195)
Balances at December 31, 2010	44,585	$ 4	$ 203,464	$ —	$ 1,159	$ (190,742)	$ 13,885	
Net loss	—	—	—	—	—	(21,101)	(21,101)	$ (21,101)
Stock-based compensation expense	—	—	2,559	—	—	—	2,559	—
Issuance of other common stock	51	—	200	—	—	—	200	—
Issuance of common stock upon exercise of stock options	859	—	1,633	—	—	—	1,633	—
Issuance of common stock upon exercise of warrants	2,475	—	3,711	—	—	—	3,711	—
Issuance of common stock as consideration for acquisitions, net of issuance costs	7,106	1	33,157	—	—	—	33,158	
Issuance of common stock upon Secondary Offering, net of issuance costs	8,415	1	15,660	—	—	—	15,661	
Issuance of common stock pursuant to Employee Stock Purchase Plan	258	—	360	—	—	—	360	—
Foreign currency translation adjustment	—	—	—	—	(893)	—	(893)	(893)
Comprehensive loss	—	—	—	—	—	—	—	$ (21,994)
Balances at December 31, 2011	63,749	$ 6	$ 260,744	$ —	$ 266	$ (211,843)	$ 49,173	

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

GLU MOBILE INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Cash flows from operating activities:			
Net loss	$ (21,101)	$ (13,423)	$ (18,194)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	1,846	1,975	2,330
Amortization of intangible assets	6,272	4,431	7,307
Stock-based compensation	3,110	1,568	2,926
MIG earnout expense	—	—	875
Change in fair value of Blammo earnout	(61)	—	—
Interest expense on debt	4	413	1,125
Amortization of loan agreement costs	70	188	151
Non-cash foreign currency remeasurement (gain)/loss	(789)	699	(55)
Impairment of prepaid royalties and guarantees	531	663	6,591
Changes in allowance for doubtful accounts	296	(42)	78
Changes in operating assets and liabilities, net of effect of acquisitions:			
Accounts receivable	(64)	5,237	3,687
Prepaid royalties	1,458	3,696	6,420
Prepaid expenses and other assets	2,073	(113)	233
Accounts payable	602	1,139	(2,159)
Other accrued liabilities	(177)	(1,223)	(311)
Accrued compensation	978	1,839	(412)
Accrued royalties	(3,402)	(5,278)	(5,738)
Deferred revenues	6,198	(70)	150
Accrued restructuring charge	(1,575)	1,055	348
Other long-term liabilities	(2,996)	(505)	(4,222)
Net cash (used in)/provided by operating activities	(6,727)	2,249	1,130
Cash flows from investing activities:			
Purchase of property and equipment	(2,708)	(710)	(838)
Net cash received from acquisitions	10,342	—	—
Net cash provided by/(used in) investing activities	7,634	(710)	(838)
Cash flows from financing activities:			
Proceeds from line of credit	—	37,356	55,852
Payments on line of credit	(2,288)	(39,729)	(51,179)
MIG loan payments	(698)	(10,302)	(14,000)
Proceeds from public offering, net	15,661	—	—
Proceeds from private placement, net	—	13,218	—
Proceeds from exercise of stock options and ESPP	1,993	598	402
Proceeds from exercise of stock warrants and issuance of common stock	3,711	—	—
Net cash provided by/(used in) financing activities	18,379	1,141	(8,925)
Effect of exchange rate changes on cash	63	(327)	(23)
Net increase/(decrease) in cash and cash equivalents	19,349	2,353	(8,656)
Cash and cash equivalents at beginning of period	12,863	10,510	19,166
Cash and cash equivalents at end of period	$ 32,212	$ 12,863	$ 10,510
Supplemental disclosures of cash flow information			
Common stock issued for the acquisitions of Griptonite and Blammo	$ 33,158	$ —	$ —
Interest paid	$ —	$ 1,349	$ 403
Income taxes paid	$ 1,453	$ 507	$ 1,438

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

GLU MOBILE INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data and percentages)

NOTE 1—THE COMPANY

Glu Mobile Inc. (the "Company" or "Glu") was incorporated in Nevada in May 2001 and reincorporated in the state of Delaware in March 2007. The Company designs, markets and sells mobile games for users of smartphones and tablet devices who purchase its games through direct-to-consumer digital storefronts as well as users of feature phones served by wireless carriers and other distributors. The Company creates games based on its own original intellectual property as well as third-party licensed brands.

The Company has incurred recurring losses from operations since inception and had an accumulated deficit of $211,843 as of December 31, 2011. For the year ended December 31, 2011, the Company incurred a net loss of $21,101. The Company may incur additional losses and negative cash flows in the future. Failure to generate sufficient revenues, reduce spending or raise additional capital could adversely affect the Company's ability to achieve its intended business objectives.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires the Company's management to make judgments, assumptions and estimates that affect the amounts reported in its consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Significant estimates and assumptions reflected in the financial statements include, but are not limited to, the estimated lives that we use for revenue recognition, the allowance for doubtful accounts, useful lives of property and equipment and intangible assets, accrued liabilities, income taxes, fair value of stock awards issued and contingent consideration issued to Blammo shareholders, accounting for business combinations, and evaluating goodwill and long-lived assets for impairment. Actual results may differ from these estimates and these differences may be material.

Revenue Recognition

The Company generates revenues through the sale of games on traditional feature phones and smartphones and tablets, such as Apple's iPhone and iPad and other mobile devices utilizing Google's Android operating system. Feature phone games are distributed primarily through wireless carriers and Smartphone games are distributed primarily through digital storefronts such as the Apple App Store.

Smartphone revenue

The Company distributes its games for smartphones and tablets on digital storefronts such as the Apple's App Store and the Google Play Store. Within these storefronts, users can download the Company's freemium games and pay to acquire virtual currency which can be redeemed in the game for virtual goods. The Company recognizes revenue, when persuasive evidence of an arrangement exists, the service has been provided to the user, the price paid by the user is fixed or determinable, and collectability is reasonably assured. Determining whether and when some of these criteria have been satisfied requires judgments that may have a significant impact on the timing and amount of revenue the Company reports in each period. For the purposes of determining when the service has been provided to the player, the Company has determined that an implied obligation exists to the paying user to continue displaying the purchased virtual goods within the game over the virtual goods' estimated useful lives. The Company sells both consumable and durable virtual goods. Consumable goods are items consumed at a predetermined time or otherwise have limitations on repeated, while durable goods are items accessible to the user over an extended period of time. The Company recognizes revenue from the sale of virtual currency and other virtual items ratably over the estimated average playing period of paying users. Where the Company does not have the ability to differentiate revenues from durable and consumable virtual goods, all revenues are deferred ratably over the average playing period of paying users. While the Company believes its estimates to be reasonable based on available game player information, it may revise such estimates in the future as the games' operation periods change. Any adjustments arising from changes in the estimates of the lives of these virtual goods would be applied prospectively on the basis that such changes are caused by new information indicating a change in game player behavior patterns. Any changes in the Company's estimates of useful lives of these virtual goods may result in revenues being recognized on a basis different from prior periods' and may cause its operating results to fluctuate.

The Company also has relationships with certain advertising agencies for advertisements within Smartphone games and revenue from these advertisers is generated through impressions, clickthroughs, banner ads and offers. Revenue is recognized as advertisements are delivered, an executed contract exists, the price is fixed or determinable and collectability has been reasonably assured. Delivery generally occurs when the advertisement has been displayed or the offer has been completed by the user. Certain offer advertisements that result in the user receiving virtual currency are deferred and recognized over the average playing period of paying users.

Feature phone revenue

The Company's feature phone revenues are derived primarily by licensing software products in the form of mobile games. The Company distributes its products primarily through mobile telecommunications service providers ("carriers"), which market the games to end users. License fees are usually billed by the carrier upon download of the game by the end user and are generally billed monthly. Revenues are recognized from the Company's games when persuasive evidence of an arrangement exists, the game has been delivered, the fee is fixed or determinable, and the collection of the resulting receivable is probable. Management considers a signed license agreement to be evidence of an arrangement with a carrier and a "clickwrap" agreement to be evidence of an arrangement with an end user. For these licenses, the Company defines delivery as the download of the game by the end user.

Other estimates and judgments

The Company estimates revenues from carriers and digital storefronts in the current period when reasonable estimates of these amounts can be made. Certain carriers and digital storefronts provide reliable interim preliminary reporting and others report sales data within a reasonable time frame following the end of each month, both of which allow the Company to make reasonable estimates of revenues and therefore to recognize revenues during the reporting period. Determination of the appropriate amount of revenue recognized involves judgments and estimates that the Company believes are reasonable, but it is possible that actual results may differ from the Company's estimates. When the Company receives the final reports, to the extent not received within a

reasonable time frame following the end of each month, the Company records any differences between estimated revenues and actual revenues in the reporting period when the Company determines the actual amounts. Historically, the revenues on the final revenue report have not differed by more than one half of 1% of the reported revenues for the period, which the Company deemed to be immaterial.

In accordance with ASC 605-45, *Revenue Recognition: Principal Agent Considerations*, the Company recognizes as revenues the amounts the carrier and digital storefronts reports as payable upon the sale of the Company's games. The Company has evaluated its carrier and digital storefront agreements and has determined that it is not the principal when selling its games. Key indicators that it evaluated to reach this determination include:

- wireless subscribers directly contract with the carriers and digital storefronts, which have most of the service interaction and are generally viewed as the primary obligor by the subscribers;
- carriers and digital storefronts generally have responsibility for fulfillment of the games and have significant control over the types of games that they offer to their subscribers;
- the limited number of digital storefronts currently available in the marketplace;
- carriers and digital storefronts are directly responsible for billing and collecting fees from their subscribers, including the resolution of billing disputes;
- carriers and digital storefronts generally pay the Company a fixed percentage of their revenues or a fixed fee for each game;
- carriers and digital storefronts generally must approve the price of the Company's games in advance of their sale to subscribers or provide tiered pricing thresholds, and the Company's more significant carriers generally have the ability to set the ultimate price charged to their subscribers; and
- the Company has limited risks, including no inventory risk and limited credit risk.

Deferred Licensing Fees and Related Costs

Certain premium licensed games sold on digital storefronts such as Apple's App Store require the revenue to be deferred due to additional services and incremental unspecified digital content to be delivered in the future without an additional fee. The Company is obligated to pay ongoing licensing fees in the form of royalties related to these games. As revenues are deferred, the related ongoing licensing fees and costs are also deferred. The deferred licensing fees and related costs are recognized in the consolidated statements of operations in the period in which the related sales are recognized as revenue.

Cash and Cash Equivalents

The Company considers all investments purchased with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. The Company deposits cash and cash equivalents with financial institutions that management believes are of high credit quality. Deposits held with financial institutions are likely to exceed the amount of insurance on these deposits.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, cash equivalents and accounts receivable.

The Company derives its accounts receivable from revenues earned from customers located in the U.S. and other locations outside of the U.S. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. The Company bases its allowance for doubtful

accounts on management's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company reviews past due balances over a specified amount individually for collectability on a monthly basis. It reviews all other balances quarterly. The Company charges off accounts receivable balances against the allowance when it determines that the amount will not be recovered.

The following table summarizes the revenues from customers in excess of 10% of the Company's revenues:

	Year Ended December 31,		
	2011	2010	2009
Apple	20.7%	— %	— %
Tapjoy	13.0	—	—
Verizon Wireless	—	15.2	20.5

At December 31, 2011, Apple accounted for 26.6%, Tapjoy accounted for 18.0%, Telecomunicaciones Movilnet accounted for 11.7% and Google accounted for 10.3% of total accounts receivable. At December 31, 2010, Verizon Wireless accounted for 18.3% and Telecomunicaciones Movilnet accounted for 14.8% of total accounts receivable.

Fair Value

The Company accounts for fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses a three tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

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

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The first two are levels in the hierarchy are considered observable inputs and the last is considered unobservable. The Company's cash and investment instruments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Level 3 liabilities consist of acquisition-related non-current liabilities for contingent consideration (i.e., earnouts). Please refer to Note 4 for further details.

Prepaid or Guaranteed Licensor Royalties

The Company's royalty expenses consist of fees that it pays to branded content owners for the use of their intellectual property, including trademarks and copyrights, in the development of the Company's games. Royalty-based obligations are either paid in advance and capitalized on the balance sheet as prepaid royalties or accrued as incurred and subsequently paid. These royalty-based obligations are expensed to cost of revenues at the greater of the revenues derived from the relevant game multiplied by the applicable contractual rate or an effective royalty rate based on expected net product sales. Advanced license payments that are not recoupable against future royalties are capitalized and amortized over the lesser of the estimated life of the branded title or the term of the license agreement.

The Company's contracts with some licensors include minimum guaranteed royalty payments, which are payable regardless of the ultimate volume of sales to end users. In accordance with ASC 460-10-15, *Guarantees* ("ASC 460"), the Company recorded a minimum guaranteed liability of approximately $300 and $562 as of December 31, 2011 and 2010, respectively. When no significant performance remains with the licensor, the Company initially records each of these guarantees as an asset and as a liability at the contractual amount. The Company believes that the contractual amount represents the fair value of the liability. When significant performance remains with the licensor, the Company records royalty payments as an asset when actually paid and as a liability when incurred, rather than upon execution of the contract. The Company classifies minimum royalty payment obligations as current liabilities to the extent they are contractually due within the next twelve months.

Each quarter, the Company evaluates the realization of its royalties as well as any unrecognized guarantees not yet paid to determine amounts that it deems unlikely to be realized through product sales. The Company uses estimates of revenues, cash flows and net margins to evaluate the future realization of prepaid royalties and guarantees. This evaluation considers multiple factors, including the term of the agreement, forecasted demand, game life cycle status, game development plans, and current and anticipated sales levels, as well as other qualitative factors such as the success of similar games and similar genres on mobile devices for the Company and its competitors and/or other game platforms (e.g., consoles, personal computers and Internet) utilizing the intellectual property and whether there are any future planned theatrical releases or television series based on the intellectual property. To the extent that this evaluation indicates that the remaining prepaid and guaranteed royalty payments are not recoverable, the Company records an impairment charge to cost of revenues in the period that impairment is indicated. The Company recorded impairment charges to cost of revenues of $531, $663 and $6,591 during the years ended December 31, 2011, 2010 and 2009, respectively.

Goodwill and Intangible Assets

In accordance with ASC 350, *Intangibles-Goodwill and Other* ("ASC 350"), the Company's goodwill is not amortized but is tested for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Under ASC 350, the Company performs the annual impairment review of its goodwill balance as of September 30. This impairment review involves a two-step process as follows:

Step—1 The Company compares the fair value of each of its reporting units to the carrying value including goodwill of that unit. For each reporting unit where the carrying value, including goodwill, exceeds the unit's fair value, the Company moves on to step 2. If a unit's fair value exceeds the carrying value, no further work is performed and no impairment charge is necessary.

Step—2 The Company performs an allocation of the fair value of the reporting unit to its identifiable tangible and intangible assets (other than goodwill) and liabilities. This allows the Company to derive an implied fair value for the unit's goodwill. The Company then compares the implied fair value of the reporting unit's goodwill with the carrying value of the unit's goodwill. If the carrying amount of the unit's goodwill is greater than the implied fair value of its goodwill, an impairment charge would be recognized for the excess.

In 2011, 2010 and 2009, the Company did not record any goodwill impairment charges as the fair values of the reporting units exceeded their respective carrying values.

Purchased intangible assets with finite lives are amortized using the straight-line method over their useful lives ranging from one to six years and are reviewed for impairment in accordance with ASC 360, *Property, Plant and Equipment* ("ASC 360").

Long-Lived Assets

The Company evaluates its long-lived assets, including property and equipment and intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable in accordance with ASC 360. Factors considered important that could result in an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of acquired assets, significant negative industry or economic trends, and a significant decline in the Company's stock price for a sustained period of time. The Company recognizes impairment based on the difference between the fair value of the asset and its carrying value. Fair value is generally measured based on either quoted market prices, if available, or a discounted cash flow analysis.

Property and Equipment

The Company states property and equipment at cost. The Company computes depreciation or amortization using the straight-line method over the estimated useful lives of the respective assets or, in the case of leasehold improvements, the lease term of the respective assets, whichever is shorter.

The depreciation and amortization periods for the Company's property and equipment are as follows:

Computer equipment	Three years
Computer software	Three years
Furniture and fixtures	Three years
Leasehold improvements	Shorter of the estimated useful life or remaining term of lease

Research and Development Costs

The Company charges costs related to research, design and development of products to research and development expense as incurred. The types of costs included in research and development expenses include salaries, contractor fees and allocated facilities costs. The Company also has contracts with various external software developers ("third-party developers") to design and develop games as part of its "Glu Partners" initiative. The Company advances funds to these third-party developers, in installments, payable upon the completion of specified development milestones. The Company expenses developer commitments as services are provided, as payment is contingent upon performance by the developer.

Software Development Costs

The Company applies the principles of ASC 985-20, *Software-Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed* ("ASC 985-20"). ASC 985-20 requires that software development costs incurred in conjunction with product development be charged to research and development expense until technological feasibility is established. Thereafter, until the product is released for sale, software development costs must be capitalized and reported at the lower of unamortized cost or net realizable value of the related product. The Company has adopted the "tested working model" approach to establishing technological feasibility for its games. Under this approach, the Company does not consider a game in development to have passed the technological feasibility milestone until the Company has completed a model of the game that contains essentially all the functionality and features of the final game and has tested the model to ensure that it works as expected. To date, the Company has not incurred significant costs between the establishment of technological feasibility and the release of a game for sale; thus, the Company has expensed all software development costs as incurred. The Company considers the following factors in determining whether costs can be capitalized: the emerging nature of the mobile game market; the lack of pre-orders or sales history for its games; the uncertainty regarding a game's revenue-generating potential; its lack of control over the carrier distribution channel resulting in uncertainty as to when, if ever, a game will be available for sale; and its historical practice of canceling games at any stage of the development process.

Internal Use Software

The Company recognizes internal use software development costs in accordance with ASC 350-40, *Intangibles-Goodwill and Other-Internal Use Software* ("ASC 350-40"). Thus, the Company capitalizes software development costs, including costs incurred to purchase third-party software, beginning when it determines certain factors are present including, among others, that technology exists to achieve the performance requirements and/or buy versus internal development decisions have been made. The Company capitalized certain internal use software costs totaling approximately $1,787, $117 and $114 during the years ended December 31, 2011, 2010 and 2009, respectively. The estimated useful life of costs capitalized is generally three years. During the years ended December 31, 2011, 2010 and 2009, the amortization of capitalized software costs totaled approximately $507, $262 and $421, respectively. Capitalized internal use software development costs are included in property and equipment, net.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in its financial statements or tax returns. Under ASC 740, the Company determines deferred tax assets and liabilities based on the temporary difference between the financial statement and tax bases of assets and liabilities using the enacted tax rates in effect for the year in which it expects the differences to reverse. The Company establishes valuation allowances when necessary to reduce deferred tax assets to the amount it expects to realize.

The Company accounts for uncertain tax positions in accordance with ASC 740, which requires companies to adjust their financial statements to reflect only those tax positions that are more-likely-than-not to be sustained. ASC 740 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Company's policy is to recognize interest and penalties related to unrecognized tax benefits in income tax expense. See Note 11 for additional information, including the effects of adoption on the Company's consolidated financial position, results of operations and cash flows.

Restructuring

The Company accounts for costs associated with employee terminations and other exit activities in accordance with ASC 420, *Exit or Disposal Cost Obligations* ("ASC 420"). The Company records employee termination benefits as an operating expense when it communicates the benefit arrangement to the employee and it requires no significant future services, other than a minimum retention period, from the employee to earn the termination benefits.

Stock-Based Compensation

The Company applies the fair value provisions of ASC 718, *Compensation-Stock Compensation* ("ASC 718"). ASC 718 requires the recognition of compensation expense, using a fair-value based method, for costs related to all share-based payments including stock options. ASC 718 requires companies to estimate the fair value of share-based payment awards on the grant date using an option pricing model. The fair value of stock options and stock purchase rights granted pursuant to the Company's equity incentive plans and 2007 Employee Stock Purchase Plan ("ESPP"), respectively, is determined using the Black-Scholes valuation model. The determination of fair value is affected by the stock price, as well as assumptions regarding subjective and complex variables such as expected employee exercise behavior and expected stock price volatility over the expected term of the award. Generally, these assumptions are based on historical information and judgment is required to determine if historical trends may be indicators of future outcomes. Employee stock-based compensation expense is calculated based on awards ultimately expected to vest and is reduced for estimated

forfeitures. Forfeitures are revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates and an adjustment to stock-based compensation expense will be recognized at that time. Changes to the assumptions used in the Black-Scholes option valuation calculation and the forfeiture rate, as well as future equity granted or assumed through acquisitions could significantly impact the compensation expense the Company recognizes.

The Company has elected to use the "with and without" approach as described in determining the order in which tax attributes are utilized. As a result, the Company will only recognize a tax benefit from stock-based awards in additional paid-in capital if an incremental tax benefit is realized after all other tax attributes currently available to the Company have been utilized. In addition, the Company has elected to account for the indirect effects of stock-based awards on other tax attributes, such as the research tax credit, through its statement of operations.

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of ASC 718 and ASC 505-50.

Advertising Expenses

The Company expenses the production costs of advertising, including direct response advertising, the first time the advertising takes place. Advertising expense was $6,114, $3,184 and $1,734 in the years ended December 31, 2011, 2010 and 2009, respectively.

Comprehensive Income/(Loss)

Comprehensive income/(loss) consists of two components, net loss and other comprehensive income/(loss). Other comprehensive income/(loss) refers to revenues, expenses, gains and losses that under GAAP are recorded as an element of stockholders' equity but are excluded from net income/(loss). The Company's other comprehensive income/(loss) included only of foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency.

Foreign Currency Translation

In preparing its consolidated financial statements, the Company translated the financial statements of its foreign subsidiaries from their functional currencies, the local currency, into U.S. Dollars. This process resulted in unrealized exchange gains and losses, which are included as a component of accumulated other comprehensive loss within stockholders' deficit.

Cumulative foreign currency translation adjustments include any gain or loss associated with the translation of a subsidiary's financial statements when the functional currency of a subsidiary is the local currency. However, if the functional currency is deemed to be the U.S. Dollar, any gain or loss associated with the translation of these financial statements would be included within the Company's statements of operations. If the Company disposes of any of its subsidiaries, any cumulative translation gains or losses would be realized and recorded within the Company's statement of operations in the period during which the disposal occurs. If the Company determines that there has been a change in the functional currency of a subsidiary relative to the U.S. Dollar, any translation gains or losses arising after the date of change would be included within the Company's statement of operations.

Business Combination

In the first quarter of 2010, the Company adopted a new accounting standard related to business combinations, ASC 805, *Business Combinations* ("ASC 805'), which revised the accounting guidance applied to business combinations. The new standard expanded the definition of a business and a business combination; requires recognition of assets acquired, liabilities assumed, and contingent consideration at their fair value on the

acquisition date with subsequent changes recognized in earnings; requires acquisition-related expenses and restructuring costs to be recognized separately from the business combination and expensed as incurred; requires in-process research and development to be capitalized at fair value as an indefinite-lived intangible asset until completion or abandonment; and requires that changes in accounting for deferred tax asset valuation allowances and acquired income tax uncertainties after the measurement period be recognized as a component of provision for taxes.

The Company accounts for acquisitions of entities that include inputs and processes and have the ability to create outputs as business combinations. The purchase price of the acquisition is allocated to tangible assets, liabilities, and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses and restructuring costs are expensed as incurred. While the Company uses its best estimates and assumptions as a part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the business combination date, these estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the preliminary purchase price allocation period, which may be up to one year from the business combination date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. After the preliminary purchase price allocation period, the Company records adjustments to assets acquired or liabilities assumed subsequent to the purchase price allocation period in its operating results in the period in which the adjustments were determined.

Net Loss per Share

The Company computes basic net loss per share by dividing its net loss for the period by the weighted average number of common shares outstanding during the period less the weighted average unvested common shares subject to restrictions by the Company.

	Year Ended December 31,		
	2011	2010	2009
Net loss	$(21,101)	$(13,423)	$(18,194)
Basic and diluted shares:			
Weighted average common shares outstanding	57,834	35,439	29,854
Weighted average unvested common shares subject to restrictions	(316)	—	(1)
Weighted average shares used to compute basic and diluted net loss per share	57,518	35,439	29,853
Net loss per share—basic and diluted	$ (0.37)	$ (0.38)	$ (0.61)

The following weighted average options and warrants to purchase common stock and unvested shares of common stock subject to restrictions have been excluded from the computation of diluted net loss per share of common stock for the periods presented because including them would have had an anti-dilutive effect:

	Year Ended December 31,		
	2011	2010	2009
Warrants to purchase common stock	5,344	2,435	106
Unvested common shares subject to restrictions	316	—	1
Options to purchase common stock	8,112	6,347	4,935
	13,772	8,782	5,042

Recent Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board ("FASB") issued ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations* ("ASU 2010-29"), which clarifies the pro forma revenue and earnings disclosure requirements for business combinations. ASU 2010-29 specifies if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. In addition, this ASU expands the supplemental pro forma disclosures under ASC 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments. ASU 2010-29 is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The Company adopted ASU 2010-29 as of January 1, 2011 and its adoption did not have a material impact on the consolidated financial statements.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, ("ASU 2011-04").* ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between U.S. GAAP and IFRS. ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This new guidance is to be applied prospectively for reporting periods beginning on or after December 15, 2011. The Company anticipates that the adoption of this standard will not materially impact the Company's consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income, ("ASU 2011-05")*. ASU 2011-05 eliminates the option to report other comprehensive income and its components in the statement of changes in equity. ASU 2011-05 requires that all non-owner changes in stockholders' equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. This new guidance is to be applied retrospectively for interim and annual periods beginning after December 15, 2011. The Company anticipates that the adoption of this standard will not materially impact its consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment* (the "revised standard"). The revised standard is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a "qualitative" assessment to determine whether further impairment testing is necessary. The revised standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. An entity has the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The Company anticipates that the adoption of this standard will not materially impact the Company's consolidated financial statements.

NOTE 3—ACQUISITIONS

Acquisition of Griptonite, Inc.

On August 2, 2011, the Company completed the acquisition of Griptonite, Inc., a Washington corporation ("Griptonite") and formerly a wholly owned subsidiary of Foundation 9 Entertainment, Inc., a Delaware corporation ("Foundation 9"), pursuant to an Agreement and Plan of Merger, as amended on August 15, 2011 (the "Merger Agreement"), by and among the Company, Granite Acquisition Corp., a Washington corporation and wholly owned subsidiary of the Company ("Sub"), Foundation 9 and Griptonite. Pursuant to the terms of the Merger Agreement, Sub merged with and into Griptonite in a statutory reverse triangular merger (the "Merger"), with Griptonite surviving the Merger as a wholly owned subsidiary of the Company. Griptonite, which is based

in Kirkland, Washington, is a developer of games for advanced platforms, including handheld devices. The Company acquired Griptonite to increase its studio development capacity and augment its existing development efforts to accelerate the introduction of new titles on smartphones and tablets.

In connection with the Merger, the Company issued to Foundation 9, as Griptonite's sole shareholder, in exchange for all of the issued and outstanding shares of Griptonite capital stock, a total of 6,106 shares of the Company's common stock, for consideration of approximately $28,088, using the $4.60 closing price of the Company's common stock on The NASDAQ Global Market on August 2, 2011; 600 shares will be held in escrow until November 2, 2012 as security to satisfy potential indemnification claims under the Merger Agreement. In addition, the Company may be required to issue additional shares (not to exceed 5,302 shares) or in specified circumstances pay additional cash (i) in satisfaction of indemnification obligations in the case of breaches of the Company's and Sub's representations, warranties and covenants in the Merger Agreement or (ii) pursuant to potential working capital adjustments.

The preliminary allocation of the Griptonite purchase price was based upon valuations for certain assets and liabilities assumed. The valuation was based upon preliminary calculations and valuations, and the Company's estimates and assumptions are subject to change as the Company obtains additional information for its estimates during the respective measurement periods (up to one year from the acquisition date). The following table summarizes the preliminary fair values of assets acquired and liabilities assumed at the date of acquisition:

Assets acquired:	
Cash	$ 10,300
Accounts receivable	1,558
Prepaid and other current assets	1,028
Property and equipment	731
Other long term assets	33
Intangible assets:	
Non-compete agreements	3,200
Developed Technology	2,500
Goodwill	12,735
Total assets acquired	32,085
Liabilities assumed:	
Accounts payable and other accrued liabilities	(1,226)
Deferred tax liability and other long-term liabilities	(2,771)
Total liabilities	(3,997)
Net acquired assets	$ 28,088

Acquisition-related intangibles included in the above table are finite-lived and are being amortized on a straight-line basis over their estimated lives ranging from three months to two years which approximates the pattern in which the economic benefits of the intangible assets are realized. Pursuant to ASC 805, the Company incurred and expensed a total of $1,126 in acquisition and transitional costs associated with the acquisition of Griptonite, during the year ended December 31, 2011, which were primarily general and administrative related.

The Company allocated the residual value of $12,735 to goodwill. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. In accordance with ASC 350, goodwill will not be amortized but will be tested for impairment at least annually. Goodwill created as a result of the Griptonite acquisition is not deductible for tax purposes.

Assumption of Griptonite Lease

In connection with the Merger, the Company assumed lease obligations related to the premises located in Kirkland, Washington (the "Griptonite Lease"). The Griptonite Lease covers approximately 54 rentable square feet and has a term that ends on September 30, 2015. As part of the purchase accounting adjustments for Griptonite, the Company eliminated the existing deferred rent balance and recorded a fair value adjustment to reflect the current market value of the unfavorable operating lease commitment. The current and long-term fair value of the unfavorable operating lease obligation was $268 and $633, respectively, as of December 31, 2011. The Griptonite Lease has been included in the future lease obligations disclosed in Note 7.

Acquisition of Blammo Games Inc.

On August 1, 2011, the Company completed the acquisition of Blammo Games Inc. ("Blammo"), by entering into a Share Purchase Agreement (the "Share Purchase Agreement") by and among the Company, Blammo and each of the owners of the outstanding share capital of Blammo (the "Sellers"). Blammo is a developer of freemium games for the iOS platform located in Toronto, Canada.

Pursuant to the terms of the Share Purchase Agreement, the Company purchased from the Sellers all of the issued and outstanding share capital of Blammo (the "Share Purchase"), and in exchange for such Blammo share capital, the Company (i) issued to the Sellers, in the aggregate, 1,000 shares of the Company's common stock (the "Initial Shares"), which resulted in initial consideration of $5,070 using the $5.07 closing price of the Company's common stock on The NASDAQ Global Market on August 1, 2011, and (ii) agreed to issue to the Sellers, in the aggregate, up to an additional 3,313 shares of the Company's common stock (the "Additional Shares") if Blammo achieves certain Net Revenue targets during the years ending March 31, 2013, March 31, 2014 and March 31, 2015, as more fully described below under "Contingent Consideration." 100 of the Initial Shares will be held in escrow until August 1, 2012 to satisfy indemnification claims under the Share Purchase Agreement.

The preliminary allocation of the Blammo purchase price was based upon valuations for certain assets and liabilities assumed. The valuation was based upon preliminary calculations and valuations, and the Company's estimates and assumptions are subject to change as the Company obtains additional information for its estimates during the respective measurement periods (up to one year from the acquisition date). The following table summarizes the preliminary fair values of assets acquired and liabilities assumed at the date of acquisition:

Assets acquired:	
Cash and other assets	$ 69
Intangible assets:	
Non-compete agreements	1,400
In-process research and development	300
Goodwill	4,309
Total assets acquired	6,078
Liabilities assumed:	
Accounts payable and other accrued liabilities	(287)
Other long-term liabilities	(721)
Total liabilities	(1,008)
Net acquired assets	$ 5,070

Acquisition-related intangibles included in the above table are finite-lived and are being amortized on a straight-line basis over their estimated lives ranging from two to four years which approximates the pattern in which the economic benefits of the intangible assets are realized. Pursuant to ASC 805, the Company incurred and expensed a total of $181 in acquisition and transitional costs associated with the acquisition of Blammo, during the year ended December 31, 2011, which were primarily general and administrative related.

In connection with the acquisition of Blammo, in 2011, the Company recorded net deferred tax liabilities of $416, with a corresponding adjustment to goodwill. These deferred taxes were primarily related to identifiable intangible assets and net operating losses.

The Company allocated the residual value of $4,309 to goodwill. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. In accordance with ASC 350, goodwill will not be amortized but will be tested for impairment at least annually. Goodwill created as a result of the Blammo acquisition is not deductible for tax purposes.

Contingent Consideration

The Additional Shares will be issued to the Sellers if, and to the extent that, Blammo achieves certain Net Revenue (as such term is defined in the Share Purchase Agreement) performance targets as follows: (i) for fiscal 2013 (April 1, 2012 through March 31, 2013), (a) 227 Additional Shares will be issued to the Sellers if, and only in the event that, Blammo meets its Baseline Net Revenue goal for such fiscal year, and (b) up to an additional 682 Additional Shares will be issued to the Sellers to the extent that Blammo exceeds its Baseline Net Revenue goal and meets its Upside Net Revenue goal for such fiscal year, (ii) for fiscal 2014 (April 1, 2013 through March 31, 2014), (a) 417 Additional Shares will be issued to the Sellers if, and only in the event that, Blammo meets its Baseline Net Revenue goal for such fiscal year, and (b) up to an additional 833 Additional Shares will be issued to the Sellers to the extent that Blammo exceeds its Baseline Net Revenue goal and meets its Upside Net Revenue goal for such fiscal year, and (iii) for fiscal 2015 (April 1, 2014 through March 31, 2015), (a) no Additional Shares will be issued to the Sellers if Blammo does not meet its Baseline Net Revenue goal for such fiscal year and (b) up to 1,154 Additional Shares will be issued to the Sellers to the extent that Blammo exceeds its Baseline Net Revenue goal and meets its Upside Net Revenue goal for such fiscal year. To the extent that Blammo meets its Baseline Net Revenue goal for a fiscal year but does not meet its Upside Net Revenue goal for such fiscal year, Additional Shares will be issued to the Sellers on a straight-line basis based on the amount by which Blammo exceeded the Baseline Net Revenue goal. Blammo's Baseline and Upside Net Revenue goals for fiscal 2013, 2014 and 2015 are as follows:

Fiscal Year	Baseline Net Revenue	Upside Net Revenue
Fiscal 2013	$ 3,500	$ 5,000
Fiscal 2014	$ 5,500	$ 10,000
Fiscal 2015	$ 8,500	$ 15,000

Three of the five Sellers are also employees of Blammo. If any of these employee Sellers voluntarily terminates his employment with Blammo (other than because of a disability that prevents him or her from performing his job) or if the Company or Blammo terminates such Seller's employment for Cause (as such term is defined in the Share Purchase Agreement), then such Seller will be eligible to receive Additional Shares if and when such Additional Shares are earned as described above only with respect to the fiscal year in which such termination of employment occurs (and all previous fiscal years to the extent applicable), but not with respect to any Additional Shares issued in any subsequent fiscal year. In such an event, the Additional Shares that such Seller would have otherwise received will be forfeited and will not be issued by the Company or distributed to the other Sellers, but the other Sellers' rights to receive Additional Shares will not otherwise be affected. The fair value of the contingent consideration issued to the three Sellers who are also employees of Blammo is not considered part of the purchase price, as vesting is contingent upon these employees' continued service during the earn-out periods. The Company will record the contingent consideration issued to these employees as a compensation expense over the earn-out period of one to three years. See Note 10 for further details. In accordance with ASC 815, *Business Combinations*, the Company recorded $306 of the contingent consideration as part of the purchase accounting allocation, this amount represents the fair value of the portion of the forecasted Additional Shares to be issued to the Sellers who are not employees of Blammo. This amount is fair valued in each reporting period. The Company recorded a non-cash adjustment of $61 in the year ended December 31, 2011, which represents the change in fair value since the date of acquisition.

Valuation Methodology

The Company engaged a third party valuation firm to aid management in its analyses of the fair value of Griptonite and Blammo. All estimates, key assumptions and forecasts were either provided by or reviewed by the Company. While the Company chose to utilize a third party valuation firm, the fair value analyses and related valuations represent the conclusions of management and not the conclusions or statements of any third party.

Intangible assets acquired consist of non-compete agreements, acquired technology and in-process research and development ("IPR&D"). Each valuation methodology assumes a discount rate of 25%.

The Blammo and Griptonite non-compete agreements were valued using the loss of income method, which is an income approach. Two separate cashflows were prepared, one to model the cashflow with the non-compete agreements in place, and one without the agreements. The difference between the debt-free cashflow of the two models was then discounted to present value using a discount rate.

In the valuation of Griptonite developed technology, the replacement cost method of the cost approach was used; although the Company does not expect to use the acquired technology, it was deemed likely that a market participant would perceive value in acquiring and integrating these technologies into their own platforms. The value was determined based on the engineering costs to replace or recreate the developed technology. Key assumptions used included, man hours to recreate, costs per month and remaining total and economic life.

As of the valuation date, Blammo was in the process of developing one game, which game was launched in December 2011. The Company has estimated the majority of the revenues associated with this game would be generated in 2012 and 2013. The fair value was calculated using the multi-period excess earning method of the income approach, and significant assumptions used included the discount rate, forecasted revenues, forecasted cost of goods sold and forecasted operating expense. The company had capitalized approximately $300 of IPR&D costs at the acquisition date associated with the above game. These costs were reclassified to developed titles, content and technology in the fourth quarter of 2011 and amortized over the estimated life of two years.

Pro Forma Financial Information (unaudited)

The results of operations for both Griptonite and Blammo and the estimated fair market values of the assets acquired and liabilities assumed have been included in the Company's consolidated financial statements since the date of each acquisition. During 2011, Griptonite contributed approximately $825 to the Company's net revenue and increased net losses by $9,511. The Griptonite acquisition resulted in an increase to the Company's net loss due to lower revenue generated from the work-for-hire contracts that were substantially completed during 2011 and due to the amortization of acquired identified intangible assets. During 2011, net revenues and income contributed by Blammo were immaterial.

The unaudited pro forma financial information in the table below summarizes the combined results of the Company's operations and those of Griptonite for the periods shown as if the acquisition of Griptonite had occurred on January 1, 2010. The pro forma financial information includes the business combination accounting effects of the acquisition, including amortization charges from acquired intangible assets. The pro forma financial information presented below is for informational purposes only, and is subject to a number of estimates, assumptions and other uncertainties. In addition, the pro forma financial information presented below does not include the unaudited financial information of Blammo, as this acquisition did not constitute a "significant business combination" under Regulation S-X.

	Year Ended December 31,	
	2011	2010
Total pro forma revenues	$ 76,864	$ 85,200
Pro forma net loss	(21,256)	(16,620)
Pro forma net loss per share—basic and diluted	(0.35)	(0.40)

All of the goodwill related to both the Blammo and Griptonite transactions was assigned to the Company's Americas reporting unit. See Note 6 for additional information related to the changes in the carrying amount of goodwill.

NOTE 4—FAIR VALUE MEASUREMENTS

Fair Value Measurements

The Company's cash and investment instruments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. As of December 31, 2011 and December 31, 2010, the Company had $32,212 and $12,863 in cash and cash equivalents.

Liabilities for Contingent Consideration

Level 3 liabilities consist of acquisition-related non-current liabilities for contingent consideration (i.e., earnouts) related to the acquisition of Blammo. The former Blammo shareholders have the opportunity to earn additional shares of the Company's common stock based on future net revenues generated by Blammo during the fiscal years ending March 31, 2013, March 31, 2014 and March 31, 2015. See Note 3 for further details regarding the Blammo acquisition. The expected number of shares to be issued in each year depends on the probability of Blammo achieving the Net Revenue targets, and the Company used a risk-neutral framework to estimate the probability of achieving these revenue targets for each year. The fair value of the contingent consideration was determined using a digital option, which captures the present value of the expected payment multiplied by the probability of reaching the revenue targets for each year. Key assumptions for the year ended December 31, 2011 included a discount rate of 25.0%, volatility of 53.0%, risk free rates of between 0.15% and 0.42% and probability-adjusted revenue levels. Probability-adjusted revenue is a significant input that is not observable in the market, which ASC 820-10-35 refers to as a Level 3 input. The fair value of these contingent liabilities recorded on the Company's consolidated balance sheet as of December 31, 2011, was $796. In accordance with ASC 805-30-35-1, changes in the fair value of contingent consideration subsequent to the acquisition date have been recognized in general and administrative expense.

NOTE 5—BALANCE SHEET COMPONENTS

Property and Equipment

	December 31,	
	2011	2010
Computer equipment	$ 5,318	$ 4,974
Furniture and fixtures	485	487
Software	4,707	2,919
Leasehold improvements	1,763	2,392
	12,273	10,772
Less: Accumulated depreciation and amortization	(8,339)	(8,638)
	$ 3,934	$ 2,134

Depreciation and amortization for the years ended December 31, 2011, 2010 and 2009 were $1,846, $1,975 and $2,330, respectively.

Accounts Receivable

	December 31,	
	2011	2010
Accounts receivable	$12,621	$11,164
Less: Allowance for doubtful accounts	(800)	(504)
	$11,821	10,660

Accounts receivable includes amounts billed and unbilled as of the respective balance sheet dates.

The movement in the Company's allowance for doubtful accounts is as follows:

Description	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
Year ended December 31, 2011	$ 504	$ 390	$ 94	$ 800
Year ended December 31, 2010	$ 546	$ 153	$ 195	$ 504
Year ended December 31, 2009	$ 468	$ 233	$ 155	$ 546

The Company had no significant write-offs or recoveries during the years ended December 31, 2011, 2010 and 2009.

Other Long-Term Liabilities

	December 31,	
	2011	2010
Uncertain tax obligations	$5,264	$4,991
Deferred income tax liability	1,150	1,170
Contingent earnout liability	796	—
Unfavorable lease obligations	664	—
Restructuring	—	773
Other	629	925
	$ 8,503	7,859

NOTE 6—GOODWILL AND INTANGIBLE ASSETS

Intangible Assets

The Company's intangible assets were acquired in connection with the acquisitions of Macrospace in 2004, iFone in 2006, MIG in 2007, Superscape in 2008 and Griptonite and Blammo in 2011. The carrying amounts and accumulated amortization expense of the acquired intangible assets, including the impact of foreign currency exchange translation at December 31, 2011 and 2010 were as follows:

		December 31, 2011			December 31, 2010		
	Estimated Useful Life	Gross Carrying Value	Accumulated Amortization Expense (Including Impact of Foreign Exchange)	Net Carrying Value	Gross Carrying Value	Accumulated Amortization Expense (Including Impact of Foreign Exchange)	Net Carrying Value
Intangible assets amortized to cost of revenues:							
Titles, content and technology	2 yrs	$ 11,391	$ (11,097)	$ 294	$ 13,545	$ (13,545)	$ —
Catalogs	1 yr	1,216	(1,216)	—	1,203	(1,203)	—
ProvisionX Technology	6 yrs	200	(200)	—	198	(198)	—
Carrier contract and related relationships	5 yrs	19,206	(13,451)	5,755	18,832	(10,352)	8,480
Licensed content	5 yrs	2,924	(2,924)	—	2,829	(2,810)	19
Service provider license	9 yrs	463	(208)	255	446	(151)	295
Trademarks	3 yrs	222	(222)	—	547	(547)	—
		35,622	(29,318)	6,304	37,600	(28,806)	8,794
Other intangible assets amortized to operating expenses:							
Emux Technology	6 yrs	1,297	(1,297)	—	1,283	(1,283)	—
Noncompete agreement	4 yrs	5,167	(1,393)	3,774	562	(562)	—
		6,464	(2,690)	3,774	1,845	(1,845)	—
Total intangibles assets		$ 42,086	$ (32,008)	$ 10,078	$ 39,445	$ (30,651)	$ 8,794

The Company has included amortization of acquired intangible assets directly attributable to revenue-generating activities in cost of revenues. During the second quarter of 2011, the Company wrote off $5,330 of its Superscape intangible assets and accumulated amortization relating to trademarks, titles and technology, all of which were fully amortized. The Company has included amortization of acquired intangible assets not directly attributable to revenue-generating activities in operating expenses. The Company acquired approximately $7,400 of intangible assets as part of the Griptonite and Blammo acquisitions in the third quarter of 2011, which includes approximately $300 of Blammo IPR&D that were reclassified as developed titles, content and technology in the fourth quarter of 2011; see Note 3 for further details. During the years ended December 31, 2011, 2010 and 2009, the Company recorded amortization expense in the amounts of $5,447, $4,226 and $7,092, respectively, in cost of revenues. During the years ended December 31, 2011, 2010 and 2009, the Company recorded amortization expense in the amounts of $825, $205 and $215, respectively, in operating expenses. The Company recorded no impairment charges during the years ended December 31, 2011, 2010 and 2009.

As of December 31, 2011, the total expected future amortization related to intangible assets was as follows:

Period Ending December 31,	Amortization Included in Cost of Revenues	Amortization Included in Operating Expenses	Total Amortization Expense
2012	$ 3,004	$ 1,982	$ 4,986
2013	2,926	1,315	4,241
2014	274	382	656
2015	51	95	146
2016 and thereafter	49	—	49
	$ 6,304	$ 3,774	$ 10,078

Goodwill

The Company had only goodwill attributable to its MIG, Blammo and Griptonite acquisitions as of December 31, 2011. The Company attributes all of the goodwill resulting from the MIG acquisition to its Asia and Pacific ("APAC") reporting unit. The Company acquired $17,044 of goodwill during the third quarter of 2011 as part of the Blammo and Griptonite acquisitions, which was fully assigned to its Americas reporting unit; see Note 3 for further details. The Company had fully impaired all goodwill allocated to its EMEA reporting unit in prior years. The goodwill allocated to the Americas reporting unit is denominated in U.S. Dollars ("USD") and the goodwill allocated to the APAC reporting unit is denominated in Chinese Renminbi ("RMB"). As a result, the goodwill attributed to the APAC reporting units are subject to foreign currency fluctuations.

Goodwill by geographic region is as follows:

	December 31, 2011				December 31, 2010			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Balance as of January 1								
Goodwill	$ 24,871	$ 25,354	$ 24,039	$ 74,264	$ 24,871	$ 25,354	$ 23,881	$ 74,106
Accumulated Impairment Losses	(24,871)	(25,354)	(19,273)	(69,498)	(24,871)	(25,354)	(19,273)	(69,498)
	—	—	4,766	4,766	—	—	4,608	4,608
Goodwill Acquired during the year	17,044	—	—	17,044	—	—	—	—
Effects of Foreign Currency Exchange	—	—	181	181	—	—	158	158
Balance as of period ended:	17,044	—	4,947	21,991	—	—	4,766	4,766
Goodwill	41,915	25,354	24,220	91,489	24,871	25,354	24,039	74,264
Accumulated Impairment Losses	(24,871)	(25,354)	(19,273)	(69,498)	(24,871)	(25,354)	(19,273)	(69,498)
	$ 17,044	$ —	$ 4,947	$ 21,991	$ —	$ —	$ 4,766	$ 4,766

In accordance with ASC 350, the Company's goodwill is not amortized but is tested for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Under ASC 350, the Company performs the annual impairment review of its goodwill balance as of September 30 or more frequently if triggering events occur.

ASC 350 requires a two-step approach to testing goodwill for impairment for each reporting unit annually, or whenever events or changes in circumstances indicate the fair value of a reporting unit is below its carrying amount. The first step measures for impairment by applying the fair value-based tests at the reporting unit level.

The second step (if necessary) measures the amount of impairment by applying the fair value-based tests to individual assets and liabilities within each reporting unit. The fair value of the reporting units is estimated using a combination of the market approach, which utilizes comparable companies' data, and/or the income approach, which uses discounted cash flows.

The Company has three geographic regions comprised of the 1) Americas, 2) EMEA and 3) APAC regions. As of December 31, 2011, the Company had goodwill attributable to the APAC and Americas reporting units. The Company performed an annual impairment review as of September 30, 2011 as prescribed in ASC 350 and concluded that it was not at risk of failing the first step, as the fair value of the reporting units exceeded their carrying values and thus no adjustment to the carrying value of goodwill was necessary. As a result, the Company was not required to perform the second step. In order to determine the fair value of the Company's reporting units, the Company utilizes the discounted cash flow method and market method. The Company has consistently utilized both methods in its goodwill impairment tests and weights both results equally. The Company uses both methods in its goodwill impairment tests as it believes both, in conjunction with each other, provide a reasonable estimate of the determination of fair value of the reporting unit—the discounted cash flow method being specific to anticipated future results of the reporting unit and the market method, which is based on the Company's market sector including its competitors. The assumptions supporting the discounted cash flow method were determined using the Company's best estimates as of the date of the impairment review.

NOTE 7—COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space under non-cancelable operating facility leases with various expiration dates through December 2016. Rent expense for the years ended December 31, 2011, 2010 and 2009 was $2,237, $2,652 and $2,813, respectively. The terms of the facility leases provide for rental payments on a graduated scale. The Company recognizes rent expense on a straight-line basis over the lease period, and has accrued for rent expense incurred but not paid. The deferred rent balance was $223 and $379 at December 31, 2011 and 2010, respectively, and was included within other long-term liabilities.

At December 31, 2011, future minimum lease payments under non-cancelable operating leases were as follows:

Period Ending December 31,	Minimum Operating Lease Payments	Sub-lease Income	Net Lease Payments
2012	$ 3,818	$ (391)	$ 3,427
2013	2,200	—	2,200
2014	1,186	—	1,186
2015	934	—	934
2016 and thereafter	108	—	108
	$ 8,246	$ (391)	$ 7,855

Minimum Guaranteed Royalties and Developer Commitments

The Company has entered into license and development agreements with various owners of brands and other intellectual property to develop and publish games for mobile handsets. Pursuant to some of these agreements, the Company is required to pay minimum guaranteed royalties over the term of the agreements regardless of actual game sales. The Company also has contracts with various third-party developers to design and develop games as part of its Glu Partners initiative. The Company advances funds to these third-party developers, in installments, payable upon the completion of specified development milestones. Future minimum royalty payments for those agreements as of December 31, 2011 were as follows:

Period Ending December 31,	Minimum Guaranteed Royalties	Developer Commitments	Total
2012	$ 332	$ 585	$917
	$ 332	$ 585	$917

These minimum guaranteed royalty payments are included in current prepaid and accrued royalties. The developer commitments reflected in the above table are the Company's minimum cash obligations but do not necessarily represent the periods in which they will be expensed. The Company expenses developer commitments as services are provided, as payment is contingent upon performance by the developer.

Income Taxes

At this time, the settlement of the Company's income tax liabilities cannot be determined; however, the liabilities are not expected to become due within the next 12 months.

Indemnification Arrangements

The Company has entered into agreements under which it indemnifies each of its officers and directors during his or her lifetime for certain events or occurrences while the officer or director is or was serving at the Company's request in that capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits its exposure and enables the Company to recover a portion of any future amounts paid. As a result of its insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. Accordingly, the Company had recorded no liabilities for these agreements as of December 31, 2011 or 2010.

In the ordinary course of its business, the Company includes standard indemnification provisions in most of its license agreements with carriers and other distributors. Pursuant to these provisions, the Company generally indemnifies these parties for losses suffered or incurred in connection with its games, including as a result of intellectual property infringement and viruses, worms and other malicious software. The term of these indemnity provisions is generally perpetual after execution of the corresponding license agreement, and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions is generally unlimited. The Company has never incurred costs to defend lawsuits or settle indemnified claims of these types. As a result, the Company believes the estimated fair value of these indemnity provisions is minimal. Accordingly, the Company had recorded no liabilities for these provisions as of December 31, 2011 or 2010.

Contingencies

From time to time, the Company is subject to various claims, complaints and legal actions in the normal course of business. The Company assesses its potential liability by analyzing specific litigation and regulatory matters using available information. The Company's estimate of losses is developed in consultation with inside

and outside counsel, which involves a subjective analysis of potential results and outcomes, assuming various combinations of appropriate litigation and settlement strategies. After taking all of the above factors into account, the Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed reasonable probable and the amount can be reasonable estimated. The Company further determines whether an estimated loss from a contingency should be disclosed by assessing whether a loss is deemed reasonably possible. Such disclosure will include an estimate of the additional loss or range of loss or will state that an estimate cannot be made.

The Company does not believe it is party to any currently pending litigation, the outcome of which is reasonably likely to have a material adverse effect on its operations, financial position or liquidity. However, the ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on the Company because of defense costs, potential negative publicity, diversion of management resources and other factors.

NOTE 8—DEBT

MIG Notes

In December 2007, the Company acquired MIG to accelerate its presence in China. In December 2008, the Company amended the MIG merger agreement to acknowledge the full achievement of the earnout milestones and at the same time entered into secured promissory notes in the aggregate principal amount of $20,000 payable to the former MIG shareholders (the "Earnout Notes") as full satisfaction of the MIG earnout. The Earnout Notes required that the Company pay off the remaining principal and interest in installments. In December 2008, the Company also entered into secured promissory notes in the aggregate principal amount of $5,000 payable to two former shareholders of MIG (the "Special Bonus Notes") as full satisfaction of the special bonus provisions of their employment agreements. As of December 31, 2011, the Company had fully repaid both the Earnout Notes and Special Bonus Notes.

Credit Facility

In December 2008, the Company entered into a revolving credit facility (the "Credit Facility"), the terms of the Credit Facility were amended in August 2009, February 2010, March 2010 and February 2011. The Credit Facility, as amended, provided for borrowings of up to $8.0 million, subject to a borrowing base equal to 80% of the Company's eligible accounts receivable. The Credit Facility expired on June 30, 2011 and all borrowings were repaid in full.

NOTE 9—STOCKHOLDERS' EQUITY/(DEFICIT)

Common Stock

At December 31, 2011, the Company was authorized to issue 250,000 shares of common stock. As of December 31, 2011, the Company had reserved 17,587 shares for future issuance under its stock plans and outstanding warrants.

Preferred Stock

At December 31, 2011, the Company was authorized to issue 5,000 shares of preferred stock.

Acquisitions

On August 1, 2011, the Company issued an aggregate of 1,000 shares of its common stock to the Sellers in connection with the Company's acquisition of Blammo.

On August 2, 2011, the Company issued an aggregate of 6,106 shares of its common stock to Foundation 9 in connection with the Company's acquisition of Griptonite.

See Note 3—Business Combinations—for more information about these acquisitions.

Secondary Offering

In January 2011, the Company sold in an underwritten public offering an aggregate of 8,415 shares of its common stock at a public offering price of $2.05 per share for net proceeds of approximately $15,661 after underwriting discounts and commissions and offering expenses. The underwriters of this offering were Roth Capital Partners, LLC, Craig-Hallum Capital Group LLC, Merriman Capital, Inc. and Northland Capital Markets.

Shelf Registration Statement

In December 2010, the Securities and Exchange Commission declared effective the Company's shelf registration statement which allows the Company to issue various types of debt and equity instruments, including common stock, preferred stock and warrants. Issuances under the shelf registration will require the filing of a prospectus supplement identifying the amount and terms of the securities to be issued. The ability to issue debt and equity is subject to market conditions and other factors impacting the Company's borrowing capacity. The Company has a $30,000 limit on the amount securities that can be issued under this shelf registration statement and has already utilized $17,250 of this amount as of December 31, 2011 pursuant to the public offering in January 2011 described above.

Private Placement

In August, 2010, the Company completed the Private Placement in which it issued to the investors (i) an aggregate of 13,495 shares of the Company's common stock at $1.00 per share and (ii) warrants initially exercisable to purchase up to 6,748 shares of the Company's common stock at $1.50 per share (the "Warrants"), for initial proceeds of approximately $13,218 net of issuance costs (excluding any proceeds the Company may receive upon exercise of the Warrants). Of this amount, $2,198 was allocated to the value of the Warrants and $11,020 was allocated to the common stock. All amounts are recorded within stockholders' equity. During the year ended December 31, 2011, investors exercised warrants to purchase 2,475 shares of the Company's common stock, and the Company received gross proceeds of $3,711 in connection with these exercises.

Warrants to Purchase Common Stock

The Warrants issued in connection with the 2010 Private Placement have an initial exercise price of $1.50 per share of common stock, can be exercised immediately, have a five-year term and provide for weighted-average anti-dilution protection in addition to customary adjustment for dividends, reorganization and other common stock events.

Warrants outstanding at December 31, 2011 were as follows:

	Term (Years)	Exercise Price per Share	Number of Shares Outstanding Under Warrant
May 2006	7	$ 9.03	106
August 2010	5	1.50	4,273
			4,379

Comprehensive Loss

Comprehensive loss consists of two components, net loss and other comprehensive income/(loss). Other comprehensive income/(loss) refers to revenue, expenses, gains, and losses that under GAAP are recorded as an element of stockholders' equity but are excluded from net income. The Company's other comprehensive income/(loss) consists of foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency. Comprehensive loss for the years ended December 31, 2011, 2010 and 2009 was $21,994, $13,195 and $18,433, respectively.

NOTE 10—STOCK OPTION AND OTHER BENEFIT PLANS

2007 Equity Incentive Plan

In January 2007, the Company's Board of Directors adopted, and in March 2007 the stockholders approved, the 2007 Equity Incentive Plan (the "2007 Plan"). At the time of adoption, there were 1,766 shares of common stock authorized for issuance under the 2007 Plan plus 195 shares of common stock from the Company's 2001 Stock Option Plan (the "2001 Plan") that were unissued. In addition, shares that were not issued or subject to outstanding grants under the 2001 Plan on the date of adoption of the 2007 Plan and any shares issued under the 2001 Plan that are forfeited or repurchased by the Company or that are issuable upon exercise of options that expire or become unexercisable for any reason without having been exercised in full, will be available for grant and issuance under the 2007 Plan. On June 3, 2010, at the Company's 2010 Annual Meeting of Stockholders, the Company's stockholders approved an amendment to the 2007 Plan to increase the aggregate number of shares of common stock authorized for issuance under the 2007 Plan by 3,000 shares. Furthermore, the number of shares available for grant and issuance under the 2007 Plan will be increased automatically on January 1 of each of 2008 through 2012 by an amount equal to 3% of the Company's shares outstanding on the immediately preceding December 31, unless the Company's Board of Directors, in its discretion, determines to make a smaller increase.

The Company may grant options under the 2007 Plan at prices no less than 85% of the estimated fair value of the shares on the date of grant as determined by its Board of Directors, provided, however, that (i) the exercise price of an incentive stock option ("ISO") or non-qualified stock options ("NSO") may not be less than 100% or 85%, respectively, of the estimated fair value of the underlying shares of common stock on the grant date, and (ii) the exercise price of an ISO or NSO granted to a 10% stockholder may not be less than 110% of the estimated fair value of the shares on the grant date. Prior to the Company's IPO, the Board determined the fair value of common stock in good faith based on the best information available to the Board and Company's management at the time of the grant. Following the IPO, the fair value of the Company's common stock is determined by the last sale price of such stock on the NASDAQ Global Market on the date of determination. The stock options granted to employees generally vest with respect to 25% of the underlying shares one year from the vesting commencement date and with respect to an additional 1/48 of the underlying shares per month thereafter. Stock options granted during 2007 prior to October 25, 2007 have a contractual term of ten years and stock options granted on or after October 25, 2007 have a contractual term of six years.

The 2007 Plan also provides the Board of Directors the ability to grant restricted stock awards, stock appreciation rights, restricted stock units, performance shares and stock bonuses. As of December 31, 2011, 2,618 shares were available for future grants under the 2007 Plan.

2007 Employee Stock Purchase Plan

In January 2007, the Company's Board of Directors adopted, and in March 2007 the Company's stockholders approved, the 2007 Employee Stock Purchase Plan (the "2007 Purchase Plan"). The Company initially reserved 667 shares of its common stock for issuance under the 2007 Purchase Plan. On each January 1 for the first eight calendar years after the first offering date, the aggregate number of shares of the Company's common stock reserved for issuance under the 2007 Purchase Plan will be increased automatically by the number of shares equal to 1% of the total number of outstanding shares of the Company's common stock on the immediately preceding December 31, provided that the Board of Directors may reduce the amount of the increase

in any particular year and provided further that the aggregate number of shares issued over the term of this plan may not exceed 5,333. The 2007 Purchase Plan permits eligible employees, including employees of certain of the Company's subsidiaries, to purchase common stock at a discount through payroll deductions during defined offering periods. The price at which the stock is purchased is equal to the lower of 85% of the fair market value of the common stock at the beginning of an offering period or after a purchase period ends.

In January 2009, the 2007 Purchase Plan was amended to provide that the Compensation Committee of the Company's Board of Directors may fix a maximum number of shares that may be purchased in the aggregate by all participants during any single offering period (the "Maximum Offering Period Share Amount"). The Committee may later raise or lower the Maximum Offering Period Share Amount. The Committee established the Maximum Offering Period Share Amount of 500 shares for the offering period that commenced on February 15, 2009 and ended on August 14, 2009, and a Maximum Offering Period Share Amount of 200 shares for each offering period thereafter. In October 2011, the Committee increased the Maximum Offering Period Share Amount for the offering period that commenced on August 22, 2011 and for each offering period thereafter to 300 shares.

As of December 31, 2011, 603 shares were available for issuance under the 2007 Purchase Plan.

2008 Equity Inducement Plan

In March 2008, the Company's Board of Directors adopted the 2008 Equity Inducement Plan (the "Inducement Plan") to augment the shares available under its existing 2007 Plan. The Inducement Plan did not require the approval of the Company's stockholders. The Company initially reserved 600 shares of its common stock for grant and issuance under the Inducement Plan. On December 28, 2009, the Company's Board of Directors appointed Niccolo de Masi as the Company's President and Chief Executive Officer and the Compensation Committee of the Company's Board of Directors awarded him a non-qualified stock option to purchase 1,250 shares of the Company's common stock, which was issued on January 4, 2010 under the Inducement Plan. Immediately prior to the grant of this award, the Compensation Committee amended the Inducement Plan to increase the number of shares available for grant under the plan by 819 shares to 1,250 shares. In connection with the Merger and the Share Purchase, the Compensation Committee of the Company's Board of Directors increased the number of shares reserved for issuance under the Company's 2008 Equity Inducement Plan by 1,050 shares. The Company utilized these additional shares to grant stock options to certain of the new non-executive employees of Griptonite and Blammo to purchase shares of the Company's common stock. The Company may only grant NSOs under the Inducement Plan. Grants under the Inducement Plan may only be made to persons not previously an employee or director of the Company, or following a bona fide period of non-employment, as an inducement material to such individual's entering into employment with the Company and to provide incentives for such persons to exert maximum efforts for the Company's success. The Company may grant NSOs under the Inducement Plan at prices less than 100% of the fair value of the shares on the date of grant, at the discretion of its Board of Directors. The fair value of the Company's common stock is determined by the last sale price of such stock on the NASDAQ Global Market on the date of determination.

As of December 31, 2011, 243 shares were reserved for future grants under the Inducement Plan.

Stock Option Activity

The following table summarizes the Company's stock option activity:

	Shares Available	Options Outstanding: Number of Shares	Options Outstanding: Weighted Average Exercise Price	Weighted Average Contractual Term (Years)	Aggregate Intrinsic Value
Balances at December 31, 2008	935	5,130	5.18		
Increase in authorized shares	1,706				
Options granted	(2,211)	2,211	0.89		
Options canceled	2,224	(2,224)	5.15		
Options exercised	—	(276)	0.69		
Balances at December 31, 2009	2,654	4,841	3.49		
Increase in authorized shares	3,911				
Options granted	(4,841)	4,841	1.30		
Options canceled	2,424	(2,424)	3.66		
Options exercised	—	(330)	0.87		
Balances at December 31, 2010	4,148	6,928	2.02		
Increase in authorized shares	2,388				
Options granted	(4,925)	4,925	3.66		
Options canceled	1,250	(1,250)	2.50		
Options exercised	—	(859)	1.90		
Balances at December 31, 2011	2,861	9,744	$ 2.80	4.76	$8,911
Options vested and expected to vest at December 31, 2011		7,867	$ 2.78	4.64	$ 7,733
Options exercisable at December 31, 2011		2,923	$ 2.78	3.95	$ 3,882

At December 31, 2011, the options outstanding and currently exercisable by exercise price were as follows:

Range of Exercise Prices	Options Outstanding: Number Outstanding	Options Outstanding: Weighted Average Remaining Contractual Life (in Years)	Options Outstanding: Weighted Average Exercise Price	Options Exercisable: Number Exercisable	Options Exercisable: Weighted Average Exercise Price
$ 0.42 - $ 1.06	1,009	3.66	$ 0.91	621	$ 0.89
$ 1.07 - $ 1.19	770	4.22	1.18	310	1.17
$ 1.21 - $ 1.21	1,150	4.01	1.21	499	1.21
$ 1.23 - $ 1.77	1,336	4.69	1.53	484	1.51
$ 1.83 - $ 2.83	403	5.10	2.08	108	2.02
$ 2.90 - $ 2.90	1,493	5.81	2.90	—	—
$ 3.16 - $ 3.57	382	5.10	3.40	106	3.55
$ 3.78 - $ 3.78	1,151	5.28	3.78	—	—
$ 3.88 - $ 4.60	1,107	5.08	4.49	190	4.22
$ 4.66 - $ 11.88	943	4.40	6.62	605	7.42
$ 0.42 - $ 11.88	9,744	4.76	$ 2.80	2,923	$ 2.78

The Company has computed the aggregate intrinsic value amounts disclosed in the above table based on the difference between the original exercise price of the options and the fair value of the Company's common stock of $3.14 per share at December 31, 2011. The total intrinsic value of awards exercised during the years ended December 31, 2011, 2010 and 2009 was $2,065, $142 and $111, respectively.

Stock-Based Compensation

The Company recognizes stock-based compensation expense in accordance with ASC 718, and has estimated the fair value of each option award on the grant date using the Black-Scholes option valuation model and the weighted average assumptions noted in the following table.

	Year Ended December 31,		
	2011	2010	2009
Dividend yield	— %	— %	— %
Risk-free interest rate	1.06%	1.15%	1.43%
Expected term (years)	4.02	3.12	3.19
Expected volatility	6 5%	77%	5 9%

The Company based its expected volatility on its own historic volatility and the historical volatility of a peer group of publicly traded entities. The expected term of options gave consideration to early exercises, post-vesting cancellations and the options' contractual term, which have a contractual term of six years. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury Constant Maturity Rate as of the date of grant. The weighted-average fair value of stock options granted during the year ended December 31, 2011, 2010 and 2009 was $1.81 and $0.67 and $0.37 per share, respectively.

The Company calculated employee stock-based compensation expense based on awards ultimately expected to vest and reduced it for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table summarizes the consolidated stock-based compensation expense by line items in the consolidated statement of operations:

	Year Ended December 31,		
	2011	2010	2009
Research and development	$1,387	$ 480	$ 716
Sales and marketing	351	217	564
General and administrative	1,372	871	1,646
Total stock-based compensation expense	$3,110	$1,568	$2,926

The above table includes compensation expense attributable to the contingent consideration potentially issuable to the Blammo employees, which is recorded as research and development expense over the term of the earn-out periods, as these employees are primarily employed in product development. The Company will re-measure the fair value of the contingent consideration each reporting period and will only record a compensation expense for the portion of the earn-out target which is likely to be achieved. The total fair value of this liability has been estimated at $1,176, of which $551 of stock-based compensation expense has been recorded during the year ended December 31, 2011.

Consolidated net cash proceeds from option exercises were $1,633, $287 and $190 for the year ended December 31, 2011, 2010 and 2009, respectively. The Company realized no income tax benefit from stock option exercises during the year ended December 31, 2011, 2010 and 2009. As required, the Company presents excess tax benefits from the exercise of stock options, if any, as financing cash flows rather than operating cash flows.

At December 31, 2011, the Company had $5,798 of total unrecognized compensation expense under ASC 718, net of estimated forfeitures, related to stock option plans that will be recognized over a weighted-average period of 3.01 years.

Restricted Stock

The Company did not grant any restricted stock options during the years ended December 31, 2011 or 2010.

401(k) Defined Contribution Plan

The Company sponsors a 401(k) defined contribution plan covering all employees. The Company elected to indefinitely suspend matching contributions for U.S. employees in the first quarter of 2009.

NOTE 11—INCOME TAXES

The components of loss before income taxes by tax jurisdiction were as follows:

	Year Ended December 31,		
	2011	2010	2009
United States	$(25,159)	$(14,527)	$(15,514)
Foreign	4,672	1,813	(520)
Loss before income taxes	$ (20,487)	$ (12,714)	$ (16,034)

The components of income tax provision were as follows:

	Year Ended December 31,		
	2011	2010	2009
Current:			
Federal	$ —	$ —	$ —
State	(2)	(3)	(3)
Foreign	(2,698)	(1,311)	(2,921)
	(2,700)	(1,314)	(2,924)
Deferred:			
Federal	1,452	—	—
State	211	—	—
Foreign	423	605	764
	2,086	605	764
Total:			
Federal	1,452	—	—
State	209	(3)	(3)
Foreign	(2,275)	(706)	(2,157)
	$ (614)	$ (709)	$ (2,160)

The difference between the actual rate and the federal statutory rate was as follows:

	Year Ended December 31,		
	2011	2010	2009
Tax at federal statutory rate	34.0%	34.0%	34.0%
State tax, net of federal benefit	1.0	—	—
Foreign rate differential	1.4	0.4	0.1
Research and development credit	2.1	1.5	1.5
Acquired in-process research and development	—	0.3	0.1
United Kingdom research and development refund	—	1.1	1.5
Withholding taxes	(0.1)	(3.7)	(4.3)
Stock-based compensation	(1.3)	(1.0)	(3.6)
Dividend	—	—	(11.3)
Other	(0.8)	(0.1)	(2.7)
Valuation allowance	(39.3)	(38.1)	(28.8)
Effective tax rate	(3.0)%	(5.6)%	(13.5)%

Deferred tax assets and liabilities consist of the following:

	December 31, 2011			December 31, 2010		
	US	Foreign	Total	US	Foreign	Total
Deferred tax assets:						
Fixed assets	$ 644	$ 1,587	$ 2,231	$ —	$ 1,516	$ 1,516
Net operating loss carryforwards	31,318	13,677	44,995	25,665	18,013	43,678
Accruals, reserves and other	4,821	96	4,917	2,432	93	2,525
Foreign tax credit	5,767	—	5,767	5,221	—	5,221
Stock-based compensation	1,748	65	1,813	1,580	75	1,655
Research and development credit	3,143	12	3,155	1,948	—	1,948
Other	2,573	—	2,573	3,517	11	3,528
Total deferred tax assets	$ 50,014	$ 15,437	$ 65,451	$ 40,363	$ 19,708	$ 60,071
Deferred tax liabilities:						
Macrospace and iFone intangible assets	$ —	$ (54)	$ (54)	$ —	$ (76)	$ (76)
MIG intangible assets	—	(877)	(877)	—	(1,242)	(1,242)
Blammo intangible assets	—	(429)	(429)	—	—	—
Griptonite intangible assets	(2,149)	—	(2,149)			
Fixed assets	—	—	—	(1,075)	—	(1,075)
Other	—	(10)	(10)	—	(10)	(10)
Net deferred tax assets	47,865	14,067	61,932	39,288	18,380	57,668
Less valuation allowance	(47,865)	(15,150)	(63,015)	(39,288)	(19,496)	(58,784)
Net deferred tax liability	$ —	$ (1,083)	$ (1,083)	$ —	$ (1,116)	$ (1,116)

The Company has not provided deferred taxes on unremitted earnings attributable to foreign subsidiaries because these earnings are intended to be reinvested indefinitely. However, in prior years the Company repatriated certain distributable earnings from a subsidiary in China. No deferred tax asset was recognized since the Company does not believe the deferred tax asset will reverse in the foreseeable future. The Company recorded a release of its valuation allowance of $1,702 during 2011. This release is associated with the acquisition of Griptonite in August 2011. Pursuant to ASC 805-740, changes in the Company's valuation allowance that stem from a business combination should be recognized as an element of the Company's deferred income tax expense or benefit. The Company previously recognized a valuation allowance against its net

operating loss carryforwards and determined that it should be able to utilize the benefit of those net operating losses against the deferred tax liabilities of Griptonite; therefore, it has partially released its pre-existing valuation allowance. In accordance with ASC 740 and based on all available evidence on a jurisdictional basis, the Company believes that, it is more likely than not that its deferred tax assets will not be utilized, and has recorded a full valuation allowance against its net deferred tax assets in each of its jurisdictions except for one entity in China.

At December 31, 2011, the Company has net operating loss carryforwards of approximately $81,137 and $73,565 for federal and state tax purposes, respectively. These carryforwards will expire from 2012 to 2031. In addition, the Company has research and development tax credit carryforwards of approximately $2,839 for federal income tax purposes and $2,549 for California tax purposes. The federal research and development tax credit carryforwards will begin to expire in 2022. The California state research credit will carry forward indefinitely. The Company has approximately $5,759 of foreign tax credit carryforwards that will expire in 2017, and approximately $12 of state alternative minimum tax credits that will carryforward indefinitely. In addition, at December 31, 2011, the Company has net operating loss carryforwards of approximately $50,751 for United Kingdom tax purposes.

The Company's ability to use its net operating loss carryforwards and federal and state tax credit carryforwards to offset future taxable income and future taxes, respectively, may be subject to restrictions attributable to equity transactions that result in changes in ownership as defined by Internal Revenue Code Section 382. The total net operating losses of $50,751 in the United Kingdom are limited and can only offset a portion of the annual combined profits in the United Kingdom until the net operating losses are fully utilized.

A reconciliation of the total amounts of unrecognized tax benefits was as follows:

	Year Ended December 31,		
	2011	2010	2009
Beginning balance	$3,326	$2,899	$ 2,406
Reductions of tax positions taken during previous years	(82)	(49)	(33)
Additions based on uncertain tax positions related to the current period	740	417	502
Additions based on uncertain tax positions related to prior periods	50	59	24
Ending balance	$ 4,034	$ 3,326	$2,899

As of December 31, 2011, approximately $19 of unrecognized tax benefits, if recognized, would impact the Company's effective tax rate. A portion of this amount, if recognized, would adjust the Company's deferred tax assets which are subject to valuation allowance. At December 31, 2011, the Company anticipated that the liability for uncertain tax positions could decrease by approximately $589 within the next twelve months due to the expiration of certain statutes of limitation in foreign jurisdictions in which the Company does business. As of December 31, 2010, approximately $73 of unrecognized tax benefits, if recognized, would impact the Company's effective tax rate.

The Company's policy is to recognize interest and penalties related to unrecognized tax benefits in income tax expense. The Company has accrued $3,935 of interest and penalties on uncertain tax positions as of December 31, 2011, as compared to $3,630 as of December 31, 2010. Approximately $248, $239 and $232 of accrued interest and penalty expense related to estimated obligations for unrecognized tax benefits was recognized during 2011, 2010 and 2009 respectively.

The Company is subject to taxation in the United States and various foreign jurisdictions. The material jurisdictions subject to examination by tax authorities are primarily the State of California, United States, United

Kingdom and China. The Company's federal and California tax returns are open by statute for tax years 2002 and forward and could be subject to examination by the tax authorities. The statute of limitations for the Company's 2009 and 2010 tax returns for the various entities in the United Kingdom will close in 2012. The Company's China income tax returns are open by statute for tax years 2006 and forward. In practice, a tax audit, examination or tax assessment notice issued by the Chinese tax authorities does not represent finalization or closure of a tax year.

NOTE 12—SEGMENT REPORTING

ASC 280, *Segment Reporting* ("ASC 280"), establishes standards for reporting information about operating segments. It defines operating segments as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision-maker is its Chief Executive Officer. The Company's Chief Executive Officer reviews financial information on a geographic basis, however this information is included within one operating segment for purposes of allocating resources and evaluating financial performance.

Accordingly, the Company reports as a single reportable segment—mobile games. It attributes revenues to geographic areas based on the country in which the carrier's principal operations are located.

A breakdown of the Company's total sales to customers in the feature phone and smartphone markets is shown below:

	Year Ended December 31,		
	2011	2010	2009
Feature phone	$ 31,091	$54,475	$74,999
Smartphone	35,094	9,870	4,345
	$66,185	$ 64,345	$ 79,344

The Company generates its revenues in the following geographic regions:

	Year Ended December 31,		
	2011	2010	2009
United States of America	$ 32,998	$28,909	$37,918
China	3,748	5,962	7,676
Americas, excluding the USA	6,085	9,385	10,278
EMEA	18,526	17,332	20,570
Other	4,828	2,757	2,902
	$66,185	$ 64,345	$ 79,344

The Company attributes its long-lived assets, which primarily consist of property and equipment, to a country primarily based on the physical location of the assets. Property and equipment, net of accumulated depreciation and amortization, summarized by geographic location was as follows:

	Year Ended December 31,		
	2011	2010	2009
Americas	$3,101	$1,013	$2,194
EMEA	420	714	700
Other	413	407	450
	$3,934	$2,134	$ 3,344

NOTE 13—RESTRUCTURING

Restructuring information as of December 31, 2011 was as follows:

	Restructuring							
	2011		2010		2009			
	Workforce	Facilities Related	Workforce	Facilities Related	Workforce	Facilities Related	Superscape Plan	Total
Balance as of January 1, 2010	$ —	—	$ —	—	629	737	40	$ 1,406
Charges to operations	—	—	1,540	1,854	—	235	—	3,629
Non Cash Adjustments	—	—	—	(269)	—	—	(3)	(272)
Charges settled in cash	—	—	(1,244)	—	(629)	(414)	(14)	(2,301)
Balance as of December 31, 2010	—	—	296	1,585	—	558	23	2,462
Charges to operations	548	96	41	—	—	—	—	685
Non Cash Adjustments	—	(86)	(117)	—	—	—	(23)	(226)
Charges settled in cash	(548)	(10)	(220)	(932)	—	(324)	—	(2,034)
Balance as of December 31, 2011	$ —	$ —	$ —	$ 653	$ —	$ 234	$ —	$ 887

During 2009, 2010 and 2011, the Company's management approved restructuring plans to improve the effectiveness and efficiency of its operating model and reduce operating expenses around the world. The 2011 restructuring plan included $548 of restructuring charges relating to employee termination costs in the Company's APAC, Latin America, Russia and United Kingdom offices. The remaining restructuring charge of $96 related primarily to facility-related charges resulting from vacating a portion of the Company's Moscow offices, which includes an $86 non-cash adjustment relating to a write off of leasehold improvements. Since the inception of the 2010 restructuring plan through December 31, 2011, the Company incurred $1,581 of restructuring charges relating to employee termination costs in the Company's United States, APAC, Latin America and United Kingdom offices, this was offset by a $117 non-cash adjustment, related to the release of a restructuring provision for a former executive which was no longer deemed payable. The remaining restructuring charge of $1,854 related primarily to facility-related charges resulting from the relocation of the Company's corporate headquarters to San Francisco, which includes a $269 non-cash adjustment, primarily relating to a write off in fixed assets. Since the inception of the 2009 restructuring plan through December 31, 2011, the Company incurred $2,111 in restructuring charges. These charges included $1,009 of workforce-related charges, comprised of severance and termination benefits of $657 associated with the departure of the Company's former Chief Executive Officer, and $352 relating to employee termination costs in the Company's United States and United Kingdom offices. The remaining restructuring charge included $1,102 of facility-related charges, comprised of $944 of charges associated with changes in the sublease probability assumption for the vacated office space in the Company's United States headquarters and an additional restructuring charge of $158 net of sublease income, resulting from vacating a portion of the Company's EMEA headquarters based in the United Kingdom. The Company does not expect to incur any additional charges under the 2009 restructuring plan.

As of December 31, 2011, the Company's remaining restructuring liability of $887 was comprised of facility related costs that are expected to be paid over the remainder of the lease terms of one year. As of December 31, 2010, the Company's remaining restructuring liability of $2,462 was comprised of $296 of severance and benefits payments due to former executives, and $2,166 of facility related costs, which included $773 of facility costs that were classified as other long-term liabilities.

NOTE 14—QUARTERLY FINANCIAL DATA (unaudited, in thousands)

The following table sets forth unaudited quarterly consolidated statements of operations data for 2010 and 2011. The Company derived this information from its unaudited consolidated financial statements, which it prepared on the same basis as its audited consolidated financial statements contained in this report. In its opinion, these unaudited statements include all adjustments, consisting only of normal recurring adjustments that the

Company considers necessary for a fair statement of that information when read in conjunction with the consolidated financial statements and related notes included elsewhere in this report. The operating results for any quarter should not be considered indicative of results for any future period.

	For the Three Months Ended							
	2010				2011			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
	(In thousands)							
Revenues	$17,289	$15,952	$ 15,468	$ 15,636	$ 16,426	$ 17,680	$ 16,905	$ 15,174
Cost of revenues:								
Royalties and other cost of revenues	4,691	4,280	3,934	3,738	3,469	3,121	3,223	2,576
Impairment of prepaid royalties and guarantees	—	663	—	—	371	—	160	—
Amortization of intangible assets	1,228	1,006	1,009	983	817	703(c)	2,375	1,552
Total cost of revenues	5,919	5,949	4,943	4,721	4,657	3,824	5,758	4,128
Gross profit	11,370	10,003	10,525	10,915	11,769	13,856	11,147	11,046
Operating expenses:								
Research and development	6,661	6,229	5,858	6,432	7,166	8,439(d)	10,808(d)	12,660
Sales and marketing	2,971	2,437	2,692(a)	4,040	3,757	3,344	3,576	3,930
General and administrative	3,813	3,052	3,107	3,136	2,934	3,506	3,748	3,814
Amortization of intangible assets	55	52	53	45	—	—	330	495
Restructuring charge	594	693	—	2,342	490	147	—	(92)
Total operating expenses	14,094	12,463	11,710	15,995	14,347	15,436	18,462	20,807
Income (loss) from operations	(2,724)	(2,460)	(1,185)	(5,080)	(2,578)	(1,580)	(7,315)	(9,761)
Interest and other income (expense), net	(631)	(560)	86	(160)	180	329	344	(106)
Loss before income taxes	(3,355)	(3,020)	(1,099)	(5,240)	(2,398)	(1,251)	(6,971)	(9,867)
Income tax benefit (provision)	(301)	(198)	(504)(b)	294	(774)	(501)(e)	813	(152)
Net loss	$ (3,656)	$ (3,218)	$ (1,603)	$ (4,946)	$ (3,172)	$ (1,752)	$ (6,158)	$ (10,019)
Net loss per share—basic and diluted	$ (0.12)	$ (0.10)	$ (0.04)	$ (0.11)	$ (0.06)	$ (0.03)	$ (0.10)	$ (0.16)

(a) Sales and marketing expense of $4,040 in the fourth quarter of 2010 was related to increased marketing promotions costs associated with the launch of freemium game titles during the period.

(b) The income tax benefit of $294 in the fourth quarter of 2010 was primarily related to the China State Administration of Taxation approval of the Company's application to apply the favorable tax benefits to operations beginning January 1, 2009. The Company thus revalued certain deferred tax assets and liabilities during the quarter, and certain taxes that were expensed in 2009 were refunded in 2010 and the tax benefit was recognized.

(c) Amortization of intangible assets of $2,375 in the third quarter of 2011 was driven by increased amortization expense associated with intangible assets acquired in the acquisitions of Griptonite and Blammo.

(d) Research and development expense of $10,808 and 12,660 in the third and fourth quarters of 2011were related to additional personnel and facility costs associated with the acquisitions of Griptonite and Blammo.

(e) The income tax benefit of $813 in the third quarter of 2011 was due primarily to the release of the valuation allowance associated with the acquisition of Griptonite.

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

None.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2011, our disclosure controls and procedures are designed to provide reasonable assurance and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2011 based on the guidelines established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2011 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles.

This report is not deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference.

The scope of management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2011 excluded Griptonite, Inc. and Blammo Games Inc. because they were acquired by Glu through purchase business combinations in 2011. Griptonite's and Blammo's combined total assets and combined total revenues represented 9.8% and 1.2%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2011.

The effectiveness of our internal control over financial reporting as of December 31, 2011 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears on page 67.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our fourth fiscal quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***OTHER INFORMATION***

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Except for information about our executive officers, the information required for this Item 10 is incorporated by reference from our Proxy Statement to be filed in connection with our 2012 Annual Meeting of Stockholders. For information with respect to our executive officers, see "Executive Officers" at the end of Part I, Item 1 of this report.

We maintain a Code of Business Conduct and Ethics that applies to all employees, officers and directors. Our Code of Business Conduct and Ethics is published on our website at www.glu.com/investors. We disclose amendments to certain provisions of our Code of Business Conduct and Ethics, or waivers of such provisions granted to executive officers and directors, on our website.

Item 11. *Executive Compensation*

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our 2012 Annual Meeting of Stockholders.

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

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our 2012 Annual Meeting of Stockholders.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our 2012 Annual Meeting of Stockholders.

Item 14. *Principal Accounting Fees and Services*

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our 2012 Annual Meeting of Stockholders.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a)(1) Financial Statements: The financial statements filed as part of this report are listed on the index to financial statements on page 66.

(2) Financial Schedules: No separate “Valuation and Qualifying Accounts” table has been included as the required information has been included in the Consolidated Financial Statements included in this report.

(b) Exhibits. The exhibits listed on the Exhibit Index (following the Signatures section of this report) are included, or incorporated by reference, in this report.

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.

GLU MOBILE INC.

Date: March 14, 2012 By: /s/ Niccolo M. de Masi
Niccolo M. de Masi, President and Chief Executive Officer

Date: March 14, 2012 By: /s/ Eric R. Ludwig
Eric R. Ludwig, Executive Vice President and Chief Financial Officer

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 capacity and on the dates indicated.

Signature	Title	Date
/s/ Niccolo M. de Masi Niccolo M. de Masi	President, Chief Executive Officer and Director (Principal Executive Officer)	March 14, 2012
/s/ Eric R. Ludwig Eric R. Ludwig	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 14, 2012
/s/ William J. Miller William J. Miller	Chairman of the Board	March 14, 2012
/s/ Matthew A. Drapkin Matthew A. Drapkin	Director	March 14, 2012
Ann Mather	Director	
Hany M. Nada	Director	
/s/ A. Brooke Seawell A. Brooke Seawell	Director	March 14, 2012
/s/ Benjamin T. Smith, IV Benjamin T. Smith, IV	Director	March 14, 2012

Exhibit Index

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.01	Agreement and Plan of Merger, dated as of August 2, 2011 by and among Glu Mobile Inc., Granite Acquisition Corp., Foundation 9 Entertainment, Inc. and Griptonite, Inc.	8-K	001-33368	2.01	08/02/11	
2.02	Amendment No. 1 to Agreement and Plan of Merger, dated as of August 2, 2011 by and among Glu Mobile Inc., Granite Acquisition Corp., Foundation 9 Entertainment, Inc. and Griptonite, Inc.	8-K	001-33368	2.01	08/15/11	
2.03	Share Purchase Agreement, dated as of August 1, 2011, by and among Glu, Blammo Games Inc. and each of the owners of the outstanding share capital of Blammo	8-K	001-33368	2.02	08/02/11	
3.01	Restated Certificate of Incorporation of Glu Mobile Inc.	S-1/A	333-139493	3.02	02/14/07	
3.02	Amended and Restated Bylaws of Glu Mobile Inc.	8-K	001-33368	99.01	10/28/08	
4.01	Form of Registrant's Common Stock Certificate.	S-1/A	333-139493	4.01	02/14/07	
4.02	Amended and Restated Investors' Rights Agreement, dated as of March 29, 2006, by and among Glu Mobile Inc. and certain investors of Glu Mobile Inc. and the Amendment No. 1 and Joinder to the Amended and Restated Investor Rights Agreement dated May 5, 2006, by and among Glu Mobile Inc. and certain investors of Glu Mobile Inc.	S-1	333-139493	4.02	12/19/06	
10.01#	Form of Indemnity Agreement entered into between Glu Mobile Inc. and each of its directors and executive officers, effective as of June 15, 2009.	8-K	001-33368	10.01	06/15/09	
10.02#	2001 Stock Option Plan, form of option grant used from December 19, 2001 to May 2, 2006, form of option grant used from December 8, 2004 to May 2, 2006 and forms of option grant used since May 2, 2006.	S-1/A	333-139493	10.02	01/22/07	
10.03(A)#	2007 Equity Incentive Plan, as amended.	8-K	001-33368	99.01	06/07/11	

10.03(B)#	For the 2007 Equity Incentive Plan, forms of (a) Notice of Stock Option Grant, Stock Option Award Agreement and Stock Option Exercise Agreement, (b) Notice of Restricted Stock Award and Restricted Stock Agreement, (c) Notice of Stock Appreciation Right Award and Stock Appreciation Right Award Agreement, (d) Notice of Restricted Stock Unit Award and Restricted Stock Unit Agreement and (e) Notice of Stock Bonus Award and Stock Bonus Agreement.	S-1/A	333-139493	10.03	02/16/07	
10.04#	2007 Employee Stock Purchase Plan, as amended and restated on August 1, 2011.					X
10.05(A)#	2008 Equity Inducement Plan, as amended and restated on August 1, 2011, and forms of Notice of Stock Option Grant, Stock Option Award Agreement and Stock Option Exercise Agreement.	S-8	333-176318	4.03	08/15/11	
10.05(B)#	For the 2008 Equity Inducement Plan, forms of Notice of Stock Option Grant, Stock Option Award Agreement and Stock Option Exercise Agreement.	10-K	001-33368	10.05	03/21/10	
10.06#	Forms of Stock Option Award Agreement (Immediately Exercisable) and Stock Option Exercise Agreement (Immediately Exercisable) under the Glu Mobile Inc. 2007 Equity Incentive Plan.	10-Q	001-33368	10.05	08/14/08	
10.07#	Form of Change of Control Severance Agreement, dated as of October 10, 2008, between Glu Mobile Inc. and Eric R. Ludwig.	10-K	001-33368	10.08	03/13/09	
10.08#	Employment Agreement for Niccolo M. de Masi, dated December 28, 2009.	8-K	001-33368	99.02	01/04/10	
10.09#	Change of Control Severance Agreement, dated as of December 28, 2009, by and between Glu Mobile Inc. and Niccolo M. de Masi.	8-K	001-33368	99.03	01/04/10	
10.10#	Amendment to Change of Control and Severance Agreement between Glu Mobile Inc. and Niccolo M. de Masi, dated as of July 7, 2011	10-Q	001-33368	10.01	11/14/11	
10.11#	Amendment to Change of Control and Severance Agreement between Glu Mobile Inc. and Eric R. Ludwig, dated as of July 7, 2011	10-Q	001-33368	10.02	11/14/11	
10.12#	Summary of Change of Control Severance Arrangement between Glu Mobile Inc. and Kal Iyer, dated as of July 7, 2011	10-Q	001-33368	10.03	11/14/11	
10.13#	Summary of Change of Control Severance Arrangement between Glu Mobile Inc. and Adam Flanders, dated as of October 6, 2011					X
10.14#	Summary of Compensation Terms of Eric R. Ludwig.	10-K	001-33368	10.12	03/21/11	
10.15#	Summary of Compensation Terms of Kal Iyer.	10-Q	001-33368	10.06	11/10/10	
10.16#	Summary of Compensation Terms of Adam Flanders.					X

10.17#	Glu Mobile Inc. 2012 Executive Bonus Plan	8-K	001-33368	99.01	12/12/11	
10.18#	Summary of Non-Employee Director Compensation Program.	10-K	001-33368	10.17	03/21/11	
10.19	Lease Agreement at San Mateo Centre II and III dated as of January 23, 2003, as amended on June 26, 2003, December 5, 2003, October 11, 2004 and May 31, 2005, by and between CarrAmerica Realty, L.P. and Glu Mobile Inc.	S-1	333-139493	10.05	12/19/06	
10.20	Sublease dated as of August 22, 2007, between Oracle USA, Inc., and Glu Mobile Inc.	8-K	001-33368	10.1	08/28/07	
10.21	Sub-sublease, dated as of September 29, 2010, by and between Appirio, Inc. and Glu Mobile Inc.	8-K	001-33368	99.03	10/04/10	
10.22	Sublease, dated as of September 29, 2010, by and between BlackRock Institutional Trust Company and Glu Mobile Inc.	8-K	001-33368	99.01	10/04/10	
10.23	First Amendment to Sublease, dated as of September 29, 2010, by and between BlackRock Institutional Trust Company and Glu Mobile Inc.	8-K	001-33368	99.02	10/04/10	
10.24	Lease Agreement by and among Foundation 9 Entertainment, Inc., Griptonite, Inc. and Marymoor Warehouse Associates, LLC, dated as of November 5, 2007	10-Q	001-33368	10.05	11/14/11	
10.25	Form of Warrant dated as of May 2, 2006 by and between Pinnacle Ventures I Equity Holdings LLC and Glu Mobile Inc., by and between Pinnacle Ventures I Affiliates, L.P. and Glu Mobile Inc., and by and between Pinnacle Ventures II Equity Holdings, LLC and Glu Mobile Inc.	S-1	333-139493	10.20	12/19/06	
10.26	Purchase Agreement, dated as of June 30, 2010, by and between Glu Mobile Inc. and certain PIPE investors.	8-K	001-33368	99.01	07/06/10	
10.27	Form of Warrant by and between Glu Mobile Inc. and certain PIPE investors.	8-K	001-33368	4.01	07/06/10	
10.28	iOS Developer Program License Agreement between Glu Games Inc. and Apple Inc., as amended to date.					X
21.01	List of Subsidiaries of Glu Mobile Inc.					X
23.01	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.					X
31.01	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rule 13a-14(a).					X
31.02	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rule 13a-14(a).					X
32.01	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 and Securities Exchange Act Rule 13a-14(a)/15d-14(a).*					X

32.02	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 and Securities Exchange Act Rule 13a-14(a)/15d-14(a).*	X
101.INS†	XBRL Report Instance Document	
101.SCH†	XBRL Taxonomy Extension Schema Document	
101.CAL†	XBRL Taxonomy Calculation Linkbase Document	
101.LAB†	XBRL Taxonomy Label Linkbase Document	
101.PRE†	XBRL Presentation Linkbase Document	
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document	

† Indicates furnished herewith

# Indicates management compensatory plan or arrangement.

* This certification is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Glu Mobile Inc. specifically incorporates it by reference.

EXHIBIT 10.04

GLU MOBILE INC.
AMENDED AND RESTATED 2007 EMPLOYEE STOCK PURCHASE PLAN

ADOPTED BY THE BOARD OF DIRECTORS ON JANUARY 25, 2007
AND AMENDED THROUGH AUGUST 1, 2011

(ALL SHARE NUMBERS ADJUSTED TO REFLECT THE 1-FOR-3 REVERSE STOCK SPLIT EFFECTED ON MARCH 2, 2007)

1. Establishment of Plan. Glu Mobile Inc. (the "***Company***") proposes to grant options for purchase of the Company's Common Stock to eligible employees of the Company and its Participating Corporations (as hereinafter defined) pursuant to this Employee Stock Purchase Plan (this " ***Plan***"). For purposes of this Plan, "Parent" and "Subsidiary" shall have the same meanings as "parent corporation" and "subsidiary corporation" in Sections 424(e) and 424(f), respectively, of the Internal Revenue Code of 1986, as amended (the " ***Code***"), and "***Corporate Group***" shall refer collectively to the Company and all its Parents and Subsidiaries. "***Participating Corporations***" are the Company and any Parents or Subsidiaries that the Board of Directors of the Company (the "***Board***") designates from time to time as corporations that shall participate in this Plan. The Company intends this Plan to qualify as an "employee stock purchase plan" under Section 423 of the Code (including any amendments to or replacements of such Section), and this Plan shall be so construed. Any term not expressly defined in this Plan but defined for purposes of Section 423 of the Code shall have the same definition herein. A total of **2,002,173**[1] shares of the Company's Common Stock is reserved for issuance under this Plan. In addition, on each January 1 for the first eight calendar years after the first Offering Date, the aggregate number of shares of the Company's Common Stock reserved for issuance under the Plan shall be increased automatically by the number of shares equal to one percent (1%) of the total number of outstanding shares of the Company Common Stock on the immediately preceding December 31 (rounded down to the nearest whole share); provided, that the Board or the Committee may in its sole discretion reduce the amount of the increase in any particular year; and, provided further, that the aggregate number of shares issued over the term of this Plan shall not exceed 5,333,333 shares of Common Stock. The number of shares reserved for issuance under this Plan and the maximum number of shares that may be issued under this Plan shall be subject to adjustments effected in accordance with Section 14 of this Plan.

2. Purpose. The purpose of this Plan is to provide eligible employees of the Company and Participating Corporations with a means of acquiring an equity interest in the Company through payroll deductions, to enhance such employees' sense of participation in the affairs of the Company and Participating Corporations, and to provide an incentive for continued employment.

3. **Administration**. This Plan shall be administered by the Compensation Committee of the Board or by the Board (either referred to herein as the "***Committee***"). Subject to the provisions of this Plan and the limitations of Section 423 of the Code or any successor provision in the Code, all questions of interpretation or application of this Plan shall be determined by the Committee and its decisions shall be final and binding upon all Participants. Members of the Committee shall receive no compensation for their services in connection with the administration of this Plan, other than standard fees as established from time to time by the Board for services rendered by Board members serving on Board committees. All expenses incurred in connection with the administration of this Plan shall be paid by the Company.

[1] Includes (a) an initial reserve of 666,666 shares of Common Stock and (b) 290,223, 295,841 303,599 and 445,844 shares of Common Stock automatically added on January 1, 2008, January 1, 2009, January 1, 2010 and January 1, 2011, respectively, pursuant to this Section 1.

4. Eligibility. Any employee of the Company or the Participating Corporations is eligible to participate in an Offering Period (as hereinafter defined) under this Plan except the following:

(a) employees who are not employed by the Company or a Participating Corporation for at least two (2) weeks prior to the beginning of such Offering Period or prior to such other time period as specified by the Committee;

(b) employees who are customarily employed for twenty (20) hours or less per week;

(c) employees who are customarily employed for five (5) months or less in a calendar year;

(d) employees who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Code, own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Corporations or who, as a result of being granted an option under this Plan with respect to such Offering Period, would own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Corporations;

(e) employees who do not meet any other eligibility requirements that the Committee may choose to impose (within the limits permitted by the Code); and

(f) individuals who provide services to the Company or any of its Participating Corporations as independent contractors who are reclassified as common law employees for any reason except for federal income and employment tax purposes.

5. Offering Dates.

(a) The offering periods of this Plan (each, an "***Offering Period***") may be of up to twenty-four (24) months duration and shall commence and end at the times designated by the Committee. Each Offering Period may consist of up to five (5) purchase periods (individually, a " ***Purchase Period***") during which payroll deductions of Participants are accumulated under this Plan.

(b) The initial Offering Period shall commence on the date on which the Registration Statement covering the initial public offering of shares of the Company's Common Stock is declared effective by the U.S. Securities and Exchange Commission (the " ***Effective Date***"), and shall end with the Purchase Date that occurs on or prior to the February 14 or August 14 that first occurs six months or more after the Effective Date. The initial Offering Period shall consist of a single Purchase Period. Thereafter and through August 14, 2009, a six-month Offering Period shall commence on each February 15 and August 15, with each such Offering Period also consisting of a single six-month Purchase Period. Thereafter, a six-month Offering Period shall commence on each February 22 and August 22, with each such Offering Period consisting of a single six-month Purchase Period.

(c) The first business day of each Offering Period is referred to as the " ***Offering Date***," however, for the initial Offering Period this shall be the Effective Date. The last business day of each Purchase Period is referred to as the " ***Purchase Date***." The Committee shall have the power to change these terms as provided in Section 25 below.

6. Participation in this Plan.

(a) Any employee who is an eligible employee determined in accordance with Section 4 immediately prior to the initial Offering Period will be automatically enrolled in the initial Offering Period under this Plan. With respect to subsequent Offering Periods, any eligible employee determined in accordance with Section 4 will be eligible to participate in this Plan, subject to the requirement of Section 6(b) hereof and the other terms and provisions of this Plan. Eligible employees who meet the eligibility requirements set forth in Section 4 and who are either automatically enrolled in the initial offering period or who elect to participate in the this Plan pursuant to Section 6(b) are referred to herein as a " ***Participant***" or collectively as "***Participants***."

(b) Notwithstanding the foregoing, (i) an eligible employee may elect to decrease the number of shares of Common Stock that such employee would otherwise be permitted to purchase for the initial Offering Period under the Plan and/or purchase shares of Common Stock for the initial Offering Period through payroll deductions by delivering a subscription agreement to the Company within thirty (30) days after the filing of an effective registration statement pursuant to Form S-8 and (ii) the Committee may set a later time for filing the subscription agreement authorizing payroll deductions for all eligible employees with respect to a given Offering Period. With respect to Offering Periods after the initial Offering Period, a Participant may elect to participate in this Plan by submitting a subscription agreement prior to the commencement of the Offering Period (or such earlier date as the Committee may determine) to which such agreement relates.

(c) Once an employee becomes a Participant in an Offering Period, then such Participant will automatically participate in the Offering Period commencing immediately following the last day of such prior Offering Period unless the Participant withdraws or is deemed to withdraw from this Plan or terminates further participation in the Offering Period as set forth in Section 11 below. Such Participant is not required to file any additional subscription agreement in order to continue participation in this Plan.

7. Grant of Option on Enrollment. Becoming a Participant with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such Participant of an option to purchase on the Purchase Date up to that number of shares of Common Stock of the Company determined by a fraction, the numerator of which is the amount accumulated in such Participant's payroll deduction account during such Purchase Period and the denominator of which is the lower of (i) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date (but in no event less than the par value of a share of the Company's Common Stock), or (ii) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Purchase Date (but in no event less than the par value of a share of the Company's Common Stock) **provided, however**, that for the Purchase Period within the initial Offering Period the numerator shall be fifteen percent (15%) of the Participant's compensation for such Purchase Period and **provided, further**, that the number of shares of the Company's Common Stock subject to any option granted pursuant to this Plan shall not exceed the lesser of (x) the maximum number of shares set by the Committee pursuant to Section 10(b) below with respect to the applicable Purchase Date, or (y) the maximum number of shares which may be purchased pursuant to Section 10(a) below with respect to the applicable Purchase Date. The fair market value of a share of the Company's Common Stock shall be determined as provided in Section 8 below.

8. Purchase Price. The purchase price per share at which a share of Common Stock will be sold in any Offering Period shall be eighty-five percent (85%) of the lesser of:

(a) The fair market value on the Offering Date; or

(b) The fair market value on the Purchase Date.

The term "***fair market value***" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(i) if such Common Stock is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or

(ii) if such Common Stock is publicly traded but is not admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; and

(iii) with respect to the initial Offering Period, "fair market value" on the Offering Date shall be the price at which shares of Common Stock are offered to the public pursuant to the Registration Statement covering the initial public offering of shares of the Company's Common Stock.

9. Payment of Purchase Price; Payroll Deduction Changes; Share Issuances .

(a) The purchase price of the shares is accumulated by regular payroll deductions made during each Offering Period. The deductions are made as a percentage of the Participant's compensation in one percent (1%) increments not less than one percent (1%), nor greater than fifteen percent (15%) or such lower limit set by the Committee. Compensation shall mean all W-2 cash compensation categorized by the Company as base salary or regular hourly wages, and expressly excluding commissions, overtime, shift premiums, bonuses and incentive compensation, plus draws against commissions, **provided, however**, that for purposes of determining a Participant's compensation, any election by such Participant to reduce his or her regular cash remuneration under Sections 125 or 401(k) of the Code shall be treated as if the Participant did not make such election. Payroll deductions shall commence on the first payday following the last Purchase Date (first payday following the effective date of filing with the U.S. Securities and Exchange Commission a securities registration statement for the Plan with respect to the initial Offering Period) and shall continue to the end of the Offering Period unless sooner altered or terminated as provided in this Plan.

(b) A Participant may decrease the rate of payroll deductions during an Offering Period by filing with the Company a new authorization for payroll deductions, with the new rate to become effective for the next payroll period commencing after the Company's receipt of the authorization and continuing for the remainder of the Offering Period unless changed as described below. Such change in the rate of payroll deductions may be made at any time during an Offering Period, but not more than one (1) decrease may be made effective during any Purchase Period. A Participant may increase or decrease the rate of payroll deductions for any subsequent Offering Period by filing with the Company a new authorization for payroll deductions prior to the beginning of such Offering Period, or such other time period as specified by the Committee.

(c) A Participant may reduce his or her payroll deduction percentage to zero during an Offering Period by filing with the Company a request for cessation of payroll deductions. Such reduction shall be effective beginning with the next payroll period after the Company's receipt of the request and no further payroll deductions will be made for the duration of the Offering Period. Payroll deductions credited to the Participant's account prior to the effective date of the request shall be used to purchase shares of Common Stock of the Company in accordance with Section (e) below. A reduction of the payroll deduction percentage to zero shall be treated as such Participant's withdrawal from such Offering Period, and the Plan, effective as of the day after the next Purchase Date following the filing date of such request with the Company.

(d) All payroll deductions made for a Participant are credited to his or her account under this Plan and are deposited with the general funds of the Company. No interest accrues on the payroll deductions. All payroll deductions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

(e) On each Purchase Date, so long as this Plan remains in effect and provided that the Participant has not submitted a signed and completed withdrawal form before that date which notifies the Company that the Participant wishes to withdraw from that Offering Period under this Plan and have all payroll deductions accumulated in the account maintained on behalf of the Participant as of that date returned to the Participant, the Company shall apply the funds then in the Participant's account to the

purchase of whole shares of Common Stock reserved under the option granted to such Participant with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The purchase price per share shall be as specified in Section 8 of this Plan. Any amount remaining in a Participant's account on a Purchase Date which is less than the amount necessary to purchase a full share of the Company's Common Stock shall be carried forward, without interest, into the next Purchase Period or Offering Period, as the case may be. In the event that this Plan has been oversubscribed, all funds not used to purchase shares on the Purchase Date shall be returned to the Participant, without interest. No Common Stock shall be purchased on a Purchase Date on behalf of any employee whose participation in this Plan has terminated prior to such Purchase Date.

(f) As promptly as practicable after the Purchase Date, the Company shall issue shares for the Participant's benefit representing the shares purchased upon exercise of his or her option.

(g) During a Participant's lifetime, his or her option to purchase shares hereunder is exercisable only by him or her. The Participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

10. Limitations on Shares to be Purchased.

(a) No Participant shall be entitled to purchase stock under any Offering Period at a rate which, when aggregated with such Participant's rights to purchase stock, that are also outstanding in the same calendar year(s) (whether under other Offering Periods or other employee stock purchase plans of the Corporate Group), exceeds $25,000 in fair market value, determined as of the Offering Date, (or such other limit as may be imposed by the Code) for each calendar year in which such Offering Period is in effect (hereinafter the "Maximum Share Amount"). The Company shall automatically suspend the payroll deductions of any Participant as necessary to enforce such limit provided that when the Company automatically resumes such payroll deductions, the Company must apply the rate in effect immediately prior to such suspension. In addition to the foregoing monetary limit, the Committee may, in its sole discretion, set a maximum number of shares which may be purchased by all Participants on an aggregate basis during any Offering Period (hereinafter, the "Maximum Offering Period Share Amount"), which shall then be the Maximum Offering Period Share Amount for subsequent Offering Periods. If a new Maximum Offering Period Share Amount is set, then all Participants must be notified of such Maximum Offering Period Share Amount prior to the commencement of the next Offering Period for which it is to be effective. The Maximum Offering Period Share Amount shall continue to apply with respect to all succeeding Offering Periods unless revised by the Committee as set forth above. If the number of Shares to be purchased on a Purchase Date by all Participants exceeds the number of shares that comprise the Maximum Offering Period Share Amount, then the number of shares to be purchased shall be allocated on a pro-rata basis in as uniform a manner as shall be reasonably practicable and as the Committee shall determine to be equitable. In such event, the Company shall give written notice of such allocation to affected Participants.

(b) The Committee may, in its sole discretion, set a lower maximum number of shares which may be purchased by any Participant during any Offering Period than that determined under Section 10(a) above, which shall then be the Maximum Share Amount for subsequent Offering Periods. If a new Maximum Share Amount is set, then all Participants must be notified of such Maximum Share Amount prior to the commencement of the next Offering Period for which it is to be effective. The Maximum Share Amount shall continue to apply with respect to all succeeding Offering Periods unless revised by the Committee as set forth above.

(c) If the number of shares to be purchased on a Purchase Date by all Participants exceeds the number of shares then available for issuance under this Plan, then the Company will make a pro rata allocation of the remaining shares in as uniform a manner as shall be reasonably practicable and as the Committee shall determine to be equitable. In such event, the Company shall give written notice of such reduction of the number of shares to be purchased under a Participant's option to each Participant affected.

(d) Any payroll deductions accumulated in a Participant's account which are not used to purchase stock due to the limitations in this Section 10, and not covered by Section 9(e), shall be returned to the Participant as soon as practicable after the end of the applicable Purchase Period, without interest.

11. Withdrawal.

(a) Each Participant may withdraw from an Offering Period under this Plan by signing and delivering to the Company a written notice to that effect on a form provided for such purpose by the Company. Such withdrawal may be elected at any time prior to the end of an Offering Period, or such other time period as specified by the Committee.

(b) Upon withdrawal from this Plan, the accumulated payroll deductions shall be returned to the withdrawn Participant, without interest, and his or her interest in this Plan shall terminate. In the event a Participant voluntarily elects to withdraw from this Plan, he or she may not resume his or her participation in this Plan during the same Offering Period, but he or she may participate in any Offering Period under this Plan which commences on a date subsequent to such withdrawal by filing a new authorization for payroll deductions in the same manner as set forth in Section 6 above for initial participation in this Plan.

12. Termination of Employment. Termination of a Participant's employment for any reason, including retirement, death, disability, or the failure of a Participant to remain an eligible employee of the Company or of a Participating Corporation, immediately terminates his or her participation in this Plan. In such event, accumulated payroll deductions credited to the Participant's account will be returned to him or her or, in the case of his or her death, to his or her legal representative, without interest. For purposes of this Section 12, an employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company or of a Participating Corporation in the case of sick leave, military leave, or any other leave of absence approved by the Company; provided that such leave is for a period of not more than ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

13. Return of Payroll Deductions. In the event a Participant's interest in this Plan is terminated by withdrawal, termination of employment or otherwise, or in the event this Plan is terminated by the Board, the Company shall deliver to the Participant all accumulated payroll deductions credited to such Participant's account. No interest shall accrue on the payroll deductions of a Participant in this Plan.

14. Capital Changes. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock such that an adjustment is determined by the Committee (in its sole discretion) to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust the number and class of Common Stock which may be delivered under the Plan, the purchase price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised, and the numerical limits of Sections 1 and 10 shall be proportionately adjusted.

15. Nonassignability. Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares under this Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 22 below) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be void and without effect.

16. Reports. Individual accounts will be maintained for each Participant in this Plan. Each Participant shall receive promptly after the end of each Purchase Period a report of his or her account setting forth the total payroll deductions accumulated, the number of shares purchased, the per share price thereof and the remaining cash balance, if any, carried forward to the next Purchase Period or Offering Period, as the case may be.

17. Notice of Disposition. Each Participant shall notify the Company in writing if the Participant disposes of any of the shares purchased in any Offering Period pursuant to this Plan if such disposition occurs within two (2) years from the Offering Date or within one (1) year from the Purchase Date on which such shares were purchased (the "***Notice Period***"). The Company may, at any time during the Notice Period, place a legend or legends on any certificate representing shares acquired pursuant to this Plan requesting the Company's transfer agent to notify the Company of any transfer of the shares. The obligation of the Participant to provide such notice shall continue notwithstanding the placement of any such legend on the certificates.

18. No Rights to Continued Employment. Neither this Plan nor the grant of any option hereunder shall confer any right on any employee to remain in the employ of the Company or any Participating Corporation, or restrict the right of the Company or any Participating Corporation to terminate such employee's employment.

19. Equal Rights And Privileges. All eligible employees shall have equal rights and privileges with respect to this Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of this Plan which is inconsistent with Section 423 or any successor provision of the Code shall, without further act or amendment by the Company, the Committee or the Board, be reformed to comply with the requirements of Section 423. This Section 19 shall take precedence over all other provisions in this Plan.

20. Notices. All notices or other communications by a Participant to the Company under or in connection with this Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Term; Stockholder Approval. This Plan will become effective on the Effective Date. This Plan shall be approved by the stockholders of the Company, in any manner permitted by applicable corporate law, within twelve (12) months before or after the date this Plan is adopted by the Board. No purchase of shares that are subject to such stockholder approval before becoming available under this Plan shall occur prior to stockholder approval of such shares and the Board or Committee may delay any Purchase Date and postpone the commencement of any Offering Period subsequent to such Purchase Date as deemed necessary or desirable to obtain such approval (provided that if a Purchase Date would occur more than twenty-four (24) months after commencement of the Offering Period to which it relates, then such Purchase Date shall not occur and instead such Offering Period shall terminate without the purchase of such shares and Participants in such Offering Period shall be refunded their contributions without interest). This Plan shall continue until the earlier to occur of (a) termination of this Plan by the Board (which termination may be effected by the Board at any time pursuant to Section 25 below), (b) issuance of all of the shares of Common Stock reserved for issuance under this Plan, or (c) the tenth anniversary of the first Purchase Date under the Plan.

22. Designation of Beneficiary.

(a) A Participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the Participant's account under this Plan in the event of such Participant's death subsequent to the end of a Purchase Period but prior to delivery to him of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under this Plan in the event of such Participant's death prior to a Purchase Date.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice. In the event of the death of a Participant and in the absence of a beneficiary validly designated under this Plan who is living at the time of such Participant's death, the Company shall deliver such shares or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

23. Conditions Upon Issuance of Shares; Limitation on Sale of Shares . Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or automated quotation system upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

24. Applicable Law. The Plan shall be governed by the substantive laws (excluding the conflict of laws rules) of the State of Delaware.

25. Amendment or Termination. The Committee, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Committee, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Purchase Date (which may be sooner than originally scheduled, if determined by the Committee in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 14). If an Offering Period is terminated prior to its previously-scheduled expiration, all amounts then credited to Participants' accounts for such Offering Period, which have not been used to purchase shares of the Company's Common Stock, shall be returned to those Participants (without interest thereon, except as otherwise required under local laws) as soon as administratively practicable. Further, the Committee will be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the administration of the Plan, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of the Company's Common Stock for each Participant properly correspond with amounts withheld from the Participant's base salary or regular hourly wages, and establish such other limitations or procedures as the Committee determines in its sole discretion advisable which are consistent with the Plan. Such actions will not require stockholder approval or the consent of any Participants. However, no amendment shall be made without approval of the stockholders of the Company (obtained in accordance with Section 21 above) within twelve (12) months of the adoption of such amendment (or earlier if required by Section 21) if such amendment would: (a) increase the number of shares that may be issued under this Plan; or (b) change the designation of the employees (or class of employees) eligible for participation in this Plan.

26. Corporate Transactions.

(a) In the event of a Corporate Transaction (as defined below), each outstanding right to purchase Company Common Stock will be assumed or an equivalent option substituted by the successor corporation or a parent or a subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the purchase right, the Offering Period with respect to which such purchase right relates will be shortened by setting a new Purchase Date (the "***New Purchase Date***" and will end on the New Purchase Date. The New Purchase Date shall occur on or prior to the consummation of the Corporate Transaction.

(b) "***Corporate Transaction***" means the occurrence of any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Exhibit 10.13

Summary of Change of Control Severance Arrangement between Glu Mobile Inc. and Adam Flanders

Effective as of October 6, 2011

In the event that the employment of Adam Flanders (the "***Employee***"), the Senior Vice President, Sales and Marketing of Glu Mobile Inc. (the "***Company***"), is terminated without Cause or as a result of an Involuntary Termination at any time within 12 months after a Change of Control, and the Employee delivers to the Company a signed general release of claims, then he will receive (i) six months of his then-current annual base salary, (ii) 50% of his annual bonus for such calendar year, based on the target potential amount (not the amount actually payable), (iii) an additional 36 months of vesting with respect to each of his then-outstanding and not fully vested equity awards and (iv) up to six months of continuation coverage for him (and any eligible dependents) pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985.

The defined terms used above have the following meanings:

"***Cause***" means (i) the Employee's committing of an act of gross negligence, gross misconduct or dishonesty, or other willful act, including misappropriation, embezzlement or fraud, that materially adversely affects the Company or any of the Company's customers, suppliers or partners, (ii) his personal dishonesty, willful misconduct in the performance of services for the Company, or breach of fiduciary duty involving personal profit, (iii) his being convicted of, or pleading no contest to, any felony or misdemeanor involving fraud, breach of trust or misappropriation or any other act that the Company's Board reasonably believes in good faith has materially adversely affected, or upon disclosure will materially adversely affect, the Company, including the Company's public reputation, (iv) any material breach of any agreement with the Company by him that remains uncured for 30 days after written notice by the Company to him, unless that breach is incapable of cure, or any other material unauthorized use or disclosure of the Company's confidential information or trade secrets involving personal benefit or (v) his failure to follow the lawful directions of the Company's chief executive officer, in the scope of his employment unless he reasonably believes in good faith that these directions are not lawful and notifies the chief executive officer of the reasons for his belief.

"***Involuntary Termination***" means the Employee's resignation of employment from the Company expressly based on the occurrence of any of the following conditions, without the Employee's informed written consent, provided, however, that with respect to each of the following conditions, the Employee must (a) within 90 days following its occurrence, deliver to the Company a written notice explaining the specific basis for the Employee's belief that the Employee is entitled to terminate the Employee's employment due to an Involuntary Termination and (b) give the Company an opportunity to cure any of the following within 30 days following delivery of such notice and explanation (i) a material reduction in his duties, position or responsibilities, or his removal from these duties, position and responsibilities, unless he is provided with a position of substantially equal or greater organizational level, duties, authority and compensation; provided, however, that a change of title, in and of itself, or a reduction of duties, position or responsibilities solely by virtue of the Company's being acquired and made part of a larger entity will not constitute an "Involuntary Termination," (ii) a greater than 15% reduction in his then-current annual base compensation that is not applicable to the Company's other executive officers, or (iii) a relocation to a facility or a location more than 30 miles from his then-current location of employment.

"***Change of Control***" means the closing of (i) a merger or consolidation in one transaction or a series of related transactions, in which the Company's securities held by the Company's stockholders before the merger or consolidation represent less than 50% of the outstanding voting equity securities of the surviving corporation after the transaction or series of related transactions, (ii) a sale or other transfer of all or substantially all of the Company's assets as a going concern, in one transaction or a series of related transactions, followed by the distribution to the Company's stockholders of any proceeds remaining after payment of creditors or (iii) a transfer of more than 50% of the Company's outstanding voting equity securities by the Company's stockholders to one or more related persons or entities other than the Company in one transaction or a series of related transactions.

Exhibit 10.16

GLU MOBILE INC.
SUMMARY OF COMPENSATION TERMS
ADAM FLANDERS

The following is a summary of the compensation terms for Adam Flanders, our Senior Vice President, Sales and Marketing:

Annual Salary:	$225,000
Target Cash Bonus:	50% of base salary
Bonus Plan Participation:	Glu Mobile 2012 Executive Bonus Plan

Exhibit 10.28

PLEASE READ THE FOLLOWING LICENSE AGREEMENT TERMS AND CONDITIONS CAREFULLY BEFORE DOWNLOADING OR USING THE APPLE SOFTWARE. THESE TERMS AND CONDITIONS CONSTITUTE A LEGAL AGREEMENT BETWEEN YOU AND APPLE.

iOS Developer Program License Agreement

Purpose

You would like to use the Apple Software (as defined below) to develop one or more Applications (as defined below) for Apple-branded products running the iOS. Apple is willing to grant You a limited license to use the Apple Software to develop and test Your Applications on the terms and conditions set forth in this Agreement.

Applications developed under this Agreement can be distributed in two ways: (1) through the App Store, if selected by Apple, and (2) on a limited basis for use on Registered Devices (as defined below).

Applications that meet Apple's Documentation and Program Requirements may be submitted for consideration by Apple for distribution via the App Store. If submitted by You and selected by Apple, Your Applications will be digitally signed by Apple and distributed through the App Store. Distribution of free (no charge) Applications that do not make use of the In App Purchase API will be subject to the distribution terms contained in Schedule 1 to this Agreement. If You would like to distribute Applications for which You will charge a fee or would like to use the In App Purchase API in free Applications, You must enter into a separate agreement with Apple ("Schedule 2").

1. Accepting this Agreement; Definitions

1.1 Acceptance

In order to use the Apple Software and related services, You must first agree to this License Agreement. If You do not or cannot agree to this License Agreement, You are not permitted to use the Apple Software or related services. Do not download or use the Apple Software or any related services in that case.

You accept and agree to the terms of this License Agreement on Your own behalf and/or on behalf of Your company, organization, educational institution, or agency, instrumentality, or department of the federal government as its authorized legal representative, by doing either of the following:

(a) checking the box displayed at the end of this Agreement if You are reading this on an Apple website; or

(b) clicking an "Agree" or similar button, where this option is provided by Apple.

1.2 Definitions

Whenever capitalized in this Agreement:

"Advertising API" means the Documented API that enables You to use Apple's advertising service to deliver advertising to Your Application.

"Agreement" means this iOS Developer Program License Agreement, including any attachments, Schedule 1 and any exhibits thereto which are hereby incorporated by this reference.

"App Store" means an electronic store and its storefronts branded, and owned and/or controlled by Apple or an affiliate of Apple.

"Apple" means Apple Inc., a California corporation with its principal place of business at One Infinite Loop, Cupertino, California 95014, U.S.A.

Program Agreement

“Apple Push Notification” or “APN” means the Apple Push Notification service that Apple may provide to You to enable You to transmit Push Notifications to Your Application.

“APN API” means the Documented API that enables You to use the APN to deliver a Push Notification to Your Application.

“Apple Software” collectively means: (a) the SDK, (b) the iOS, and (c) the Provisioning Profiles, and includes any Updates to any of the foregoing that may be provided to You by Apple.

“Apple Subsidiary” means a corporation at least fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are owned or controlled, directly or indirectly, by Apple, and that is involved in the operation of or otherwise affiliated with the App Store, including without limitation Apple Pty Limited, iTunes S.à.r.l., and iTunes K.K.

“Application” means one or more software programs developed by You in compliance with the Documentation and the Program Requirements, under Your own trademark or brand, and for specific use with an iOS Product, including bug fixes, updates, upgrades, modifications, enhancements, supplements to, revisions, new releases and new versions of such software programs.

“Authorized Developers” means Your employees and contractors, members of Your organization or, if You are an educational institution, Your faculty and staff who (a) each have an active and valid Registered Apple Developer account with Apple, (b) have a demonstrable need to know or use the Apple Software in order to develop and test Applications, and (c) to the extent such individuals will have access to Apple Confidential Information, each have written and binding agreements with You to protect the unauthorized use and disclosure of such Apple Confidential Information.

“Authorized Test Devices” means iOS Products owned or controlled by You that have been designated by You for testing and development purposes and specifically registered with Apple under this Program.

“Documentation” means any technical or other specifications or documentation that Apple may provide to You for use in connection with the Apple Software.

“Documented API(s)” means the Application Programming Interface(s) documented by Apple in published Apple Documentation and which are contained in the Apple Software.

“FOSS” (Free and Open Source Software) means any software that is subject to terms that, as a condition of use, copying, modification or redistribution, require such software and/or derivative works thereof to be disclosed or distributed in source code form, to be licensed for the purpose of making derivative works, or to be redistributed free of charge, including without limitation software distributed under the GNU General Public License or GNU Lesser/Library GPL.

“Game Center” means the gaming community service and related APIs provided by Apple for use by You only in connection with Your Application. The Game Center may consist of an Apple confidential, pre-release version of the Game Center service or a production, non-Apple confidential, commercially-available version of such service.

“In App Purchase API” means the Documented API that enables additional content, functionality or services to be purchased and delivered or made available for use within an Application.

“iOS” means the iOS operating system software provided by Apple for use by You only in connection with Your Application development and testing, which, from time to time during the Term, may consist of an Apple confidential, pre-release version of the iOS operating system software or a gold master “GM” production, non-Apple confidential, commercially-available version of the iOS operating system software (or any successor thereto).

“iOS Accessory” means a non-Apple branded hardware device that interfaces, communicates, or otherwise interoperates with or controls an iOS Product through the iPod Accessory Protocol.

“iOS Product” means an Apple-branded product that runs the iOS.

“iPod Accessory Protocol” or “iAP” means Apple’s proprietary protocol for communicating with iOS Products and which is licensed under Apple’s MFi Licensing Program.

“iTunes Connect” means Apple’s proprietary online content management tool for Applications.

“Licensed Application” means an Application that (a) meets and complies with all of the Documentation and Program Requirements, and (b) has been selected and digitally signed by Apple for production distribution.

“Licensed Application Information” means screen shots, images, artwork, icons and/or any other copyrighted text, descriptions, representations or information relating to a Licensed Application that You provide to Apple for use in accordance with Schedule 1, or, if applicable, Schedule 2.

“Local Notification” means a message, including any content or data therein, that Your Application delivers to end users at a pre-determined time or when Your Application is running in the background and another application is running in the foreground.

“MFi Licensing Program” means a separate Apple program that offers iOS Accessory developers, among other things, a license to incorporate certain Apple technology into a hardware device to interface, communicate or otherwise interoperate with or control iOS Products.

“MFi Licensee” means a party who has been granted a license by Apple under the MFi Licensing Program.

“Maps API” means the Documented API that enables You to add mapping functionality to Applications.

“Multitasking” means the ability of Applications to run in the background while other Applications are running on the iOS.

“Program” means the overall iOS application development, testing, digital signing, and distribution program contemplated in this Agreement.

“Program Requirements” mean the technical, human interface, design, product category, security, performance, and other criteria and requirements specified by Apple, including but not limited to the current set of requirements set forth in Section 3.3, as they may be modified from time to time by Apple in accordance with this Agreement.

“Provisioning Profiles” means the provisioning profiles provided by Apple for use by You in connection with Your Application development and testing, and limited distribution of Your Applications for use on Registered Devices.

“Push Application ID” means the unique identification number or other identifier that Apple assigns to an Application in order to permit it to access and use the APN.

“Push Notification” means a message, including any content or data therein, that You transmit to end users and that is delivered in Your Application.

“Registered Devices” means iOS Products owned or controlled by You, or owned by individuals who are affiliated with You, that You have specifically registered with Apple under this Program.

“Security Solution” means the proprietary Apple content protection system marketed as Fairplay, to be applied to Licensed Applications distributed on the App Store to administer Apple’s standard usage rules for Licensed Applications, as such system and rules may be modified by Apple from time to time.

“SDK” (Software Development Kit) means the Documentation, software (source code and object code), applications, sample code, simulator, tools, libraries, APIs, data, files, and materials provided by Apple for use by You in connection with Your Application development, and includes any Updates that may be provided by Apple to You pursuant to this Agreement.

“Term” means the period described in Section 12.

“Updates” means bug fixes, updates, upgrades, modifications, enhancements, supplements, and new releases or versions of the Apple Software, or to any part of the Apple Software.

“You”, “Your” and “Licensee” means and refers to the person(s) or legal entity using the Apple Software or otherwise exercising rights under this Agreement. If You are entering into this Agreement on behalf of Your company, organization, educational institution, or an agency, instrumentality, or department of the federal government, “You” or “Your” refers to such entity or organization as well.

2. Internal Use License and Restrictions

2.1 Permitted Uses and Restrictions

Subject to the terms and conditions of this Agreement, Apple hereby grants You during the Term, a limited, non-exclusive, personal, revocable, non-sublicensable and non-transferable license to:

(a) Install a reasonable number of copies of the SDK portion of the Apple Software on Apple-branded computers owned or controlled by You, to be used internally by You or Your Authorized Developers for the sole purpose of developing or testing Applications;

(b) Make and distribute a reasonable number of copies of the Documentation to Authorized Developers for their internal use only and for the sole purpose of developing or testing Applications;

(c) Install one (1) copy of the iOS and a Provisioning Profile on each of Your Authorized Test Devices, up to the number of Authorized Test Devices that You have registered and acquired licenses for, to be used internally by You or Your Authorized Developers for the sole purpose of developing and testing Your Applications; and

(d) Install a Provisioning Profile on each of Your Registered Devices, up to the limited number of Registered Devices that You have registered and acquired licenses for, for the sole purpose of enabling the distribution and use of Your Applications on such Registered Devices.

Apple reserves the right to set the limited number of iOS Products that each Licensee may register with Apple and obtain licenses for under this Program (a “Block of Registered Device Licenses”), as specified on the Program web portal. For the purposes of limited distribution on Registered Devices under Section 7.2, each company, organization, educational institution or affiliated group may only acquire one (1) Block of Registered Device Licenses per company, organization, educational institution or group, unless otherwise agreed in writing by Apple. You therefore agree not to knowingly acquire, or to cause others to acquire, more than one Block of Registered Device Licenses for the same company, organization, educational institution or group.

2.2 Authorized Test Devices

As long as an Authorized Test Device contains any pre-release versions of the Apple Software or uses pre-release versions of services, You agree to restrict access to such Authorized Test Device to Your Authorized Developers and to not disclose, show, rent, lease, lend, sell or otherwise transfer such Authorized Test Device to any third party. You further agree to take reasonable precautions to safeguard, and to instruct Your Authorized Developers to safeguard, all Authorized Test Devices from loss or theft.

You acknowledge that by installing any pre-release Apple Software or using any pre-release services on Your Authorized Test Devices, these Devices may be "locked" into testing mode and may not be capable of being restored to their original condition. Any use of any pre-release Apple Software or pre-release services are for evaluation and development purposes only, and You should not use any pre-release Apple Software or pre-release services in a commercial operating environment or with important data. You should back up any data prior to using the pre-release Apple Software or pre-release services. Apple shall not be responsible for any costs, expenses or other liabilities You may incur as a result of provisioning Your Authorized Test Devices and Registered Devices, Your Application development or the installation or use of this Apple Software, including but not limited to any damage to any equipment, software or data.

2.3 Confidential Nature of Pre-Release Apple Software and services

From time to time during the Term, Apple may provide You with pre-release versions of the Apple Software or related services that constitute Apple Confidential Information and are subject to the confidentiality obligations of this Agreement. Such pre-release Apple Software and related services should not be relied upon to perform in the same manner as a final-release commercial-grade product, nor used with data that is not sufficiently and regularly backed up, and may include features, functionality or APIs for software or services that are not yet available. You acknowledge that Apple may not have publicly announced the availability of such pre-release Apple Software or related services, that Apple has not promised or guaranteed to You that such pre-release software or services will be announced or made available to anyone in the future, and that Apple has no express or implied obligation to You to announce or commercially introduce such software or services or any similar or compatible technology. You expressly acknowledge and agree that any research or development that You perform with respect to pre-release versions of the Apple Software or related services is done entirely at Your own risk.

2.4 Copies

You agree to retain and reproduce in full the Apple copyright, disclaimers and other proprietary notices (as they appear in the Apple Software and related services and Documentation provided) in all copies of the Apple Software and Documentation that You are permitted to make under this Agreement.

2.5 Ownership

Apple retains all rights, title, and interest in and to the Apple Software and any Updates it may make available to You under this Agreement. You agree to cooperate with Apple to maintain Apple's ownership of the Apple Software, and, to the extent that You become aware of any claims relating to the Apple Software, You agree to use reasonable efforts to promptly provide notice of any such claims to Apple. The parties acknowledge that this Agreement does not give Apple any ownership interest in Your Applications.

2.6 No Other Permitted Uses

Except as otherwise set forth in this Agreement, You agree not to rent, lease, lend, upload to or host on any website or server, sell, redistribute, or sublicense the Apple Software or any services, in whole or in part, or to enable others to do so. You may not use the Apple Software or any services provided hereunder for any purpose not expressly permitted by this Agreement. You agree not to install, use or run the SDK on any non-Apple-branded computer, not to install, use or run the iOS and Provisioning Profiles on or in connection with devices other than iOS Products, or to enable others to do so. You may not and You agree not to, or to enable others to, copy (except as expressly permitted under this Agreement), decompile, reverse engineer, disassemble,

attempt to derive the source code of, modify, decrypt, or create derivative works of the Apple Software or any services provided by the Apple Software or otherwise provided hereunder, or any part thereof (except as and only to the extent any foregoing restriction is prohibited by applicable law or to the extent as may be permitted by licensing terms governing use of open-sourced components or sample code included with the Apple Software). You agree not to exploit any services provided hereunder in any unauthorized way whatsoever, including but not limited to, by trespass or burdening network capacity. Any attempt to do so is a violation of the rights of Apple and its licensors of the Apple Software or services. If You breach any of the foregoing restrictions, You may be subject to prosecution and damages. All licenses not expressly granted in this Agreement are reserved and no other licenses, immunity or rights, express or implied are granted by Apple, by implication, estoppel, or otherwise. This Agreement does not grant You any rights to use any trademarks, logos or service marks belonging to Apple, including but not limited to the iPhone or iPod word marks. If You make reference to any Apple products or technology or use Apple's trademarks, You agree to comply with the published guidelines at http://www.apple.com/legal/trademark/guidelinesfor3rdparties.html , as modified by Apple from time to time.

2.7 Updates; No Support or Maintenance

Apple may extend, enhance, or otherwise modify the Apple Software or services provided hereunder at any time without notice, but Apple shall not be obligated to provide You with any Updates to the Apple Software. If Updates are made available by Apple, the terms of this Agreement will govern such Updates, unless the Update is accompanied by a separate license in which case the terms of that license will govern. Apple is not obligated to provide any maintenance, technical or other support for the Apple Software or services. You acknowledge that Apple has no express or implied obligation to announce or make available any Updates to the Apple Software or to any services to anyone in the future. Should an Update be made available, it may have APIs, features, services or functionality that are different from those found in the Apple Software licensed hereunder or the services provided hereunder.

3. Your Obligations

3.1 General

You certify to Apple and agree that:

(a) You are of the legal age of majority in the jurisdiction in which You reside (at least 18 years of age in many countries) and have the right and authority to enter into this Agreement on Your own behalf, or if You are entering into this Agreement on behalf of Your company, organization, educational institution, or agency, instrumentality, or department of the federal government, that You have the right and authority to legally bind such entity or organization to the terms and obligations of this Agreement;

(b) All information provided by You to Apple or Your end users in connection with this Agreement or Your Application, including without limitation Licensed Application Information, will be current, true, accurate, supportable and complete and, with regard to information You provide to Apple, You will promptly notify Apple of any changes to such information. Further, You agree that Apple may share such information (including email address and mailing address) with third parties who have a need to know for purposes related to Your Application (e.g., intellectual property questions, customer service inquiries, etc.);

(c) You will comply with the terms of and fulfill Your obligations under this Agreement and You agree to monitor and be responsible for Your Authorized Developers' use of the Apple Software and services and Authorized Test Devices and their compliance with the terms of this Agreement;

(d) You will be solely responsible for all costs, expenses, losses and liabilities incurred, and activities undertaken by You and Authorized Developers in connection with the Apple Software and services, the Registered Devices, Your Applications and Your related development and distribution efforts, including, but not limited to, any related development efforts, network and server equipment, Internet service(s), or any other hardware, software or services used by You in connection with Your use of any services;

(e) For the purposes of Schedule 1(if applicable), You represent and warrant that You own or control the necessary rights in order to appoint Apple and Apple Subsidiaries as Your worldwide agent for the delivery of Your Licensed Applications, and that the fulfillment of such appointment by Apple and Apple Subsidiaries shall not violate or infringe the rights of any third party; and

(f) You will not act in any manner which conflicts or interferes with any existing commitment or obligation You may have and no agreement previously entered into by You will interfere with Your performance of Your obligations under this Agreement.

3.2 Use of the Apple Software

As a condition to using the Apple Software and any services, You agree that:

(a) You will only use the Apple Software and any services for the purposes and in the manner expressly permitted by this Agreement and in accordance with all applicable laws and regulations;

(b) You will not use the Apple Software or any services for any unlawful or illegal activity, nor to develop any Application which would commit or facilitate the commission of a crime, or other tortious, unlawful or illegal act;

(c) Your Application will be developed in compliance with the Documentation and the Program Requirements, the current set of which is set forth in Section 3.3 below;

(d) To the best of Your knowledge and belief, Your Application and Licensed Application Information do not and will not violate, misappropriate, or infringe any Apple or third party copyrights, trademarks, rights of privacy and publicity, trade secrets, patents, or other proprietary or legal rights (e.g. musical composition or performance rights, video rights, photography or image rights, logo rights, third party data rights, etc. for content and materials that may be included in Your Application);

(e) You will not, through use of the Apple Software, services or otherwise, create any Application or other program that would disable, hack or otherwise interfere with the Security Solution, or any security, digital signing, digital rights management, verification or authentication mechanisms implemented in or by the iOS, this Apple Software, any services or other Apple software or technology, or enable others to do so;

(f) You will not, directly or indirectly, commit any act intended to interfere with the Apple Software or related services, the intent of this Agreement, or Apple's business practices including, but not limited to, taking actions that may hinder the performance or intended use of the App Store or the Program (e.g., submitting fraudulent reviews of Your own Application or any third party application, choosing a name for Your Application that is substantially similar to the name of a third party application in order to create consumer confusion, or squatting on application names to prevent legitimate third party use); and

(g) Applications developed using the Apple Software may only be distributed if selected by Apple (in its sole discretion) for distribution via the App Store or for limited distribution on Registered Devices (ad hoc distribution) as contemplated in this Agreement.

3.3 Program Requirements for Applications

Any Application developed using this Apple Software must meet all of the following criteria and requirements, as they may be modified by Apple from time to time:

APIs and Functionality:

3.3.1 Applications may only use Documented APIs in the manner prescribed by Apple and must not use or call any private APIs.

3.3.2 An Application may not download or install executable code. Interpreted code may only be used in an Application if all scripts, code and interpreters are packaged in the Application and not downloaded. The only exception to the foregoing is scripts and code downloaded and run by Apple's built-in WebKit framework.

3.3.3 Without Apple's prior written approval or as permitted under Section 3.3.23 (In App Purchase API), an Application may not provide, unlock or enable additional features or functionality through distribution mechanisms other than the App Store.

3.3.4 An Application may only read data from or write data to an Application's designated container area on the device, except as otherwise specified by Apple.

3.3.5 An Application must have at least the same features and functionality when run by a user in compatibility mode on an iPad (e.g., an iPhone app running in an equivalent iPhone-size window on an iPad must perform in substantially the same manner as when run on the iPhone; provided that this obligation will not apply to any feature or functionality that is not supported by a particular hardware device, such as a video recording feature on a device that does not have a camera). Further, You agree not to interfere or attempt to interfere with the operation of Your Application in compatibility mode.

3.3.6 You may use the Multitasking services only for their intended purposes as described in the Documentation.

User Interface, Data Collection, Local Laws and Privacy:

3.3.7 Applications must comply with the Human Interface Guidelines and other Documentation provided by Apple.

3.3.8 Any form of user or device data collection, or image, picture or voice capture or recording (collectively "Recordings"), and any form of data, content or information collection, processing, maintenance, uploading, syncing, storage, transmission, sharing, disclosure or use performed by, through or in connection with Your Application must comply with all applicable privacy laws and regulations as well as any related Program Requirements, including but not limited to any notice or consent requirements. In particular, a reasonably conspicuous audio, visual or other indicator must be displayed to the user as part of the Application to indicate that a Recording is taking place.

3.3.9 You and Your Applications may not collect user or device data without prior user consent, and then only to provide a service or function that is directly relevant to the use of the Application, or to serve advertising. You may not use analytics software in Your Application to collect and send device data to a third party.

3.3.10 You must provide clear and complete information to users regarding Your collection, use and disclosure of user or device data. Furthermore, You must take appropriate steps to protect such data from unauthorized use, disclosure or access by third parties. If a user ceases to consent or affirmatively revokes consent for Your collection, use or disclosure of his or her user or device data, You must promptly cease all such use.

3.3.11 Applications must comply with all applicable criminal, civil and statutory laws and regulations, including those in any jurisdictions in which Your Applications may be offered or made available. In addition:

• You and the Application must comply with all applicable privacy and data collection laws and regulations with respect to any collection, use or disclosure of user or device data.

• Applications may not be designed or marketed for the purpose of harassing, abusing, spamming, stalking, threatening or otherwise violating the legal rights (such as the rights of privacy and publicity) of others.

• Neither You nor Your Application may perform any functions or link to any content, services, information or data or use any robot, spider, site search or other retrieval application or device to scrape, mine, retrieve, cache, analyze or index software, data or services provided by Apple or its licensors, or obtain (or try to obtain) any such data, except the data that Apple expressly provides or makes available to You in connection with such services. You agree that You will not collect, disseminate or use any such data for any unauthorized purpose.

3.3.12 For Applications that use location-based APIs or otherwise provide location-based services, such Applications may not be designed or marketed for automatic or autonomous control of vehicles, aircraft, or other mechanical devices; dispatch or fleet management; or emergency or life-saving purposes. In addition:

• Applications that offer location-based services or functionality must notify and obtain consent from an individual before his or her location data is collected, transmitted or otherwise used by the Application.

3.3.13 For Applications that use location-based APIs for real-time route guidance (including, but not limited to, turn-by-turn route guidance and other routing that is enabled through the use of a sensor), You must have an end user license agreement that includes the following notice: YOUR USE OF THIS REAL TIME ROUTE GUIDANCE APPLICATION IS AT YOUR SOLE RISK. LOCATION DATA MAY NOT BE ACCURATE.

3.3.14 Applications must not disable, override or otherwise interfere with any Apple-implemented system alerts, warnings, display panels, consent panels and the like, including, but not limited to, those that are intended to notify the user that the user's location data is being collected, transmitted, maintained, processed or used, or intended to obtain consent for such use. If consent is denied or withdrawn, Applications may not collect, transmit, maintain, process or utilize the user's location data or perform any other actions for which the user's consent has been denied or withdrawn.

3.3.15 If Your Application accesses the Google Mobile Maps (GMM) service through the Maps API, use of the GMM Service is subject to Google's Terms of Service which will be set forth at: http://code.google.com/apis/maps/terms/iPhone.html. If You do not accept such Google Terms of Service, including, but not limited to all limitations and restrictions therein, You may not use the GMM service in Your Application. You acknowledge and agree that use of the GMM Service in Your Application will constitute Your acceptance of such Terms of Service.

Content and Materials:

3.3.16 Any master recordings and musical compositions embodied in Your Application must be wholly-owned by You or licensed to You on a fully paid-up basis and in a manner that will not require the payment of any fees, royalties and/or sums by Apple to You or any third party. In addition, if Your Application will be distributed outside of the United States, any master recordings and musical compositions embodied in Your Application (a) must not fall within the repertoire of any mechanical or performing/communication rights collecting or licensing organization now or in the future and (b) if licensed, must be exclusively licensed to You for Your Application by each applicable copyright owner.

3.3.17 If Your Application includes or will include any other content, You must either own all such content or have permission from the content owner to use it in Your Application.

3.3.18 Applications may be rejected if they contain content or materials of any kind (text, graphics, images, photographs, sounds, etc.) that in Apple's reasonable judgment may be found objectionable, for example, materials that may be considered obscene, pornographic, or defamatory.

3.3.19 Applications must not contain any malware, malicious or harmful code, program, or other internal component (e.g. computer viruses, trojan horses, "backdoors") which could damage, destroy, or adversely affect the Apple Software, services, iOS Products or other software, firmware, hardware, data, systems, services, or networks.

3.3.20 If Your Application includes any FOSS, You agree to comply with all applicable FOSS licensing terms. You also agree not to use any FOSS in the development of Your Application in such a way that would cause the non-FOSS portions of the Apple Software to be subject to any FOSS licensing terms or obligations.

3.3.21 Your Application may include promotional sweepstake or contest functionality provided that You are the sole sponsor of the promotion and that You and Your Application comply with any applicable laws and fulfill any applicable registration requirements in the country or territory where You make Your Application available and the promotion is open. You agree that You are solely responsible for any promotion and any prize, and also agree to clearly state in binding official rules for each promotion that Apple is not a sponsor of, or responsible for conducting, the promotion.

3.3.22 Your Application may include a direct link to a page on Your web site where you include the ability for an end user to make a charitable contribution, provided that You comply with any applicable laws (which may include providing a receipt), and fulfill any applicable regulation or registration requirements, in the country or territory where You enable the charitable contribution to be made. You also agree to clearly state that Apple is not the fundraiser.

In App Purchase API:

3.3.23 All use of the In App Purchase API must be in accordance with the terms of this Agreement (including the Program Requirements) and Attachment 2 (Additional Terms for Use of the In App Purchase API).

Advertising API:

3.3.24 If You choose to use the Advertising API in Your Application, then You must enter into a separate written agreement with Apple and/or an Apple Subsidiary before any distribution of Your Licensed Application that uses the Advertising API may take place via the App Store.

iOS Accessories:

3.3.25 Your Application may interface, communicate, or otherwise interoperate with or control an iOS Accessory (as defined above) through Bluetooth or Apple's 30-pin dock connector only if (i) such iOS Accessory is licensed under Apple's MFi Licensing Program at the time that You initially submit Your Application, (ii) the MFi Licensee has added Your Application to a list of those approved for interoperability with their iOS Accessory, and (iii) the MFi Licensee has received approval from the Apple MFi Licensing Program for such addition.

Regulatory Compliance for Health, Medical and Related Apps:

3.3.26 You will fulfill any applicable regulatory requirements, including full compliance with all applicable laws, regulations, and policies related to the manufacturing, marketing, sale and distribution of Your Application in the United States, and in particular the requirements of the U.S. Food and Drug Administration ("FDA"), and the laws, regulations and policies of any other applicable regulatory bodies in any countries or territories where You use or make Your Application available. However, You agree that you will not seek any regulatory marketing permissions or make any determinations that may result in any Apple products being deemed regulated or that may impose any obligations or limitations on Apple. By submitting Your Application to Apple for selection for distribution via the App Store, You represent and warrant that You are in full compliance with any applicable laws, regulations, and policies, including but not limited to all FDA laws, regulations and policies, related to the manufacturing, marketing, sale and distribution of Your Application in the United States, as well as in other countries or territories where You plan to make Your Application available via the App Store. You also represent and warrant that You will market Your Application only for its cleared or approved intended use/indication for use, and only in strict compliance with applicable regulatory requirements. Upon

Apple's request, You agree to promptly provide any such clearance documentation to support the marketing of Your Application. You agree to promptly notify Apple in accordance with the procedures set forth in Section 15.6 of any complaints or threats of complaints regarding Your Application in relation to any such regulatory requirements, in which case Apple may remove Your Application from the App Store.

Cellular Network:

3.3.27 If an Application requires or will have access to the cellular network, then additionally such Application:

• Must comply with Apple's best practices and other guidelines on how Applications should access and use the cellular network; and

• Must not in Apple's reasonable judgment excessively use or unduly burden network capacity or bandwidth.

3.3.28 Because some mobile network operators may prohibit or restrict the use of Voice over Internet Protocol (VoIP) functionality over their network, such as the use of VoIP telephony over a cellular network, and may also impose additional fees, or other charges in connection with VoIP, You agree to inform end users, prior to purchase, to check the terms of agreement with their operator, for example, by providing such notice in the marketing text that You provide accompanying Your Application on the App Store. In addition, if Your Application allows end users to send SMS messages, then You must inform the end user, prior to use of such functionality, that standard text messaging rates or other carrier charges may apply to such use.

APN (Apple Push Notification service) and Local Notifications:

3.3.29 All use of Push Notifications via the APN or Local Notifications must be in accordance with the terms of this Agreement (including the Program Requirements) and Attachment 1 (Additional Terms for Apple Push Notification service and Local Notifications).

Game Center:

3.3.30 All use of the Game Center must be in accordance with the terms of this Agreement (including the Program Requirements) and Attachment 3 (Additional Terms for the Game Center).

Additional Services:

3.3.31 From time to time, Apple may provide access to additional services for You to use in connection with Your Applications. Some of these additional services may be subject to separate terms and conditions in addition to this Agreement. If You elect to use such services, Your usage will also be subject to those separate terms and conditions. In addition, such services may not be available in all languages or in all countries. Apple makes no representation that such services are appropriate or available for use in any particular location. To the extent You choose to access such services, You do so at Your own initiative and are responsible for compliance with any applicable laws, including but not limited to applicable local laws. Certain services made accessible to You through the Apple Software may be provided by third parties. You acknowledge that Apple will not have any liability or responsibility to You or any other person (including to any end user) for any third-party services or for any Apple services. Apple and its licensors reserve the right to change, suspend, remove, or disable access to any services at any time. In no event will Apple be liable for the removal of or disabling of access to any such services.

4. Changes to Program Requirements or Terms

Apple may change the Program Requirements or the terms of this Agreement at any time. New or modified Program Requirements will not retroactively apply to Applications already in distribution. In order to continue using the Apple Software or any services, You must accept and agree to the new Program Requirements and/or new terms of this Agreement. If You do not agree to new Program Requirements or new terms, Your use of the Apple Software and any services will be suspended or terminated by Apple. You agree that Your acceptance of such new Agreement terms or Program Requirements may be signified electronically, including without limitation, by Your checking a box or clicking on an “agree” or similar button. Nothing in this Section shall affect Apple’s rights under Section 8 below.

5. Digital Signing of Applications; Restrictions on Certificates

All Applications must be signed with an Apple-issued certificate in order to be installed on Registered Devices. During the Term of this Agreement, You may obtain development-related digital certificates from Apple, subject to a maximum number as reasonably determined by Apple, that will allow Your Application to be installed and tested on Authorized Test Devices. You may also obtain, during the Term, one or more production digital certificates from Apple, subject to a maximum number as reasonably determined by Apple, to be used for the sole purpose of signing Your Application(s) prior to submission of Your Application to Apple or limited distribution of Your Application for use on Registered Devices.

In relation to this, You represent and warrant to Apple that: (a) You will not take any action to interfere with the normal operation of any Apple-issued digital certificates or Provisioning Profiles; (b) You are solely responsible for preventing any unauthorized person from having access to Your digital certificates and corresponding private keys and You will use best efforts to safeguard Your digital certificates and corresponding private keys from compromise; (c) You agree to immediately notify Apple in writing if You have any reason to believe there has been a compromise of any of Your digital certificates or corresponding private keys; (d) You will not provide or transfer Apple-issued digital certificates provided under this Program to any third party, nor use Your digital certificate to sign a third party’s application; and (e) You will use Apple-issued certificates provided under this Program exclusively for the purpose of signing Your Applications for testing, submission to Apple and/or limited distribution for use on Registered Devices as contemplated under this Program, and only in accordance with this Agreement.

You further represent and warrant to Apple that the licensing terms governing Your Application, or governing any third party code or FOSS included in Your Application, will be consistent with and not conflict with the digital signing or content protection aspects of the Program or any of the terms, conditions or requirements of the Program or this Agreement. In particular, such licensing terms will not purport to require Apple (or its agents) to disclose or make available any of the keys, authorization codes, methods, procedures, data or other information related to the Security Solution, digital signing or digital rights management mechanisms utilized as part of the Program. If You discover any such inconsistency or conflict, You agree to immediately notify Apple of it and will cooperate with Apple to resolve such matter. Apple may immediately cease distribution of any affected Licensed Applications and refuse to accept any subsequent Application submissions from You until such matter is resolved to Apple’s reasonable satisfaction.

6. Application Submission and Selection

6.1 Submission to Apple

You may submit Your Application for consideration by Apple for distribution via the App Store once You decide that Your Application has been adequately tested and is complete. By submitting Your Application, You represent and warrant that Your Application complies with the Documentation and Program Requirements then in effect as well as with any additional guidelines that Apple may post on the Program web portal. You further agree that You will not attempt to hide, misrepresent or obscure any features, content, services or functionality in Your submitted Applications from Apple’s review or otherwise hinder Apple from being able to fully review such Applications. In addition, You agree to inform Apple in writing through iTunes Connect if Your Application connects to a physical device, including an iOS Accessory, and, if so, to disclose the means of such connection (whether iAP, the headphone jack, or any other

communication protocol or standard) and identify at least one physical device with which Your Application is designed to communicate. If requested by Apple, You agree to provide access to or samples of any such devices at your expense (samples will not be returned). You agree to cooperate with Apple in this submission process and to answer questions and provide information and materials reasonably requested by Apple regarding Your submitted Application, including insurance information You may have relating to Your Application, the operation of Your business, or Your obligations under this Agreement. Apple may require You to carry certain levels of insurance for certain types of Applications and name Apple as an additional insured.

If You make any changes to an Application (including to any functionality made available through use of the In App Purchase API) after submission to Apple, You must resubmit the Application to Apple. Similarly all bug fixes, updates, upgrades, modifications, enhancements, supplements to, revisions, new releases and new versions of Your Application must be submitted to Apple for review in order for them to be considered for distribution via the App Store. Further, if Your Application is accepted for distribution via the App Store, You agree that Apple may use Your Application for the limited purpose of compatibility testing of Your Application with the iOS, for finding and fixing bugs in the iOS and for purposes of providing other information to You (e.g. crash logs).

6.2 Selection by Apple for Distribution

You understand and agree that Apple may, in its sole discretion:

(a) determine that Your Application does not meet all or any part of the Documentation or Program Requirements then in effect;

(b) reject Your Application for distribution for any reason, even if Your Application meets the Documentation and Program Requirements; or

(c) select and digitally sign Your Application for distribution via the App Store.

Apple shall not be responsible for any costs, expenses, damages, losses (including without limitation lost business opportunities or lost profits) or other liabilities You may incur as a result of Your Application development, use of this Apple Software, use of any services, or participation in the Program, including without limitation the fact that Your Application may not be selected for distribution via the App Store. You will be solely responsible for developing Applications that are safe, free of defects in design and operation, and comply with applicable laws and regulations. You will also be solely responsible for any documentation and end user customer support and warranty of Your Applications. The fact that Apple may have reviewed, tested, approved or selected an Application will not relieve You of any of these responsibilities.

7. Distribution

Applications developed under this Agreement may be distributed in two ways: (1) through the App Store, if selected by Apple, and (2) distribution for use on a limited number of Registered Devices.

7.1 Delivery of Freely Available Licensed Applications via the App Store If Your Application qualifies as a Licensed Application, it is eligible for delivery to end users via the App Store by Apple and/or an Apple Subsidiary. If You would like Apple and/or an Apple Subsidiary to deliver Your Licensed Application to end users for free (no charge), then You appoint Apple and Apple Subsidiaries as Your legal agent pursuant to the terms of Schedule 1, for Licensed Applications designated by You as free of charge applications.

If Your Application qualifies as a Licensed Application and You intend to charge end users a fee of any kind for Your Licensed Application or within Your Licensed Application through the use of the In App Purchase API, You must enter into a separate agreement (Schedule 2) with, and provided by, Apple and/or an Apple Subsidiary before any such commercial distribution of Your Licensed Application may take place via the App Store or before any such commercial delivery of additional content, functionality or services may be made available through the use of the In App Purchase API in Your Licensed Application. To the extent that You enter (or have previously entered) into Schedule 2 with Apple and/or an Apple Subsidiary, the terms of Schedule 2 will be deemed incorporated into this Agreement by this reference.

7.2 Distribution on Registered Devices (Ad Hoc Distribution)

Subject to the terms and conditions of this Agreement, You may also distribute Your Applications to individuals within Your company, organization, educational institution, group, or who are otherwise affiliated with You for use solely on a limited number of Registered Devices (as specified on the Program web portal), if Your Application has been digitally signed using Your Apple-issued digital certificate as described in this Agreement. By distributing Your Application in this manner, You represent and warrant to Apple that Your Application complies with the Documentation and Program Requirements then in effect and You agree to cooperate with Apple and to answer questions and provide information about Your Application, as reasonably requested by Apple.

You also agree to be solely responsible for determining which individuals within Your company, organization, educational institution or affiliated group should have access to and use of Your Applications and Registered Devices, and for managing such Registered Devices. Apple shall not be responsible for any costs, expenses, damages, losses (including without limitation lost business opportunities or lost profits) or other liabilities You may incur as a result of distributing Your Applications in this manner, or for Your failure to adequately manage, limit or otherwise control the access to and use of Your Applications and Registered Devices.

You will be responsible for attaching or otherwise including, at Your discretion, any relevant usage terms with Your Applications. Apple will not be responsible for any violations of Your usage terms. You will be solely responsible for all user assistance, warranty and support of Your Applications.

7.3 No Other Distribution Authorized Under this Agreement

Except for the distribution of freely available Licensed Applications and the distribution of Applications for use on Registered Devices as set forth in Sections 7.1 and 7.2 above, no other distribution of programs or applications developed using the Apple Software is authorized or permitted hereunder. In the absence of a separate agreement with Apple, You agree not to distribute Your Application to third parties via other distribution methods or to enable or permit others to do so.

8. Revocation

You understand and agree that Apple may cease distribution of Your Licensed Application(s) and/or Licensed Application Information or revoke the digital certificate of any of Your Applications at any time. By way of example only, Apple might choose to do this if at any time:

(a) Any of Your Provisioning Profiles, digital certificates or corresponding private keys has been compromised or Apple has reason to believe that either has been compromised;

(b) Apple has been notified or otherwise has reason to believe that Your Application violates, misappropriates, or infringes the rights of a third party or of Apple;

(c) Apple has reason to believe that Your Application contains malicious or harmful code, malware, programs or other internal components (e.g. software virus);

(d) Apple has reason to believe that Your Application damages, corrupts, degrades, destroys or otherwise adversely affects the devices it operates on, or any other software, firmware, hardware, data, systems, or networks accessed or used by the Application;

(e) You breach any term or condition of this Agreement or the Registered Apple Developer terms and conditions;

(f) Any information or documents provided by You to Apple for the purpose of verifying Your identity or obtaining Provisioning Profiles or Apple-issued digital certificates is false or inaccurate;

(g) Any representation, warranty or certification provided by You to Apple in this Agreement is untrue or inaccurate;

(h) Apple is required by law, regulation or other governmental or court order to take such action; (i) You request that Apple take such action in accordance with Schedule 1;

(j) You misuse or overburden any services provided hereunder;

(k) You fail to renew this Agreement and pay the applicable renewal fee; or

(l) Apple has reason to believe that such action is prudent or necessary.

9. Program Fees

As consideration for the rights and licenses granted to You under this Agreement and Your participation in the Program, You agree to pay Apple the requisite annual program fees as set forth on the Program website. The fees are non-refundable. Any taxes that may be levied on the Apple Software or Your use of it shall be Your responsibility. Your program fees must be paid up and not in arrears at the time You submit (or resubmit) Applications to Apple under this Agreement, and Your continued use of the Program web portal is subject to Your payment of such fees.

10. Confidentiality

10.1 Information Deemed Apple Confidential

You agree that all pre-release versions of the Apple Software (including pre-release Documentation) and services, any terms and conditions contained herein that disclose pre-release features of the Apple Software or services, and the terms and conditions of Schedule 2 (available separately to cover distribution of paid-for Licensed Applications via the App Store) will be deemed "Apple Confidential Information"; provided however that upon the commercial release of the Apple Software the terms and conditions that disclose pre-release features of the Apple Software or services will no longer be confidential. Notwithstanding the foregoing, Apple Confidential Information will not include: (i) information that is generally and legitimately available to the public through no fault or breach of Yours, (ii) information that is generally made available to the public by Apple, (iii) information that is independently developed by You without the use of any Apple Confidential Information, (iv) information that was rightfully obtained from a third party who had the right to transfer or disclose it to You without limitation, or (v) any FOSS included in the Apple Software and accompanied by licensing terms that do not impose confidentiality obligations on the use or disclosure of such FOSS.

10.2 Obligations Regarding Apple Confidential Information

You agree to protect Apple Confidential Information using at least the same degree of care that You use to protect Your own confidential information of similar importance, but no less than a reasonable degree of care. You agree to use Apple Confidential Information solely for the purpose of exercising Your rights and performing Your obligations under this Agreement and agree not to use Apple Confidential Information for any other purpose, for Your own or any third party's benefit, without Apple's prior written consent. You further agree not to disclose or disseminate Apple Confidential Information to anyone other than: (i) those of Your employees and contractors, or those of Your faculty and staff if You are an educational institution, who have a need to know and who are bound by a written agreement that prohibits unauthorized use or disclosure of the Apple Confidential Information; or (ii) except as otherwise agreed or permitted in writing by Apple. You may disclose Apple Confidential Information to the extent required by law, provided that You take reasonable steps to notify Apple of such requirement before disclosing the Apple Confidential Information and to obtain protective treatment of the Apple Confidential Information. You acknowledge that damages for improper disclosure of Apple Confidential Information may be irreparable; therefore, Apple is entitled to seek equitable relief, including injunction and preliminary injunction, in addition to all other remedies.

10.3 Information Submitted to Apple Not Deemed Confidential

Apple works with many application and software developers and some of their products may be similar to or compete with Your Applications. Apple may also be developing its own similar or competing applications and products or may decide to do so in the future. To avoid potential misunderstandings, Apple cannot agree, and expressly disclaims, any confidentiality obligations or use restrictions, express or implied, with respect to any information that You may provide in connection with this Agreement or the Program, including information about Your Application, Licensed Application Information and metadata (such disclosures will be referred to as "Licensee

Disclosures"). You agree that any such Licensee Disclosures will be **non-confidential.** Apple will be free to use and disclose any Licensee Disclosures on an unrestricted basis without notifying or compensating You. You release Apple from all liability and obligations that may arise from the receipt, review, use, or disclosure of any portion of any Licensee Disclosures. Any physical materials You submit to Apple will become Apple property and Apple will have no obligation to return those materials to You or to certify their destruction.

10.4 Press Releases and Other Publicity

You may not issue any press releases or make any other public statements regarding this Agreement, its terms and conditions, or the relationship of the parties without Apple's express prior written approval, which may be withheld at Apple's discretion.

11. Indemnification

To the extent permitted by applicable law, You agree to indemnify and hold harmless, and upon Apple's request, defend, Apple, its directors, officers, employees, independent contractors and agents (each an "Apple Indemnified Party") from any and all claims, losses, liabilities, damages, taxes, expenses and costs, including without limitation, attorneys' fees and court costs (collectively, "Losses"), incurred by an Apple Indemnified Party and arising from or related to any of the following: (i) Your breach of any certification, covenant, obligation, representation or warranty in this Agreement, including Schedule 2 (if applicable); (ii) any claims that Your Application or the distribution, sale, offer for sale, use or importation of Your Application (whether alone or as an essential part of a combination), Licensed Application Information or metadata, violate or infringe any third party intellectual property or proprietary rights; (iii) Your breach of any of Your obligations under the EULA (as defined in Schedule 1 or Schedule 2 (if applicable)) for Your Licensed Application; (iv) Apple's permitted use, promotion or delivery of Your Licensed Application, Licensed Application Information, metadata, related trademarks and logos, or images and other materials that You provide to Apple under this Agreement, including Schedule 2 (if applicable); or (vi) Your use of the Apple Software or services, Your Application, Licensed Application Information, metadata, Registered Devices, or Your development and distribution of any Application.

You acknowledge that neither the Apple Software nor any services are intended for use in the development of Applications in which errors or inaccuracies in the content, functionality, services, data or information provided by the Application or the failure of the Application, could lead to death, personal injury, or severe physical or environmental damage, and, to the extent permitted by law, You hereby agree to indemnify, defend and hold harmless each Apple Indemnified Party from any Losses incurred by such Apple Indemnified Party by reason of any such use.

In no event may You enter into any settlement or like agreement with a third party that affects Apple's rights or binds Apple in any way, without the prior written consent of Apple.

12. Term and Termination

12.1 Term

The Term of this Agreement shall extend until the one (1) year anniversary of the original activation date of Your Program account ("Effective Date"). Thereafter, subject to Your payment of annual renewal fees and compliance with the terms of this Agreement, the Term will automatically renew for successive one (1) year terms, unless sooner terminated in accordance with this Agreement.

12.2 Termination

This Agreement and all rights and licenses granted by Apple hereunder and any services provided hereunder will terminate, effective immediately upon notice from Apple:

(a) if You or any of Your Authorized Developers fail to comply with any term of this Agreement other than those contained in Section 10 (Confidentiality) and fail to cure such breach within 30 days after becoming aware of or receiving notice of such breach;

(b) if You or any of Your Authorized Developers fail to comply with the terms of Section 10;

(c) in the event of the circumstances described in the subsection entitled "Severability" below;

(d) if You, at any time during the Term, commence an action for patent infringement against Apple;

(e) if You become insolvent, fail to pay Your debts when due, dissolve or cease to do business, file for bankruptcy, or have filed against You a petition in bankruptcy; or

(f) if You engage, or encourage others to engage, in any misleading, fraudulent, improper, unlawful or dishonest act relating to this Agreement, including, but not limited to, misrepresenting the nature of Your submitted Application (e.g., hiding or trying to hide functionality from Apple's review, falsifying consumer reviews for Your Application, etc.).

Apple may also terminate this Agreement, or suspend Your rights to use the Apple Software or services, if You fail to accept any new Program Requirements or Agreement terms as described in Section 4.

Either party may terminate this Agreement for its convenience, for any reason or no reason, effective 30 days after providing the other party with written notice of its intent to terminate.

12.3 Effect of Termination

Upon the termination of this Agreement for any reason, You agree to immediately cease all use of the Apple Software and services and erase and destroy all copies, full or partial, of the Apple Software and any information pertaining to the services (including Your Push Application ID) and all copies of Apple Confidential Information in Your and Your Authorized Developers' possession or control. At Apple's request, You agree to provide written certification of such destruction to Apple. Upon the expiration of the Delivery Period defined and set forth in Schedule 1, all Licensed Applications and Licensed Application Information in Apple's possession or control shall be deleted or destroyed within a reasonable time thereafter, excluding any archival copies maintained in accordance with Apple's standard business practices or required to be maintained by applicable law, rule or regulation. The following provisions shall survive any termination of this Agreement: Sections 1, 2.5, 2.6, 3.1(d), 3.1(e), 3.1(f), 3.2(d), 3.2(e), 3.2(f), 3.2(g), 3.3, 5 (second and third paragraphs), 6.1, 6.2, 7.1 (Schedule 1 for the Delivery Period), 7.3, 8, and 10 through 15 inclusive; within Attachment 1, the third sentence of Section 1.1, Section 2, the second and third sentences of Section 3, Section 4, the second and third sentences of Section 5, and Section 7; within Attachment 2, Sections 1.3, 2, 3, 4, 5, the second and third sentence of 6, 7, and 8; and within Attachment 3, Section 1, 2 (except the second sentence of Section 2.1), 3 and 5. For the avoidance of doubt, upon any termination of this Agreement, You may not make available any content, functionality, or services through the use of the In App Purchase API. Apple will not be liable for compensation, indemnity, or damages of any sort as a result of terminating this Agreement in accordance with its terms, and termination of this Agreement will be without prejudice to any other right or remedy Apple may have, now or in the future.

13. NO WARRANTY

The Apple Software may contain inaccuracies or errors that could cause failures or loss of data and it may be incomplete. Apple or its licensors may provide or make available through the Apple Software or as part of the Program, certain web-based applications, certificate-issuance services, App Store services or other services for Your use (collectively the "Services" for purposes of this Section 13 and 14). Apple and its licensors reserve the right to change, suspend, remove, or disable access to any Services at any time without notice. In no event will Apple or its licensors be liable for the removal of or disabling of access to any such Services. Apple or its licensors may also impose limits on the use of or access to certain Services, in any case and without notice or liability. YOU EXPRESSLY ACKNOWLEDGE AND AGREE THAT USE OF THE APPLE SOFTWARE, SECURITY SOLUTION, SERVICE-RELATED SOFTWARE AND ANY SERVICES IS AT YOUR SOLE RISK AND THAT THE ENTIRE RISK AS TO SATISFACTORY QUALITY, PERFORMANCE, ACCURACY AND EFFORT IS WITH YOU. THE APPLE SOFTWARE, SECURITY SOLUTION, SERVICE-RELATED SOFTWARE AND ANY SERVICES ARE PROVIDED "AS IS" AND "AS AVAILABLE", WITH ALL FAULTS AND WITHOUT WARRANTY OF ANY KIND, AND APPLE, APPLE'S AGENTS AND APPLE'S LICENSORS (COLLECTIVELY REFERRED TO AS "APPLE" FOR THE PURPOSES OF SECTIONS 13 AND 14) HEREBY

DISCLAIM ALL WARRANTIES AND CONDITIONS WITH RESPECT TO THE APPLE SOFTWARE, SECURITY SOLUTION, SERVICE-RELATED SOFTWARE AND SERVICES, EITHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, TIMELINESS, AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS. APPLE DOES NOT WARRANT AGAINST INTERFERENCE WITH YOUR ENJOYMENT OF THE APPLE SOFTWARE, SERVICE-RELATED SOFTWARE OR SERVICES, THAT THE APPLE SOFTWARE, SECURITY SOLUTION, SERVICE-RELATED SOFTWARE OR SERVICES WILL MEET YOUR REQUIREMENTS, THAT THE OPERATION OF THE APPLE SOFTWARE, SECURITY SOLUTION, SERVICE-RELATED SOFTWARE OR THE PROVISION OF SERVICES WILL BE UNINTERRUPTED, TIMELY, SECURE OR ERROR-FREE, THAT DEFECTS OR ERRORS IN THE APPLE SOFTWARE, SECURITY SOLUTION, SERVICE-RELATED SOFTWARE OR SERVICES WILL BE CORRECTED, OR THAT THE APPLE SOFTWARE, SECURITY SOLUTION, SERVICE-RELATED SOFTWARE OR SERVICES WILL BE COMPATIBLE WITH FUTURE APPLE PRODUCTS, SERVICES OR SOFTWARE, OR THAT ANY INFORMATION STORED OR TRANSMITTED THROUGH ANY APPLE SOFTWARE, SERVICE-RELATED SOFTWARE OR SERVICES WILL NOT BE LOST, CORRUPTED OR DAMAGED. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY APPLE OR AN APPLE AUTHORIZED REPRESENTATIVE WILL CREATE A WARRANTY NOT EXPRESSLY STATED IN THIS AGREEMENT. SHOULD THE APPLE SOFTWARE, SECURITY SOLUTION, SERVICE-RELATED SOFTWARE OR SERVICES PROVE DEFECTIVE, YOU ASSUME THE ENTIRE COST OF ALL NECESSARY SERVICING, REPAIR OR CORRECTION. Location data provided by any Services is for basic navigational purposes only and is not intended to be relied upon in situations where precise location information is needed or where erroneous, inaccurate or incomplete location data may lead to death, personal injury, property or environmental damage. Neither Apple nor any of its licensors guarantees the availability, accuracy, completeness, reliability, or timeliness of location data or any other data or information displayed by any Services.

14. LIMITATION OF LIABILITY

TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW, IN NO EVENT WILL APPLE BE LIABLE FOR PERSONAL INJURY, OR ANY INCIDENTAL, SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES WHATSOEVER, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFITS, LOSS OF DATA, BUSINESS INTERRUPTION OR ANY OTHER COMMERCIAL DAMAGES OR LOSSES, ARISING OUT OF OR RELATED TO THIS AGREEMENT, YOUR USE OR INABILITY TO USE THE APPLE SOFTWARE, SECURITY SOLUTION OR SERVICES, OR Your DEVELOPMENT EFFORTS OR PARTICIPATION IN THE PROGRAM, HOWEVER CAUSED, WHETHER UNDER A THEORY OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), PRODUCTS LIABILITY, OR OTHERWISE, EVEN IF APPLE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY REMEDY. In no event shall Apple’s total liability to You under this Agreement for all damages (other than as may be required by applicable law in cases involving personal injury) exceed the amount of fifty dollars ($50.00).

15. General Legal Terms

15.1 Third Party Notices. Portions of the Apple Software or services may utilize or include third party software and other copyrighted material. Acknowledgements, licensing terms and disclaimers for such material are contained in the electronic documentation for the Apple Software and services, and Your use of such material is governed by their respective terms.

15.2 Consent to Collection and Use of Non-Personal Data. You agree that Apple and its subsidiaries may collect and use technical and related information, including but not limited to information about Your Applications, computer, system software, other software and peripherals,

that is gathered periodically to facilitate the provision of software updates and other services to You (if any) related to the Apple Software, and to verify compliance with the terms of this Agreement. Apple may use this information, as long as it is in a form that does not personally identify You, to improve the Apple Software, our products or to provide services or technologies to You and our customers.

15.3 Assignment. This Agreement may not be assigned, nor may any of Your obligations under this Agreement be delegated, in whole or in part, by You by operation of law, merger, or any other means without Apple's express prior written consent and any attempted assignment without such consent will be null and void.

15.4 Relationship of Parties. Except for the agency appointment as specifically set forth in Schedule 1 (if applicable), this Agreement will not be construed as creating any other agency relationship, or a partnership, joint venture, fiduciary duty, or any other form of legal association between You and Apple, and You will not represent to the contrary, whether expressly, by implication, appearance or otherwise. This Agreement is not for the benefit of any third parties.

15.5 Independent Development. Nothing in this Agreement will impair Apple's right to develop, acquire, license, market, promote, or distribute products or technologies that perform the same or similar functions as, or otherwise compete with, Applications, Licensed Applications or any other products or technologies that You may develop, produce, market, or distribute.

15.6 Notices. Any notices relating to this Agreement shall be in writing. Notices will be deemed given by Apple when sent to You at the email address or mailing address You provided during the sign-up process. All notices to Apple relating to this Agreement will be deemed given (a) when delivered personally, (b) three business days after having been sent by commercial overnight carrier with written proof of delivery, and (c) five business days after having been sent by first class or certified mail, postage prepaid, to this Apple address: iOS Developer Program Licensing, Apple Inc., 12545 Riata Vista Circle, MS 198-3SW, Austin, TX 78727, U.S.A. You consent to receive notices by email and agree that any such notices that Apple sends You electronically will satisfy any legal communication requirements. A party may change its email or mailing address by giving the other written notice as described above.

15.7 Severability. If a court of competent jurisdiction finds any clause of this Agreement to be unenforceable for any reason, that clause of this Agreement shall be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Agreement shall continue in full force and effect. However, if applicable law prohibits or restricts You from fully and specifically complying with, or appointing Apple and Apple Subsidiaries as Your agent under, Schedule 1 or the Sections of this Agreement entitled "Internal Use License and Restrictions", "Your Obligations" or "Digital Signing of Applications; Restrictions on Certificates", or prevents the enforceability of any of those Sections or Schedule 1, this Agreement will immediately terminate and You must immediately discontinue any use of the Apple Software as described in the Section entitled "Term and Termination."

15.8 Waiver and Construction. Failure by Apple to enforce any provision of this Agreement shall not be deemed a waiver of future enforcement of that or any other provision. Any laws or regulations that provide that the language of a contract will be construed against the drafter will not apply to this Agreement. Section headings are for convenience only and are not to be considered in construing or interpreting this Agreement.

15.9 Export Control. You may not use, export, re-export, import, sell or transfer the Apple Software except as authorized by United States law, the laws of the jurisdiction in which You obtained the Apple Software, and any other applicable laws and regulations. In particular, but without limitation, the Apple Software may not be exported or re-exported (a) into any U.S. embargoed countries or (b) to anyone on the U.S. Treasury Department's list of Specially Designated Nationals or the U.S. Department of Commerce Denied Person's List or Entity List.

By using the Apple Software, You represent and warrant that You are not located in any such country or on any such list. You also agree that You will not use the Apple Software for any purposes prohibited by United States law, including, without limitation, the development, design, manufacture or production of nuclear, missiles, or chemical or biological weapons. You certify that pre-release versions of the Apple Software will only be used for development and testing purposes, and will not be rented, sold, leased, sublicensed, assigned, or otherwise transferred. Further, You certify that You will not transfer or export any product, process or service that is a direct product of such pre-release Apple Software.

15.10 Government End Users. The Apple Software and Documentation are "Commercial Items", as that term is defined at 48 C.F.R. §2.101, consisting of "Commercial Computer Software" and "Commercial Computer Software Documentation", as such terms are used in 48 C.F.R. §12.212 or 48 C.F.R. §227.7202, as applicable. Consistent with 48 C.F.R. §12.212 or 48 C.F.R. §227.7202-1 through 227.7202-4, as applicable, the Commercial Computer Software and Commercial Computer Software Documentation are being licensed to U.S. Government end users (a) only as Commercial Items and (b) with only those rights as are granted to all other end users pursuant to the terms and conditions herein. Unpublished-rights reserved under the copyright laws of the United States.

15.11 Dispute Resolution; Governing Law. Any litigation or other dispute resolution between You and Apple arising out of or relating to this Agreement, the Apple Software, or Your relationship with Apple will take place in the Northern District of California, and You and Apple hereby consent to the personal jurisdiction of and exclusive venue in the state and federal courts within that District with respect any such litigation or dispute resolution. This Agreement will be governed by and construed in accordance with the laws of the United States and the State of California, except that body of California law concerning conflicts of law.

Notwithstanding the foregoing, if You are an agency, instrumentality or department of the federal government of the United States, then this Agreement shall be governed in accordance with the laws of the United States of America, and in the absence of applicable federal law, the laws of the State of California will apply. Further, and notwithstanding anything to the contrary in this Agreement (including but not limited to Section 11 (Indemnification)), all claims, demands, complaints and disputes will be subject to the Contract Disputes Act (41 U.S.C. §§601-613), the Tucker Act (28 U.S.C. § 1346(a) and § 1491), or the Federal Tort Claims Act (28 U.S.C. §§ 1346(b), 2401-2402, 2671-2672, 2674-2680), as applicable, or other applicable governing authority.

If You (as an entity entering into this Agreement) are a U.S. public and accredited educational institution, then (a) this Agreement will be governed and construed in accordance with the laws of the state (within the U.S.) in which Your educational institution is domiciled, except that body of state law concerning conflicts of law; and (b) any litigation or other dispute resolution between You and Apple arising out of or relating to this Agreement, the Apple Software, or Your relationship with Apple will take place in federal court within the Northern District of California, and You and Apple hereby consent to the personal jurisdiction of and exclusive venue of such District unless such consent is expressly prohibited by the laws of the state in which Your educational institution is domiciled.

This Agreement shall not be governed by the United Nations Convention on Contracts for the International Sale of Goods, the application of which is expressly excluded.

15.12 Entire Agreement; Governing Language. This Agreement constitutes the entire agreement between the parties with respect to the use of the Apple Software licensed hereunder and supersedes all prior understandings and agreements regarding its subject matter, including the iOS SDK Agreement (clickwrap) accompanying the SDK. This Agreement may be modified only: (a) by a written amendment signed by both parties, or (b) to the extent expressly permitted by this Agreement (for example, by Apple by written or email notice to You). Any translation of this Agreement is done for local requirements and in the event of a dispute between the English and any non-English version, the English version of this Agreement shall govern. If You are located in the province of Quebec, Canada, the following clause applies: The parties hereby confirm that they have requested that this Agreement and all related documents be drafted in English. Les parties ont exigé que le présent contrat et tous les documents connexes soient rédigés en anglais.

Attachment 1
(to the Agreement)
Additional Terms for Apple Push Notification service and Local Notifications

The following terms are in addition to the terms of the Agreement and apply to any use of the APN (Apple Push Notification service) in Your Application or the delivery of Local Notifications to Your Application:

1. Use of the APN and Local Notifications

1.1 Your Application may only access the APN via the APN API and only if You have been assigned a Push Application ID by Apple. You agree not to share your Push Application ID with any third party. You understand that Your Application will not be permitted to access or use the APN after expiration or termination of Your Agreement.

1.2 You are only permitted to use the APN and the APN APIs for the purpose of sending Push Notifications to Your Application on an iOS Product as expressly permitted by the Agreement (including but not limited to this Attachment 1) and the APN Documentation, and You must only do so in accordance with all applicable laws and regulations (including all intellectual property laws). You further agree that You must disclose to Apple any use of the APN as part of the submission process for Your Application.

1.3 You understand that before You send an end user any Push Notifications through the APN, the end user must provide consent to receive such Notifications. You agree not to disable, override or otherwise interfere with any Apple-implemented consent panels or any Apple system preferences for enabling or disabling Notifications functionality. If the end user's consent to receive Push Notifications is denied or later withdrawn, You may not send the end user Push Notifications.

2. Additional Requirements

2.1 You may not use the APN or Local Notifications for the purpose of sending unsolicited messages to end users or for the purpose of phishing or spamming, including, but not limited to, engaging in any types of activities that violate anti-spamming laws and regulations, or that are otherwise improper, inappropriate or illegal.

2.2 You may not use the APN or Local Notifications for the purposes of advertising, product promotion, or direct marketing of any kind (e.g. up-selling, cross-selling, etc.), including, but not limited to, sending any messages to promote the use of Your Application or advertise the availability of new features or versions.

2.3 You may not excessively use the overall network capacity or bandwidth of the APN, or unduly burden an iOS Product with excessive Push Notifications or Local Notifications, as may be determined by Apple in its reasonable discretion. In addition, You agree not to harm or interfere with Apple's networks or servers, or any third party servers or networks connected to the APN, or otherwise disrupt other developers' use of the APN.

2.4 You may not use the APN or Local Notifications to send material that contains any obscene, pornographic, offensive or defamatory content or materials of any kind (text, graphics, images, photographs, sounds, etc.), or other content or materials that in Apple's reasonable judgment may be found objectionable by the end user of Your Application.

2.5 You may not transmit, store or otherwise make available any material that contains viruses or any other computer code, files or programs that may harm, disrupt or limit the normal operation of the APN or an iOS Product, and You agree not to disable, spoof, hack or otherwise interfere with any security, digital signing, verification or authentication mechanisms that are incorporated in or used by the APN, or enable others to do so.

3. Delivery by the APN or via Local Notifications

You understand and agree that in order to provide the APN and make Your Push Notifications available on iOS Products, Apple may transmit Your Push Notifications across various public networks, in various media, and modify or change Your Push Notifications to comply with the technical and other requirements for connecting to networks or devices. You acknowledge and agree that the APN is not, and is not intended to be, a guaranteed or secure delivery service, and You shall not use or rely upon it as such. Further, as a condition to using the APN or delivering Local Notifications, You agree not to transmit sensitive personal or confidential information belonging to an individual (e.g. a social security number, financial account or transactional information, or any information where the individual may have a reasonable expectation of secure transmission) as part of any such Notification, and You agree to comply with any applicable notice or consent requirements with respect to any collection, transmission, maintenance, processing or use of an end user's personal information.

4. Your Acknowledgements

You acknowledge and agree that:

4.1 Apple may at any time, and from time to time, with or without prior notice to You (a) modify the APN, including changing or removing any feature or functionality, or (b) modify, deprecate, reissue or republish the APN APIs. You understand that any such modifications may require You to change or update Your Applications at Your own cost. Apple has no express or implied obligation to provide, or continue to provide, the APN and may suspend or discontinue all or any portion of the APN at any time. Apple shall not be liable for any losses, damages or costs of any kind incurred by You or any other party arising out of or related to any such service suspension or discontinuation or any such modification of the APN or APN APIs.

4.2 The APN is not available in all languages or in all countries and Apple makes no representation that the APN is appropriate or available for use in any particular location. To the extent You choose to access and use the APN, You do so at Your own initiative and are responsible for compliance with any applicable laws, including but not limited to any local laws.

4.3 Apple provides the APN to You for Your use with Your Application, and does not provide the APN directly to any end user. You acknowledge and agree that any Push Notifications are sent by You, not Apple, to the end user of Your Application, and You are solely liable and responsible for any data or content transmitted therein and for any use of the APN in Your Application. Further, You acknowledge and agree that any Local Notifications are sent by You, not Apple, to the end user of Your Application, and You are solely liable and responsible for any data or content transmitted therein.

4.4 Apple makes no guarantees to You in relation to the availability or uptime of the APN and is not obligated to provide any maintenance, technical or other support for the APN.

4.5 Apple reserves the right to remove Your access to the APN or revoke Your Push Application ID at any time in its sole discretion.

4.6 Apple may monitor and collect information (including but not limited to technical and diagnostic information) about Your usage of the APN to aid Apple in improving the APN and other Apple products or services and to verify Your compliance with this Agreement; provided however that Apple will not access or disclose the content of any Push Notification unless Apple has a good faith belief that such access or disclosure is reasonably necessary to: (a) comply with legal process or request; (b) enforce the terms of this Agreement, including investigation of any potential violation hereof; (c) detect, prevent or otherwise address security, fraud or technical issues; or (d) protect the rights, property or safety of Apple, its developers, customers or the public as required or permitted by law.

5. Third Party Service Providers

You are permitted to employ or retain a third party ("Service Provider") to assist You in accessing and using the APN in Your Applications including, but not limited to, engaging any such Service Provider to maintain and administer Your Applications' servers on Your behalf, provided any such Service Provider's access to and use of the APN is only done on Your behalf in providing such services to You for Your Application and in accordance with these terms, and is subject to a

binding written agreement between You and the Service Provider with terms at least as restrictive and protective of Apple as those set forth herein, including, but not limited to, confidentiality for pre-release versions of the APN and indemnity obligations to Apple. Any actions undertaken by any such Service Provider in relation to Your Push Application and/or arising out of this Agreement shall be deemed to have been taken by You, and You (in addition to the Service Provider) shall be responsible to Apple for all such actions (or any inactions), including but not limited to indemnifying Apple against any harm caused by the Service Provider acting on Your behalf. In the event of any actions or inactions that would constitute a violation of this Agreement or otherwise cause any harm, Apple reserves the right to require You to change Service Providers.

6. Changes to Attachment 1

Apple may change the terms of this Attachment 1 at any time by providing notice to You. In order to continue using the APN, You must accept and agree to the new terms of this Agreement or, if presented separately to You by Apple, to the new terms for this Attachment 1. You agree that any new terms for Attachment 1 (whether agreed to separately by You or as part of the Program Agreement) will be incorporated into the Program Agreement. If You do not agree to new terms of this Agreement or Attachment 1, Your use of the APN will be suspended or terminated by Apple. You agree that Your acceptance of such new Agreement terms or revised Attachment 1 may be signified electronically, including without limitation, by Your checking a box or clicking on an “agree” or similar button which may be presented to You in a dialog box that is separate from this Agreement.

7. Additional Liability Disclaimer

APPLE SHALL NOT BE LIABLE FOR ANY DAMAGES OR LOSSES ARISING FROM ANY INTERRUPTIONS TO THE APN OR ANY USE OF NOTIFICATIONS, INCLUDING, BUT NOT LIMITED TO, ANY POWER OUTAGES, SYSTEM FAILURES, NETWORK ATTACKS, SCHEDULED OR UNSCHEDULED MAINTENANCE, OR OTHER INTERRUPTIONS. YOU ACKNOWLEDGE THAT THE SERVICE IS NOT INTENDED OR SUITABLE FOR USE IN SITUATIONS OR ENVIRONMENTS WHERE ERRORS, DELAYS, FAILURES OR INACCURACIES IN THE TRANSMISSION OF DATA OR INFORMATION THROUGH THE SERVICE COULD LEAD TO DAMAGE OF ANY KIND INCLUDING BUT NOT LIMITED TO, DEATH, PERSONAL INJURY, OR FINANCIAL, PHYSICAL, PROPERTY OR ENVIRONMENTAL DAMAGE.

Attachment 2
(to the Agreement)
Additional Terms for Use of the In App Purchase API

The following terms are in addition to the terms of the Agreement and apply to any use of the In App Purchase API in Your Application:

1. Use of the In App Purchase API

1.1 You may use the In App Purchase API only to enable end users to purchase content, functionality, or services that You make available for use within Your Application (e.g. digital books, additional game levels, access to a turn-by-turn map service). You may not use the In App Purchase API to offer goods or services to be used outside of Your Application.

1.2 You must submit to Apple for review and approval all content, functionality, or services that You plan to provide through the use of the In App Purchase API in accordance with these terms and the processes set forth in Section 6 of the Agreement. For all submissions, You must provide the name, text description, price, unique identifier number, and other information that Apple reasonably requests (collectively, the "Submission Description"). Apple reserves the right to review the actual content, functionality or service that has been described in the Submission Descriptions at any time, including, but not limited to, in the submission process and after approval of the Submission Description by Apple. If You would like to provide additional content, functionality or services through the In App Purchase API that are not described in Your Submission Description, then You must first submit a new or updated Submission Description for review and approval by Apple prior to making such items available through the use of the In App Purchase API. Apple reserves the right to withdraw its approval of content, functionality, or services previously approved, and You agree to stop making any such content, functionality, or services available for use within Your Application.

1.3 All content, functionality, and services offered through the In App Purchase API are subject to the Program Requirements for Applications, and after such content, services or functionality are added to a Licensed Application, they will be deemed part of the Licensed Application and will be subject to all the same obligations and requirements.

2. Additional Restrictions

2.1 You may not use the In App Purchase API to enable an end user to set up a pre-paid account to be used for subsequent purchases of content, functionality, or services, or otherwise create balances or credits that end users can redeem or use to make purchases at a later time.

2.2 You may not enable end users to purchase Currency of any kind through the In App Purchase API, including but not limited to any Currency for exchange, gifting, redemption, transfer, trading or use in purchasing or obtaining anything within or outside of Your Application. "Currency" means any form of currency, points, credits, resources, content or other items or units recognized by a group of individuals or entities as representing a particular value and that can be transferred or circulated as a medium of exchange.

2.3 Content and services may be offered through the In App Purchase API on a subscription basis (e.g., subscriptions to newspapers and magazines). Rentals of content, services or functionality through the In App Purchase API are not allowed (e.g., use of particular content may not be restricted to a pre-determined, limited period of time).

Notwithstanding the provisions of Section 3.3.9 of the Agreement, if Your Licensed Application is content based (e.g., magazines and newspapers) and offered on a subscription basis, You may collect certain user data (e.g., user name, email address, zip code), provided that You clearly and conspicuously notify the user of Your privacy policy and that its terms will govern the ways that You may use such information, and further provided that the user consents to Your collection and use prior to gathering such data. You agree to maintain, and strictly comply with the terms of, Your privacy policy.

2.4 You may not use the In App Purchase API to send any software updates to Your Application or otherwise add any additional executable code to Your Application. An In App Purchase item must either already exist in Your Application waiting to be unlocked, be streamed to Your Application after the purchase transaction has been completed, or be downloaded to Your Application solely as data after the purchase transaction has been completed.

2.5 You may not use the In App Purchase API to deliver any items that contain content or materials of any kind (text, graphics, images, photographs, sounds, etc.) that in Apple's reasonable judgment may be found objectionable, for example, materials that may be considered obscene, pornographic, or defamatory.

2.6 With the exception of items of content that an end user consumes or uses up within Your Application (e.g. poker chips or virtual supplies such as construction materials) (a "Consumable"), any other content, functionality, services or subscriptions purchased through the use of the In App Purchase API must be made available to end users in accordance with the same usage rules as Licensed Applications (e.g. any such content, services or functionality must be available to all of the devices associated with an end user's account). You will be responsible for identifying Consumable items to Apple and for disclosing to end users that Consumables will not be available for use on other devices.

3. Your Responsibilities

3.1 For each successfully completed transaction made using the In App Purchase API, Apple will provide You with a transaction receipt. It is Your responsibility to verify the validity of such receipt prior to the delivery of any content, functionality, or services to an end user and Apple will not be liable for Your failure to verify that any such transaction receipt came from Apple.

3.2 Unless Apple provides You with user interface elements, You are responsible for developing the user interface Your Application will display to end users for purchases made through the In App Purchase API. You agree not to misrepresent, falsely claim, mislead or engage in any unfair or deceptive acts or practices regarding the promotion and sale of items through Your use of the In App Purchase API, including, but not limited to, in the Licensed Application Information and any metadata that You submit through iTunes Connect. You agree to comply with all applicable laws and regulations, including those in any jurisdictions in which you make content, functionality, services or subscriptions available through the use of the In App Purchase API, including but not limited to consumer laws and export regulations.

3.3 You are responsible for providing items purchased through the In App Purchase API in a timely manner (i.e., promptly after Apple issues the transaction receipt, except in cases where You have disclosed to Your end user that the item will be made available at a later time) and for complying with all applicable laws in connection therewith, including but not limited to, laws, rules and regulations related to cancellation or delivery of ordered items. You are responsible for maintaining Your own records for all such transactions.

3.4 You will not issue any refunds to end users of Your Application, and You agree that Apple may issue refunds to end users in accordance with the terms of Schedule 2.

4. Apple Services

4.1 From time to time, Apple may choose to offer additional services and functionality relating to In App Purchase API transactions. Apple makes no guarantees that the In App Purchase API or any related services will continue to be made available to You or that they will meet Your requirements, be uninterrupted, timely, secure or free from error, that any information that You obtain from the In App Purchase API or any related services will be accurate or reliable or that any defects will be corrected.

4.2 You understand that You will not be permitted to access or use the In App Purchase API after expiration or termination of Your Agreement.

5. Your Acknowledgements

You acknowledge and agree that:

5.1 Apple may at any time, and from time to time, with or without prior notice to You (a) modify the In App Purchase API, including changing or removing any feature or functionality, or (b) modify, deprecate, reissue or republish the In App Purchase API. You understand that any such modifications may require You to change or update Your Applications at Your own cost in order to continue to use the In App Purchase API. Apple has no express or implied obligation to provide, or continue to provide, the In App Purchase API and may suspend or discontinue all or any portion of thereof at any time. Apple shall not be liable for any losses, damages or costs of any kind incurred by You or any other party arising out of or related to any suspension, discontinuation or modification of the In App Purchase API or any services related thereto.

5.2 Apple provides the In App Purchase API to You for Your use with Your Application, and Apple is not responsible for providing or unlocking any content, functionality, services or subscriptions that an end user purchases through Your use of the In App Purchase API. You acknowledge and agree that any such items are made available by You, not Apple, to the end user of Your Application, and You are solely liable and responsible for purchased items and for any such use of the In App Purchase API in Your Application.

5.3 Apple makes no guarantees to You in relation to the availability or uptime of the In App Purchase API or any other services that Apple may provide to You in connection therewith.

6. Third Party Service Providers

You are permitted to employ or retain a Service Provider to assist You in delivery of content, functionality, services or subscriptions through the In App Purchase API including, but not limited to, engaging any such Service Provider to maintain and administer Your Applications' servers on Your behalf, provided any such Service Provider's access to and use of the In App Purchase API is only done on Your behalf in providing such services to You for Your Application and in accordance with these terms, and is subject to a binding written agreement between You and the Service Provider with terms at least as restrictive and protective of Apple as those set forth herein, including, but not limited to, confidentiality for pre-release versions of the Apple Software and indemnity obligations to Apple. Any actions undertaken by any such Service Provider in relation to Your Application, Your use of the In App Purchase API, and/or arising out of this Agreement shall be deemed to have been taken by You, and You (in addition to the Service Provider) shall be responsible to Apple for all such actions (or any inactions), including but not limited to indemnifying Apple against any harm caused by the Service Provider acting on Your behalf. In the event of any actions or inactions that would constitute a violation of this Agreement or otherwise cause any harm, Apple reserves the right to require You to change Service Providers.

7. Use of Digital Certificates for In App Purchase

When an end user completes a purchase using the In App Purchase API in Your Application, Apple will provide You with a transaction receipt signed with an Apple-issued certificate. It is Your responsibility to verify that such certificate and receipt were issued by Apple, as set forth in the Documentation. You are solely responsible for Your decision to rely on any such certificates and receipts. YOUR USE OF OR RELIANCE ON SUCH CERTIFICATES AND RECEIPTS IN CONNECTION WITH THE IN APP PURCHASE API IS AT YOUR SOLE RISK. APPLE MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, ACCURACY,

RELIABILITY, SECURITY, OR NON-INFRINGEMENT OF THIRD PARTY RIGHTS WITH RESPECT TO SUCH DIGITAL CERTIFICATES AND RECEIPTS. You agree that You will only use such receipts and certificates in accordance with the Documentation, and that You will not interfere or tamper with the normal operation of such digital certificates or receipts, including but not limited to any falsification or other misuse.

8. Additional Liability Disclaimer

APPLE SHALL NOT BE LIABLE FOR ANY DAMAGES OR LOSSES ARISING FROM THE USE OF THE IN APP PURCHASE API AND ANY RELATED SERVICES, INCLUDING, BUT NOT LIMITED TO, (I) ANY LOSS OF PROFIT (WHETHER INCURRED DIRECTLY OR INDIRECTLY), ANY LOSS OF GOODWILL OR BUSINESS REPUTATION, ANY LOSS OF DATA SUFFERED, OR OTHER INTANGIBLE LOSS, (II) ANY CHANGES WHICH APPLE MAY MAKE TO THE IN APP PURCHASE API, OR FOR ANY PERMANENT OR TEMPORARY CESSATION IN THE PROVISION OF THE IN APP PURCHASE API OR ANY SERVICES (OR ANY FEATURES WITHIN THE SERVICES) PROVIDED THEREWITH, OR (III) THE DELETION OF, CORRUPTION OF, OR FAILURE TO PROVIDE ANY DATA TRANSMITTED BY OR THROUGH YOUR USE OF THE IN APP PURCHASE API OR SERVICES.

9. Changes to Attachment 2

Apple may change the terms of this Attachment 2 at any time by providing notice to You. In order to continue using the In App Purchase API, You must accept and agree to the new terms of this Agreement or, if presented separately to You by Apple, to the new terms for this Attachment 2. You agree that any new terms for Attachment 2 (whether agreed to separately by You or as part of the Program Agreement) will be incorporated into the Program Agreement. If You do not agree to the new terms of this Agreement or Attachment 2, Your use of the In App Purchase API will be suspended or terminated by Apple. You agree that Your acceptance of such new Agreement terms or revised Attachment 2 may be signified electronically, including without limitation, by Your checking a box or clicking on an “agree” or similar button which may be presented to You in a dialog box that is separate from this Agreement.

Program Agreement

Attachment 3
(to the Agreement)
Additional Terms for the Game Center

The following terms are in addition to the terms of the Agreement and apply to any use of the Game Center service by You or Your Application; provided however that You may only use confidential, pre-release versions of the Game Center service for testing and development of Your Application and may not use such pre-release service in Your Licensed Application or disclose it in any way until it is publicly released by Apple.

1. Use of the Game Center service

1.1 You and Your Application may not connect to or use the Game Center service in any way not expressly authorized by Apple. You agree to only use the Game Center service in accordance with this Agreement (including this Attachment 3), the Game Center Documentation and in accordance with all applicable laws. You understand that neither You nor Your Application will be permitted to access or use the Game Center service after expiration or termination of Your Agreement.

1.2 Apple may provide You with a unique identifier which is associated with an end user's alias as part of the Game Center service (the "Player ID"). You agree to not display the Player ID to the end user or to any third party, and You agree to only use the Player ID for differentiation of end users in connection with Your Application's use of the Game Center. You agree not to reverse look-up, trace, relate, associate, mine, harvest, or otherwise exploit the Player ID, aliases or other data or information provided by the Game Center service, except to the extent expressly permitted herein. For example, You will not attempt to determine the real identity of an end user.

1.3 You will only use information provided by the Game Center service as necessary for providing services and functionality for Your Application. For example, You will only use leaderboard scores within Your Application, and You will not host or export any such information to a third party service. Further, You agree not to transfer or copy any user information or data (whether individually or in the aggregate) obtained through the Game Center service to a third party except as necessary for providing services and functionality for Your Application, and then only with express user consent and only if not otherwise prohibited in this Agreement.

1.4 You will not attempt to gain (or enable others to gain) unauthorized use or access to the Game Center service (or any part thereof) in any way, including but not limited to obtaining information from the Game Center service using any method not expressly permitted by Apple. For example, You may not use packet sniffers to intercept any communications protocols from systems or networks connected to the Game Center, scrape any data or user information from the Game Center, or use any third party software to collect information through the Game Center about players, game data, accounts, or service usage patterns.

2. Additional Restrictions

2.1 You agree not to harm or interfere with Apple's networks or servers, or any third party servers or networks connected to the Game Center service, or otherwise disrupt other developers' or end users' use of the Game Center. You agree that, except for testing and development purposes, You will not create false accounts through the use of the Game Center service or otherwise use the Game Center service to misrepresent information about You or Your Application in a way that would interfere with an end users' use of the Game Center service, e.g., creating inflated high scores through the use of cheat codes or falsifying the number of user accounts for Your Application.

2.2 You will not institute, assist, or enable any disruptions of the Game Center, such as through a denial of service attack, through the use of an automated process or service such as a spider, script, or bot, or through exploiting any bug in the Game Center service or Apple Software. You agree not to probe, test or scan for vulnerabilities in the Game Center service. You further agree not to disable, spoof, hack, undermine or otherwise interfere with any data protection, security, verification or authentication mechanisms that are incorporated in or used by the Game Center service, or enable others to do so.

2.3 You will not transmit, store or otherwise make available any material that contains viruses or any other computer code, files or programs that may harm, disrupt or limit the normal operation of the Game Center or an iOS Product.

2.4 You agree not to use any portion of the Game Center service for sending any unsolicited messages to end users or for the purpose of poaching, phishing or spamming of Game Center users. You will not reroute (or attempt to reroute) users of the Game Center to another related service using any information You obtain through the use of the Game Center service.

2.5 You shall not charge any fees to end users for access to the Game Center service or for any data or information provided therein.

3. Your Acknowledgements

You acknowledge and agree that:

3.1 Apple may at any time, and from time to time, with or without prior notice to You (a) modify the Game Center service, including changing or removing any feature or functionality, or (b) modify, deprecate, reissue or republish the Game Center APIs or related APIs. You understand that any such modifications may require You to change or update Your Applications at Your own cost. Apple has no express or implied obligation to provide, or continue to provide, the Game Center service and may suspend or discontinue all or any portion of the Game Center service at any time. Apple shall not be liable for any losses, damages or costs of any kind incurred by You or any other party arising out of or related to any such service suspension or discontinuation or any such modification of the Game Center service or Game Center APIs.

3.2 As long as the Game Center service is a confidential, pre-release service, You will only allow it to be used for testing and development purposes by Your Authorized Developers and only for use on Your Authorized Test Devices, and You will not use any Game Center APIs in Your Licensed Applications. You agree to restrict access to such Authorized Test Devices in accordance with the terms of the Agreement.

3.3 Apple makes no guarantees to You in relation to the availability or uptime of the Game Center service and is not obligated to provide any maintenance, technical or other support for such service.

3.4 Apple reserves the right to remove Your access to the Game Center service at any time in its sole discretion.

3.5 Apple may monitor and collect information (including but not limited to technical and diagnostic information) about Your usage of the Game Center service to aid Apple in improving the Game Center and other Apple products or services and to verify Your compliance with this Agreement.

4. Changes to Attachment 3

Apple may change the terms of this Attachment 3 at any time by providing notice to You. In order to continue using the Game Center, You must accept and agree to the new terms of this Agreement or, if presented separately to You by Apple, to the new terms for this Attachment 3. You agree that any new terms for Attachment 3 (whether agreed to separately by You or as part of the Program Agreement) will be incorporated into the Program Agreement. If You do not agree to new terms of this Agreement or Attachment 3, Your use of the Game Center will be suspended or terminated by Apple. You agree that Your acceptance of such new Agreement terms or revised Attachment 3 may be signified electronically, including without limitation, by Your checking a box or clicking on an “agree” or similar button which may be presented to You in a dialog box that is separate from this Agreement.

Program Agreement

5. Additional Liability Disclaimer

APPLE SHALL NOT BE LIABLE FOR ANY DAMAGES OR LOSSES ARISING FROM ANY INTERRUPTIONS TO THE GAME CENTER OR ANY SYSTEM FAILURES, NETWORK ATTACKS, SCHEDULED OR UNSCHEDULED MAINTENANCE, OR OTHER INTERRUPTIONS. YOU ACKNOWLEDGE THAT THE SERVICE IS NOT INTENDED OR SUITABLE FOR USE IN SITUATIONS OR ENVIRONMENTS WHERE ERRORS, DELAYS, FAILURES OR INACCURACIES IN THE SERVICE COULD LEAD TO DAMAGE OF ANY KIND INCLUDING BUT NOT LIMITED TO, DEATH, PERSONAL INJURY, OR FINANCIAL, PHYSICAL, PROPERTY OR ENVIRONMENTAL DAMAGE.

Program Agreement

Schedule 1

1. Appointment of Agent

1.1 You hereby appoint Apple and Apple Subsidiaries (collectively "Apple") as Your worldwide agent for the delivery of the Licensed Applications to end-users, during the Delivery Period. You hereby acknowledge that Apple will deliver the Licensed Applications to end users in Apple's own name, through one or more App Stores, but for You and on Your behalf.

1.2 In furtherance of Apple's appointment under Section 1.1 of this Schedule 1, You hereby authorize and instruct Apple to:

(a) solicit and obtain orders on Your behalf for Licensed Applications from end-users located in the countries You designate under Section 2.1 hereof;

(b) provide hosting services to You, in order to allow for the storage of, and end-user access to, the Licensed Applications;

(c) make copies of, format, and otherwise prepare Licensed Applications for acquisition and download by end-users, including adding the Security Solution;

(d) allow end-users to access copies of the Licensed Applications, so that end-users may acquire from You and electronically download those Licensed Applications, Licensed Application Information, and associated metadata to end-users through one or more App Stores;

(e) use (i) screen shots and/or up to 30 second excerpts of the Licensed Applications; (ii) trademarks and logos associated with the Licensed Applications; and (iii) Licensed Application Information, for promotional purposes in marketing materials and gift cards, excluding those portions of the Licensed Applications, trademarks or logos, or Licensed Application Information which You do not have the right to use for promotional purposes, and which You identify in writing at the time that the Licensed Applications are delivered by You to Apple under Section 2.1 of this Schedule 1, and use images and other materials that You may provide to Apple, at Apple's reasonable request, for promotional purposes in marketing materials and gift cards; and

(f) otherwise use Licensed Applications, Licensed Application Information and associated metadata as may be reasonably necessary in the delivery of the Licensed Applications in accordance with this Schedule 1. You agree that no royalty or other compensation is payable for the rights described above in Section 1.2 of this Schedule 1.

1.3 The parties acknowledge and agree that their relationship under this Schedule 1 is, and shall be, that of principal and agent, and that You, as principal, are, and shall be, solely responsible for any and all claims and liabilities involving or relating to, the Licensed Applications, as provided in this Schedule 1. The parties acknowledge and agree that Your appointment of Apple as its agent under this Schedule 1 is non-exclusive.

1.4 For purposes of this Schedule 1, the "Delivery Period" shall mean the period beginning on the Effective Date of the Agreement, and expiring on the last day of the Agreement or any renewal thereof; provided, however, that Apple's appointment as Your agent shall survive expiration of the Agreement for a reasonable phase-out period not to exceed thirty (30) days.

1.5 All of the Licensed Applications delivered by You to Apple under Section 2.1 of this Schedule 1 shall be made available by Apple for download by end-users at no charge. Apple shall have no duty to collect any fees for the Licensed Applications for any end-user and shall have no payment obligation to You with respect to any of those Licensed Applications under this Schedule 1. In the event that You intend to charge end-users a fee for any Licensed Application, You must enter (or have previously entered) into a separate agreement (Schedule 2) with Apple with respect to that Licensed Application.

2. Delivery of the Licensed Applications to Apple

2.1 You will deliver to Apple, at Your sole expense, using the iTunes Connect site, the Licensed Applications, Licensed Application Information and associated metadata, in a format and manner prescribed by Apple, as required for the delivery of the Licensed Applications to end-users in accordance with this Schedule 1. Metadata You deliver to Apple under this Schedule 1 will include: (i) the title and version number of each of the Licensed Applications; (ii) the countries You designate, in which You wish Apple to allow end-users to download those Licensed Applications; (iii) any copyright or other intellectual property rights notices; and (iv) Your end-user license agreement ("EULA"), if any, in accordance with Section 3.2 of this Schedule 1.

2.2 All Licensed Applications will be delivered by You to Apple using software tools, a secure FTP site address and/or such other delivery methods as prescribed by Apple.

2.3 You hereby certify that all of the Licensed Applications You deliver to Apple under this Schedule 1 are authorized for export from the United States to each of the countries designated by You under Section 2.1 hereof, in accordance with the requirements of the United States Export Administration Regulations, 15 C.F.R. Parts 730-774. Without limiting the generality of this Section 2.3, You certify that (i) none of the Licensed Applications contains, uses or supports any data encryption or cryptographic functions; or (ii) in the event that any Licensed Application contains, uses or supports any such data encryption or cryptographic functionality, You have qualified that Licensed Application for export as a "mass market encryption item" in accordance with section 742.15(b)(2) of the Export Administration Regulations, and You will provide Apple with a PDF copy of the mass market export classification ruling (CCATS) issued by the United States Commerce Department, Bureau of Industry and Security for that Licensed Application. For purposes of determining the proper export classification and export control status of each Licensed Application, You should consult the export compliance decision tree in the iTunes Connect tool. You acknowledge that Apple is relying upon Your certification in this Section 2.3 in allowing end-users to access and download the Licensed Applications under this Schedule 1. Except as provided in this Section 2.3, Apple will be responsible for compliance with the requirements of the Export Administration Regulations in allowing end-users to access and download the Licensed Applications under this Schedule 1.

3. Ownership and End-User Licensing

3.1 The parties acknowledge and agree that Apple shall not acquire any ownership interest in or to any of the Licensed Applications or Licensed Applications Information, and title, risk of loss, responsibility for, and control over the Licensed Applications shall, at all times, remain with You. Apple may not use any of the Licensed Applications or Licensed Application Information for any purpose, or in any manner, except as specifically authorized in this Schedule 1.

3.2 You may deliver to Apple Your own EULA for any Licensed Application at the time that You deliver that Licensed Application to Apple, in accordance with Section 2.1 of this Schedule 1; provided, however, that Your EULA must include and may not be inconsistent with the minimum terms and conditions specified on Exhibit A to this Schedule 1 and must comply with all applicable laws in all countries where You wish Apple to allow end-users to download that Licensed Application. Apple shall allow each end-user to which Apple allows access to any such Licensed Application to review Your EULA (if any) at the time that Apple delivers that Licensed Application to that end-user, and Apple shall notify each end-user that the end-user's use of that Licensed Application is subject to the terms and conditions of Your EULA (if any). In the event that You do not furnish Your own EULA for any Licensed Application to Apple, You acknowledge and agree that each end-user's use of that Licensed Application shall be subject to Apple's standard EULA (which is part of the App Store Terms of Service).

3.3 You hereby acknowledge that the EULA for each of the Licensed Applications is solely between You and the end-user and conforms to applicable law, and Apple shall not be responsible for, and shall not have any liability whatsoever under, any EULA or any breach by You or any end-user of any of the terms and conditions of any EULA.

4. Content Restrictions and Software Rating

4.1 You represent and warrant that: (a) You have the right to enter into this Agreement, to reproduce and distribute each of the Licensed Applications, and to authorize Apple to permit end-users to download and use each of the Licensed Applications through one or more App Stores; (b) none of the Licensed Applications, or Apple's or end-users' permitted uses of those Licensed Applications, violate or infringe any patent, copyright, trademark, trade secret or other intellectual property or contractual rights of any other person, firm, corporation or other entity; (c) each of the Licensed Applications is authorized for distribution, sale and use in, export to, and import into each of the countries designated by You under Section 2.1 of this Schedule 1, in accordance with the laws and regulations of those countries and all applicable export/import regulations; (d) none of the Licensed Applications contains any obscene, offensive or other materials that are prohibited or restricted under the laws or regulations of any of the countries You designate under Section 2.1 of this Schedule 1; and (e) all information You provide using the iTunes Connect tool, including any information relating to the Licensed Applications, is accurate and that, if any such information ceases to be accurate, You will promptly update it to be accurate using the iTunes Connect tool.

4.2 You shall use the software rating tool set forth on iTunes Connect to supply information regarding each of the Licensed Applications delivered by You for marketing and fulfillment by Apple through the App Store under this Schedule 1 in order to assign a rating to each such Licensed Application. For purposes of assigning a rating to each of the Licensed Applications, You shall use Your best efforts to provide correct and complete information about the content of that Licensed Application with the software rating tool. You acknowledge and agree that Apple is relying on: (i) Your good faith and diligence in accurately and completely providing the requested information for each Licensed Application; and (ii) Your representations and warranties in Section 4.1 hereof, in making that Licensed Application available for download by end-users in each of the countries You designate hereunder. Furthermore, You authorize Apple to correct the rating of any Licensed Application of Yours that has been assigned an incorrect rating; and You agree to any such corrected rating.

4.3 In the event that any country You designate hereunder requires the approval of, or rating of, any Licensed Application by any government or industry regulatory agency as a condition for the distribution and/or use of that Licensed Application, You acknowledge and agree that Apple may elect not to make that Licensed Application available for download by end-users in that country from any App Store.

5. Responsibility and Liability

5.1 Apple shall have no responsibility for the installation and/or use of any of the Licensed Applications by any end-user. You shall be solely responsible for any and all product warranties, end-user assistance and product support with respect to each of the Licensed Applications.

5.2 You shall be solely responsible for, and Apple shall have no responsibility or liability whatsoever with respect to, any and all claims, suits, liabilities, losses, damages, costs and expenses arising from, or attributable to, the Licensed Applications and/or the use of those Licensed Applications by any end-user, including, but not limited to: (i) claims of breach of warranty, whether specified in the EULA or established under applicable law; (ii) product liability claims; and (iii) claims that any of the Licensed Applications and/or the end-user's possession or use of those Licensed Applications infringes the copyright or other intellectual property rights of any third party.

6. Termination

6.1 This Schedule 1, and all of Apple's obligations hereunder, shall terminate upon the expiration or termination of the Agreement.

6.2 In the event that You no longer have the legal right to distribute the Licensed Applications, or to authorize Apple to allow access to those Licensed Applications by end-users, in accordance with this Schedule 1, You shall promptly withdraw those Licensed Applications from the App Store using the tools provided on the iTunes Connect site; provided, however, that such withdrawal by You under this Section 6.2 shall not relieve You of any of Your obligations to Apple under this Schedule 1, or any liability to Apple and/or any end-user with respect to those Licensed Applications.

6.3 Apple reserves the right to cease allowing download by end-users of the Licensed Applications at any time, with or without cause, by providing notice of termination to You. Without limiting the generality of this Section 6.3, You acknowledge that Apple may cease allowing download by end-users of some or all of the Licensed Applications if Apple reasonably believes that: (i) those Licensed Applications are not authorized for export to one or more of the countries designated by You under Section 2.1 hereof, in accordance with the Export Administration Regulations; (ii) those Licensed Applications and/or any end-user's possession and/or use of those Licensed Applications, infringe patent, copyright, trademark, trade secret or other intellectual property rights of any third party; or (iii) the distribution and/or use of those Licensed Applications violates any applicable law in any country You designate under Section 2.1 of this Schedule 1. An election by Apple to cease allowing download of any Licensed Applications, pursuant to this Section 6.3, shall not relieve You of Your obligations under this Schedule 1.

6.4 You may withdraw any or all of the Licensed Applications from the App Store, at any time, and for any reason, by using the tools provided on the iTunes Connect site.

7. Legal Consequences

The relationship between You and Apple established by this Schedule 1 may have important legal consequences for You. You acknowledge and agree that it is Your responsibility to consult with Your legal advisors with respect to Your legal obligations hereunder.

EXHIBIT A
(to Schedule 1)
Instructions for Minimum Terms of Developer's
End-User License Agreement

1. Acknowledgement: You and the end-user must acknowledge that the EULA is concluded between You and the end-user only, and not with Apple, and You, not Apple, are solely responsible for the Licensed Application and the content thereof. The EULA may not provide for usage rules for Licensed Applications that are less restrictive than the Usage Rules set forth for Licensed Applications in, or otherwise be in conflict with, the App Store Terms of Service as of the Effective Date (which You acknowledge You have had the opportunity to review).

2. Scope of License: The license granted to the end-user for the Licensed Application must be limited to a non-transferable license to use the Licensed Application on an iOS Product that the end-user owns or controls and as permitted by the Usage Rules set forth in the App Store Terms of Service.

3. Maintenance and Support: You must be solely responsible for providing any maintenance and support services with respect to the Licensed Application, as specified in the EULA, or as required under applicable law. You and the end-user must acknowledge that Apple has no obligation whatsoever to furnish any maintenance and support services with respect to the Licensed Application.

4. Warranty: You must be solely responsible for any product warranties, whether express or implied by law, to the extent not effectively disclaimed. The EULA must provide that, in the event of any failure of the Licensed Application to conform to any applicable warranty, the end-user may notify Apple, and Apple will refund the purchase price for the Licensed Application to that end-user; and that, to the maximum extent permitted by applicable law, Apple will have no other warranty obligation whatsoever with respect to the Licensed Application, and any other claims, losses, liabilities, damages, costs or expenses attributable to any failure to conform to any warranty will be Your sole responsibility.

5. Product Claims: You and the end-user must acknowledge that You, not Apple, are responsible for addressing any claims of the end-user or any third party relating to the Licensed Application or the end-user's possession and/or use of that Licensed Application, including, but not limited to: (i) product liability claims; (ii) any claim that the Licensed Application fails to conform to any applicable legal or regulatory requirement; and (iii) claims arising under consumer protection or similar legislation. The EULA may not limit Your liability to the end-user beyond what is permitted by applicable law.

6. Intellectual Property Rights: You and the end-user must acknowledge that, in the event of any third party claim that the Licensed Application or the end-user's possession and use of that Licensed Application infringes that third party's intellectual property rights, You, not Apple, will be solely responsible for the investigation, defense, settlement and discharge of any such intellectual property infringement claim.

7. Legal Compliance: The end-user must represent and warrant that (i) he/she is not located in a country that is subject to a U.S. Government embargo, or that has been designated by the U.S. Government as a "terrorist supporting" country; and (ii) he/she is not listed on any U.S. Government list of prohibited or restricted parties.

8. Developer Name and Address: You must state in the EULA Your name and address, and the contact information (telephone number; E-mail address) to which any end-user questions, complaints or claims with respect to the Licensed Application should be directed.

9. Third Party Terms of Agreement: You must state in the EULA that the end-user must comply with applicable third party terms of agreement when using Your Application, e.g., if You have a VoIP application, then the end-user must not be in violation of their wireless data service agreement when using Your Application.

10. Third Party Beneficiary: You and the end-user must acknowledge and agree that Apple, and Apple's subsidiaries, are third party beneficiaries of the EULA, and that, upon the end-user's acceptance of the terms and conditions of the EULA, Apple will have the right (and will be deemed to have accepted the right) to enforce the EULA against the end-user as a third party beneficiary thereof.

Rev. 2-15-11
EA0707

Program Agreement

By Your clicking to agree to this Schedule 2, which is hereby offered to You by Apple, You agree with Apple to amend that certain iOS Developer Program License Agreement currently in effect between You and Apple (the “Agreement”) to add this Schedule 2 thereto (supplanting any existing Schedule 2). Except as otherwise provided herein, all capitalized terms shall have the meanings set forth in the Agreement.

Schedule 2

1. Appointment of Agent and Commissionaire

1.1 You hereby appoint Apple and Apple Subsidiaries (collectively “Apple”) as: (i) Your agent for the marketing and delivery of the Licensed Applications to end-users located in those countries listed on Exhibit A, Section 1 to this Schedule 2, subject to change; and (ii) Your commissionaire for the marketing and delivery of the Licensed Applications to end-users located in those countries listed on Exhibit A, Section 2 to this Schedule 2, subject to change, during the Delivery Period. The most current list of App Store countries among which you may select shall be set forth in the iTunes Connect site and may be updated by Apple from time to time. You hereby acknowledge that Apple will market and make the Licensed Applications available for download by end users through one or more App Stores, for You and on Your behalf. For purposes of this Schedule 2, the term "Licensed Application" includes any additional permitted functionality, content or services sold by You from within a Licensed Application using the In App Purchase API, and "end-user" includes actual end-users of Licensed Applications as well as authorized institutional customers, such as educational institutions approved by Apple, which may acquire the Licensed Applications for the end-users.

1.2 In furtherance of Apple’s appointment under Section 1.1 of this Schedule 2, You hereby authorize and instruct Apple to:

(a) market, solicit and obtain orders on Your behalf for Licensed Applications from end-users located in the countries identified in the iTunes Connect site;

(b) provide hosting services to You, in order to allow for the storage of, and end-user access to, the Licensed Applications;

(c) make copies of, format, and otherwise prepare Licensed Applications for acquisition and download by end-users, including adding the Security Solution;

(d) allow end-users to access and re-access copies of the Licensed Applications, so that end-users may acquire and electronically download those Licensed Applications developed by You, Licensed Application Information, and associated metadata to end-users through one or more App Stores;

(e) issue invoices for the purchase price payable by end-users for the Licensed Applications;

(f) use (i) screen shots and/or up to 30 second excerpts of the Licensed Applications; (ii) trademarks and logos associated with the Licensed Applications; and (iii) Licensed Application Information, for promotional purposes in marketing materials and gift cards, excluding those portions of the Licensed Applications, trademarks or logos, or Licensed Application Information which You do not have the right to use for promotional purposes, and which You identify in writing at the time that the Licensed Applications are delivered by You to Apple under Section 2.1 of this Schedule 2, and use images and other materials that You may provide to Apple, at Apple’s reasonable request, for promotional purposes in marketing materials and gift cards; and

(g) otherwise use Licensed Applications, Licensed Application Information and associated metadata as may be reasonably necessary in the marketing and delivery of the Licensed Applications in accordance with this Schedule 2. You agree that no royalty or other compensation is payable for the rights described above in Section 1.2 of this Schedule 2.

1.3 The parties acknowledge and agree that their relationship under this Schedule 2 is, and shall be, that of principal and agent, or principal and commissionaire, as the case may be, as described in Exhibit A, Section 1 and Exhibit A, Section 2, respectively, and that You, as principal, are, and shall be, solely responsible for any and all claims and liabilities involving or relating to, the Licensed Applications, as provided in this Schedule 2. The parties acknowledge and agree that Your appointment of Apple as Your agent or commissionaire, as the case may be, under this Schedule 2 is non-exclusive.

1.4 For purposes of this Schedule 2, the “Delivery Period” shall mean the period beginning on the Effective Date of the Agreement, and expiring on the last day of the Agreement or any renewal thereof; provided, however, that Apple’s appointment as Your agent and commissionaire shall survive expiration of the Agreement for a reasonable phase-out period not to exceed thirty (30) days and further provided that, solely with respect to Your end-users, subsections 1.2(b), (c), and (d) of this Schedule 2 shall survive termination or expiration of the Agreement unless You indicate otherwise pursuant to sections 5.1 and 7.2 of this Schedule 2.

2. Delivery of the Licensed Applications to Apple

2.1 You will deliver to Apple, at Your sole expense, using the iTunes Connect site, the Licensed Applications, Licensed Application Information and associated metadata, in a format and manner prescribed by Apple, as required for the delivery of the Licensed Applications to end-users in accordance with this Schedule 2. Metadata You deliver to Apple under this Schedule 2 will include: (i) the title and version number of each of the Licensed Applications; (ii) the countries You designate, in which You wish Apple to allow end-users to download those Licensed Applications; (iii) any copyright or other intellectual property rights notices; and (iv) Your end-user license agreement (“EULA”), if any, in accordance with Section 4.2 of this Schedule 2.

2.2 All Licensed Applications will be delivered by You to Apple using software tools, a secure FTP site address and/or such other delivery methods as prescribed by Apple.

2.3 You hereby certify that all of the Licensed Applications You deliver to Apple under this Schedule 2 are authorized for export from the United States to each of the countries listed on Exhibit A hereto, in accordance with the requirements of the United States Export Administration Regulations, 15 C.F.R. Parts 730-774. Without limiting the generality of this Section 2.3, You certify that (i) none of the Licensed Applications contains, uses or supports any data encryption or cryptographic functions; or (ii) in the event that any Licensed Application contains, uses or supports any such data encryption or cryptographic functionality, You will upon request provide Apple with a PDF copy of Your Encryption Registration Number (ERN), or export classification ruling (CCATS) issued by the United States Commerce Department, Bureau of Industry and Security and PDF copies of appropriate authorizations from other countries that mandate import authorizations for that Licensed Application, as required. You acknowledge that Apple is relying upon Your certification in this Section 2.3 in allowing end-users to access and download the Licensed Applications under this Schedule 2. Except as provided in this Section 2.3, Apple will be responsible for compliance with the requirements of the Export Administration Regulations in allowing end-users to access and download the Licensed Applications under this Schedule 2.

3. Delivery of the Licensed Applications to End-Users

3.1 You acknowledge and agree that Apple, in the course of acting as agent and/or commissionaire for You, is hosting the Licensed Applications, and is allowing the download of those Licensed Applications by end-users, on Your behalf. However, You are responsible for hosting and delivering content or services sold by You using the In App Purchase API, except for content that is included within the Licensed Application itself (i.e., the In App Purchase simply unlocks the content). All of the Licensed Applications shall be marketed by Apple, on Your behalf, to end-users at prices identified in a price tier and designated by You, in Your sole discretion, from the pricing schedule attached to this Schedule 2 as Exhibit C, which may be updated from time to time by Apple on iTunes Connect. In addition, you may, at your election via iTunes Connect, instruct Apple to market the Licensed Applications at a discount of 50% of Your established price tier for authorized institutional customers. You may change the price tier for any Licensed Application at any time, at Your discretion, in accordance with the pricing schedule set forth on that Exhibit C as updated from time to time, using tools provided on the iTunes Connect site. As Your agent and/or commissionaire, Apple shall be solely responsible for the collection of all prices payable by end-users for Licensed Applications acquired by those end-users under this Schedule 2.

3.2 In the event that the sale or delivery of any of the Licensed Applications to any end-user is subject to any sales, use, goods and services, value added, or other similar tax, under applicable law, responsibility for the collection and remittance of that tax for sales of the Licensed Applications to end- users will be determined in accordance with Exhibit B to this Schedule 2 as updated from time to time via the iTunes Connect site. For the sake of clarity, Apple shall not be responsible for the collection and remittance of telecommunications and similar taxes. You shall indemnify and hold Apple harmless against any and all claims by any tax authority for any underpayment of any sales, use, goods and services, value added or other tax or levy, and any penalties and/or interest thereon.

3.3 In furtherance of the parties' respective tax compliance obligations, Apple requires that You comply with the requirements listed on Exhibit D to this Schedule 2 or on iTunes Connect depending upon, among other things, (i) Your country of residence and (ii) the countries designated by You in which You wish Apple to allow access to the Licensed Applications. In the event that Apple collects any amounts corresponding to the purchase price for any of Your Licensed Applications before You have provided Apple with any tax documentation required under Exhibit D to this Schedule 2, Apple will not remit those amounts to You, but will hold those amounts in trust for You, until such time as You have provided Apple with the required tax documentation. Upon receipt of all required tax documents from You, Apple will remit to You any amounts held in trust by Apple for You, without interest, under this Section 3.3, in accordance with the provisions of this Schedule 2.

3.4 Apple shall be entitled to the following commissions in consideration for its services as Your agent and/or commissionaire under this Schedule 2:

(a) For sales of Licensed Applications to end-users located in those countries listed in Exhibit B, Section 1 of this Schedule 2 as updated from time to time via the iTunes Connect site, Apple shall be entitled to a commission equal to thirty percent (30%) of all prices payable by each end-user. For purposes of determining the commissions to which Apple is entitled under this Section 3.4(a), the prices payable by end-users shall be net of any and all taxes collected, as provided in Section 3.2 of this Schedule 2.

(b) For sales of Licensed Applications to end-users located in those countries listed in Exhibit B, Section 2 of this Schedule 2 as updated from time to time via the iTunes Connect site, Apple shall be entitled to a commission equal to thirty percent (30%) of all prices payable by each end-user.

Except as otherwise provided in Section 3.2 of this Schedule 2, Apple shall be entitled to the commissions specified in Sections 3.4(a) and 3.4(b) hereof without reduction for any taxes or other government levies, including any and all taxes or other, similar obligations of You, Apple or any end-user relating to the delivery or use of the Licensed Applications.

3.5 Upon collection of any amounts from any end-user as the price for any Licensed Application delivered to that end-user hereunder, Apple shall deduct the full amount of its commission with respect to that Licensed Application, and any taxes collected by Apple under Section 3.2 hereof, and shall remit to You, or issue a credit in Your favor, as the case may be, the remainder of those prices in accordance with Apple standard business practices, including the following: remittance payments (i) are made by means of wire transfer only; (ii) are subject to minimum monthly remittance amount thresholds; (iii) require You to provide certain remittance-related information on the iTunes Connect site; and (iv) subject to the foregoing requirements, will be made no later than forty-five (45) days following the close of the monthly period in which the corresponding amount was received by Apple from the end-user. No later than forty- five (45) days following the end of each monthly period, Apple will make available to You on the iTunes Connect site a sales report in sufficient detail to permit You to identify the Licensed Applications sold in that monthly period and the total amount to be remitted to You by Apple. You hereby acknowledge and agree that Apple shall be entitled to a commission, in accordance with this Section 3.5 on the delivery of any Licensed Application to any end-user, even if Apple is unable to collect the price for that Licensed Application from that end-user. In the event that the purchase price received by Apple from any end-user for any Licensed Application is in a currency other than the remittance currency agreed between Apple and You, the purchase price for that Licensed Application shall be converted to the remittance currency, and the amount to be remitted by Apple to You shall be determined, in accordance with an exchange rate fixed for the Delivery Period, as reflected in Exhibit C attached hereto as updated from time to time pursuant to section 3.1 of this Schedule 2. Apple may provide a means on iTunes Connect to enable You to designate a primary currency for the bank account designated by You for receiving remittances ("Designated Currency"). Apple may cause Apple's bank to convert all remittances in any remittance currency other than the Designated Currency into the Designated Currency prior to remittance to You. You agree that any resulting currency exchange differentials or fees charged by Apple's bank may be deducted from such remittances. You remain responsible for any fees (e.g., wire transfer fees) charged by Your bank or any intermediary banks between Your bank and Apple's bank.

3.6 In the event that any price payable by any end-user for any of the Licensed Applications is subject to (i) any withholding or similar tax; or (ii) any sales, use, goods and services, value added, or other tax or levy not collected by Apple under Section 3.2 hereof; or (iii) any other tax or other government levy of whatever nature, the full amount of that tax or levy shall be solely for Your account, and shall not reduce the commission to which Apple is entitled under this Schedule 2.

3.7 In the event that any remittance made by Apple to You is subject to any withholding or similar tax, the full amount of that withholding or similar tax shall be solely for Your account, and will not reduce the commission to which Apple is entitled on that transaction. If Apple reasonably believes that such tax is due, Apple will deduct the full amount of such withholding or similar tax from the gross amount owed to You, and will pay the full amount withheld over to the competent tax authorities. Apple will apply a reduced rate of withholding tax, if any, provided for in any applicable income tax treaty only if You furnish Apple with such documentation required under that income tax treaty or otherwise satisfactory to Apple, sufficient to establish Your entitlement to the benefit of that reduced rate of withholding tax. Upon Your timely request to Apple in writing, using means reasonably designated by Apple, Apple will use commercially practical efforts to report to You the amount of Apple's payment of withholding or similar taxes to the competent tax authorities on Your behalf. You will indemnify and hold Apple harmless against any and all claims by any competent tax authority for any underpayment of any such withholding or similar taxes, and any penalties and/or interest thereon, including, but not limited to, underpayments attributable to any erroneous claim or representation by You as to Your entitlement to, or Your disqualification for, the benefit of a reduced rate of withholding tax.

3.8 You may offer auto-renewing subscriptions in select Territories using the In App Purchase API subject to the terms of this Schedule 2, provided that:

(a) Auto-renew functionality must be on a weekly, monthly, bi-monthly, tri-monthly, semi-annual or annual basis at a price You select based on the pricing matrix attached to this Schedule 2 as Exhibit C. You may, however, offer more than one option.

(b) You clearly and conspicuously disclose to users the following information regarding Your auto-renewing subscription:

- Title of publication or service
- Length of subscription (time period and/or number of deliveries during each subscription period)
- Price of subscription, and price per issue if appropriate
- Payment will be charged to iTunes Account at confirmation of purchase
- Subscription automatically renews unless auto-renew is turned off at least 24-hours before the end of the current period
- Account will be charged for renewal within 24-hours prior to the end of the current period, and identify the cost of the renewal
- Subscriptions may be managed by the user and auto-renewal may be turned off by going to the user's Account Settings after purchase
- No cancellation of the current subscription is allowed during active subscription period
- Links to Your Privacy Policy and Terms of Use
- Any unused portion of a free trial period, if offered, will be forfeited when the user purchases a subscription to that publication.

(c) You must fulfill the offer during the entire subscription period, as marketed and, in the event you breach this section 3.8(c) of Schedule 2, you hereby authorize and instruct Apple to refund to the end-user the full amount, or any portion thereof, of the price paid by the end-user for that subscription. In the event that Apple refunds any such price to an end-user, You shall reimburse, or grant Apple a credit for, an amount equal to the price for that subscription. Apple will have the right to retain its commission on the sale of that subscription, notwithstanding the refund of the price to the end- user. You acknowledge that Apple may exercise its rights under section 7.3 of this Schedule 2 for repeated violations of this provision.

3.9 The auto-renewing feature will be disabled if you increase the subscription price during an active subscription period.

3.10 To the extent you promote and offer for sale auto-renewing subscriptions, You must do so in compliance with all legal and regulatory requirements.

3.11 Subscription services purchased within Licensed Applications must use In App Purchase.

In addition to using the In App Purchase API, a Licensed Application may read or play content (magazines, newspapers, books, audio, music, video) that is offered outside of the Licensed Application (such as, by way of example, through Your website) provided that You do not link to or market external offers for such content within the Licensed Application. You are responsible for authentication access to content acquired outside of the Licensed Application.

3.12 If your Licensed Application is periodical content-based (e.g. magazines and newspapers), Apple may provide You with the name, email address, and zip code associated with a user's account when they purchase an auto-renewing subscription via the In App Purchase API, provided that such user consents to the provision of data to You, and further provided that You may only use such data to promote Your own products and otherwise in strict compliance with Your publicly posted Privacy Policy, a copy of which can be readily viewed and is consented to in Your Licensed Application. You may offer a free incentive to extend the subscription if the user agrees to send this information.

3.13 Licensed Applications offering subscription services may be included in Apple's Newsstand application provided that, in addition to the requirements set forth in paragraphs 3.8 et seq., You:

- Enable the Licensed Application as a Newsstand app in the iTunes Connect tool
- Authorize Apple to select "Newsstand" as the Licensed Application's secondary category
- Utilize the In App Purchase API, include any additional code, and comply with any other requirements as identified and updated from time to time in Newsstand-related documentation found in the iOS developer library and the iTunes Connect Developer Guide
- Provide updated cover art with each new issue
- Confirm that the content of the Licensed Application is a periodical (e.g. newspaper or magazine)

You acknowledge and agree that Apple reserves the right to recategorize your Licensed Application if it is not appropriate for Newsstand.

4. Ownership and End-User Licensing

4.1 The parties acknowledge and agree that Apple shall not acquire any ownership interest in or to any of the Licensed Applications or Licensed Application Information, and title, risk of loss, responsibility for, and control over the Licensed Applications shall, at all times, remain with You. Apple may not use any of the Licensed Applications or Licensed Application Information for any purpose, or in any manner, except as specifically authorized in this Schedule 2.

4.2 You may deliver to Apple Your own EULA for any Licensed Application at the time that You deliver that Licensed Application to Apple, in accordance with Section 2.1 of this Schedule 2; provided, however, that Your EULA must include and may not be inconsistent with the minimum terms and conditions specified on Exhibit E to this Schedule 2 and must comply with all applicable laws in all countries where You wish Apple to allow end-users to download that Licensed Application. Apple shall allow each end-user to which Apple allows access to any such Licensed Application to review Your EULA (if any) at the time that Apple delivers that Licensed Application to that end-user, and Apple shall notify each end-user that the end-user's use of that Licensed Application is subject to the terms and conditions of Your EULA (if any). In the event that You do not furnish Your own EULA for any Licensed Application to Apple, You acknowledge and agree that each end-user's use of that Licensed Application shall be subject to Apple's standard EULA (which is part of the App Store Terms of Service).

4.3 You hereby acknowledge that the EULA for each of the Licensed Applications is solely between You and the end-user and conforms to applicable law, and Apple shall not be responsible for, and shall not have any liability whatsoever under, any EULA or any breach by You or any end-user of any of the terms and conditions of any EULA.

5. Content Restrictions and Software Rating

5.1 You represent and warrant that: (a) You have the right to enter into this Agreement, to reproduce and distribute each of the Licensed Applications, and to authorize Apple to permit end-users to download and use each of the Licensed Applications through one or more App Stores; (b) none of the Licensed Applications, or Apple's or end-users' permitted uses of those Licensed Applications, violate or infringe any patent, copyright, trademark, trade secret or other intellectual property or contractual rights of any other person, firm, corporation or other entity and that You are not submitting the Licensed Applications to Apple on behalf of one or more third parties; (c) each of the Licensed Applications is authorized for distribution, sale and use in, export to, and import into each of the countries designated by You under Section 2.1 of this Schedule 2, in accordance with the laws and regulations of those countries and all applicable export/import regulations; (d) none of the Licensed Applications contains any obscene, offensive or other materials that are prohibited or restricted under the laws

or regulations of any of the countries You designated under Section 2.1 of this Schedule 2; (e) all information You provided using the iTunes Connect tool, including any information relating to the Licensed Applications, is accurate and that, if any such information ceases to be accurate, You will promptly update it to be accurate using the iTunes Connect tool; and (f) in the event a dispute arises over the content of Your Licensed Applications or use of Your intellectual property on the App Store, You agree to follow Apple's app dispute process on a non-exclusive basis and without any party waiving its legal rights.

5.2 You shall use the software rating tool set forth on iTunes Connect to supply information regarding each of the Licensed Applications delivered by You for marketing and fulfillment by Apple through the App Store under this Schedule 2 in order to assign a rating to each such Licensed Application. For purposes of assigning a rating to each of the Licensed Applications, You shall use Your best efforts to provide correct and complete information about the content of that Licensed Application with the software rating tool. You acknowledge and agree that Apple is relying on: (i) Your good faith and diligence in accurately and completely providing requested information for each Licensed Application; and (ii) Your representations and warranties in Section 5.1 hereof, in making that Licensed Application available for download by end-users in each of the countries You designated hereunder. Furthermore, You authorize Apple to correct the rating of any Licensed Application of Yours that has been assigned an incorrect rating; and You agree to any such corrected rating.

5.3 In the event that any country You designated hereunder requires the approval of, or rating of, any Licensed Application by any government or industry regulatory agency as a condition for the distribution, sale and/or use of that Licensed Application, You acknowledge and agree that Apple may elect not to make that Licensed Application available for download by end-users in that country from any App Store.

6. Responsibility and Liability

6.1 Apple shall have no responsibility for the installation and/or use of any of the Licensed Applications by any end-user. You shall be solely responsible for any and all product warranties, end- user assistance and product support with respect to each of the Licensed Applications.

6.2 You shall be solely responsible for, and Apple shall have no responsibility or liability whatsoever with respect to, any and all claims, suits, liabilities, losses, damages, costs and expenses arising from, or attributable to, the Licensed Applications and/or the use of those Licensed Applications by any end-user, including, but not limited to: (i) claims of breach of warranty, whether specified in the EULA or established under applicable law; (ii) product liability claims; and (iii) claims that any of the Licensed Applications and/or the end-user's possession or use of those Licensed Applications infringes the copyright or other intellectual property rights of any third party.

6.3 In the event that Apple receives any notice or claim from any end-user that: (i) the end-user wishes to cancel its license to any of the Licensed Applications within ninety (90) days of the date of download of that Licensed Application by that end-user; or (ii) a Licensed Application fails to conform to Your specifications or Your product warranty or the requirements of any applicable law, Apple may refund to the end-user the full amount of the price paid by the end-user for that Licensed Application. In the event that Apple refunds any such price to an end-user, You shall reimburse, or grant Apple a credit for, an amount equal to the price for that Licensed Application. Apple will have the right to retain its commission on the sale of that Licensed Application, notwithstanding the refund of the price to the end- user.

7. Termination

7.1 This Schedule 2, and all of Apple's obligations hereunder, shall terminate upon the expiration or termination of the Agreement. Notwithstanding any such termination, Apple shall be entitled to: (i) all commissions on all copies of the Licensed Applications downloaded by end-users prior to the date of termination (including the phase-out period set forth in Section 1.4 hereof); and (ii) reimbursement from You of refunds paid by Apple to end-users, whether before or after the date of termination, in accordance with Section 6.3 of this Schedule 2.

7.2 In the event that You no longer have the legal right to distribute the Licensed Applications, or to authorize Apple to allow access to those Licensed Applications by end-users, in accordance with this Schedule 2, You shall promptly notify Apple and withdraw those Licensed Applications from the App Store using the tools provided on the iTunes Connect site; provided, however, that such withdrawal by You under this Section 7.2 shall not relieve You of any of Your obligations to Apple under this Schedule 2, or any liability to Apple and/or any end-user with respect to those Licensed Applications.

7.3 Apple reserves the right to cease marketing and allowing download by end-users of the Licensed Applications at any time, with or without cause, by providing notice of termination to You. Without limiting the generality of this Section 7.3, You acknowledge that Apple may cease the marketing and allowing download by end-users of some or all of the Licensed Applications if Apple reasonably believes that: (i) those Licensed Applications are not authorized for export to one or more of the countries listed on Exhibit A, in accordance with the Export Administration Regulations; (ii) those Licensed Applications and/or any end-user's possession and/or use of those Licensed Applications, infringe patent, copyright, trademark, trade secret or other intellectual property rights of any third party; or (iii) the distribution, sale and/or use of those Licensed Applications violates any applicable law in any country You designated under Section 2.1 of this Schedule 2. An election by Apple to cease the marketing and allowing download of any Licensed Applications, pursuant to this Section 7.3, shall not relieve You of Your obligations under this Schedule 2.

7.4 You may withdraw any or all of the Licensed Applications from the App Store, at any time, and for any reason, by using the tools provided on the iTunes Connect site, except that, with respect to Your end-users, You hereby authorize and instruct Apple to fulfill sections 1.2(b), (c), and (d) of this Schedule 2, which shall survive termination or expiration of the Agreement unless You indicate otherwise pursuant to sections 5.1 and 7.2 of this Schedule 2.

8. Legal Consequences

The relationship between You and Apple established by this Schedule 2 may have important legal and/or tax consequences for You. You acknowledge and agree that it is Your responsibility to consult with Your own legal and tax advisors with respect to Your legal and tax obligations hereunder.

EXHIBIT A

1. Apple as Agent

You appoint Apple Canada, Inc. ("Apple Canada") as Your agent for the marketing and end-user download of the Licensed Applications by end-users located in the following country:

Canada

You appoint Apple Pty Limited ("APL") as Your agent for the marketing and end-user download of the Licensed Applications by end-users located in the following countries:

Australia
New Zealand

You appoint Apple Inc. as Your agent pursuant to California Civil Code §§ 2295 *et seq.* for the marketing and end-user download of the Licensed Applications by end-users located in the following countries, as updated from time to time via the iTunes Connect site:

Argentina	Cayman Islands	Guatemala	St. Kitts & Nevis
Anguilla	Chile	Honduras	St. Lucia
Antigua & Barbuda	Colombia	Jamaica	St. Vincent & The Grenadines
Bahamas	Costa Rica	Mexico	Suriname
Barbados	Dominica	Montserrat	Trinidad & Tobago
Belize	Dominican Republic	Nicaragua	Turks & Caicos
Bermuda	Ecuador	Panama	Uruguay
Bolivia	El Salvador	Paraguay	Venezuela
Brazil	Grenada	Peru	United States
British Virgin Islands	Guyana		

You appoint iTunes KK as Your agent pursuant to Article 643 of the Japanese Civil Code for the marketing and end-user download of the Licensed Applications by end-users located in the following country:

Japan

2. Apple as Commissionaire

You appoint iTunes Sarl as Your commissionaire pursuant to Article 91 of the Luxembourg Code de commerce for the marketing and end-user download of the Licensed Applications by end-users located in the following countries, as updated from time to time via the iTunes Connect site:

Algeria	Ghana	Macedonia	Singapore
Angola	Greece	Madagascar	Senegal
Austria	Hong Kong	Mali	Slovakia
Armenia	Hungary	Malaysia	Slovenia
Azerbaijan	Iceland	Malta, Republic of	South Africa
Bahrain	India	Mauritius	Spain
Belarus	Indonesia	Moldova	Sri Lanka
Belgium	Ireland	Niger	Sweden
Botswana	Israel	Nigeria	Switzerland
Brunei	Italy	Netherlands	Taiwan
Bulgaria	Jordan	Norway	Tanzania
China	Kazakhstan	Oman	Thailand
Croatia	Kenya	Pakistan	Tunisia
Cyprus	Korea	Philippines	Turkey
Czech Republic	Kuwait	Poland	UAE
Denmark	Latvia	Portugal	Uganda
Egypt	Lebanon	Qatar	United Kingdom
Estonia	Lithuania	Romania	Uzbekistan
Finland	Luxembourg	Russia	Vietnam
France	Macau	Saudi Arabia	Yemen
Germany			

EXHIBIT B

1. Apple shall collect and remit to the competent tax authorities the taxes described in Section 3.2 of this Schedule 2 for sales of the Licensed Applications to end-users located in the following countries, as updated from 3 time to time via the iTunes Connect site:

Australia	Estonia	Latvia	Slovakia
Austria	Finland	Lithuania	Slovenia
Belgium	France	Luxembourg	Spain
Bulgaria	Germany	Malta, Republic of	Sweden
Canada	Greece	Netherlands	Switzerland
Cyprus	Hungary	Poland	United Kingdom
Czech Republic	Ireland	Portugal	United States
Denmark	Italy	Romania	

2. Apple shall not collect and remit the taxes described in Section 3.2 of this Schedule 2 for sales of the Licensed Applications to end-users located in the countries listed below as updated from time to time via the iTunes Connect site. You shall be solely responsible for the collection and remittance of such taxes as may be required by local law.

Algeria	Croatia	Lebanon	Saudi Arabia
Angola	Dominica	Macau	Senegal
Anguilla	Dominican Republic	Macedonia	Singapore
Antigua & Barbuda	Ecuador	Madagascar	South Africa
Argentina	Egypt	Malaysia	Sri Lanka
Armenia	El Salvador	Mali	St. Kitts and Nevis
Azerbaijan	Ghana	Mauritius	St. Lucia
			St. Vincent & The
Bahamas	Grenada	Mexico	Grenadines
Bahrain	Guatemala	Moldova	Suriname
Barbados	Guyana	Montserrat	Taiwan
Belarus	Honduras	New Zealand	Tanzania
Belize	Hong Kong	Nicaragua	Thailand
Bermuda	Iceland	Niger	Trinidad & Tobago
Bolivia	India	Nigeria	Tunisia
Botswana	Indonesia	Norway	Turkey
Brazil	Israel	Oman	Turks & Caicos
British Virgin Islands	Jamaica	Pakistan	UAE
Brunei	Japan	Panama	Uganda
Cayman Islands	Jordan	Paraguay	Uruguay
Chile	Kazakhstan	Peru	Uzbekistan
China	Kenya	Philippines	Venezuela
Colombia	Korea	Qatar	Vietnam
Costa Rica	Kuwait	Russia	Yemen

EXHIBIT C

Tier	Customer Price USD	Proceeds, Net of Commission USD	Customer Price CAD	Proceeds, Net of Commission CAD	Customer Price MXN	Proceeds, Net of Commission MXN	Customer Price AUD	Proceeds, Net of Commission AUD	Customer Price NZD	Proceeds, Net of Commission NZD
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1	0.99	0.70	0.99	0.70	12.00	8.40	0.99	0.63	1.29	0.90
2	1.99	1.40	1.99	1.40	24.00	16.80	1.99	1.27	2.59	1.81
3	2.99	2.10	2.99	2.10	36.00	25.20	2.99	1.90	4.19	2.93
4	3.99	2.80	3.99	2.80	48.00	33.60	4.49	2.86	5.29	3.70
5	4.99	3.50	4.99	3.50	60.00	42.00	5.49	3.49	6.49	4.54
6	5.99	4.20	5.99	4.20	72.00	50.40	6.49	4.13	8.29	5.80
7	6.99	4.90	6.99	4.90	84.00	58.80	7.49	4.77	9.99	6.99
8	7.99	5.60	7.99	5.60	96.00	67.20	8.49	5.40	10.99	7.69
9	8.99	6.30	8.99	6.30	108.00	75.60	9.49	6.04	12.99	9.09
10	9.99	7.00	9.99	7.00	120.00	84.00	10.49	6.68	13.99	9.79
11	10.99	7.70	10.99	7.70	130.00	91.00	11.49	7.31	14.99	10.49
12	11.99	8.40	11.99	8.40	140.00	98.00	12.99	8.27	15.99	11.19
13	12.99	9.10	12.99	9.10	160.00	112.00	13.99	8.90	16.99	11.89
14	13.99	9.80	13.99	9.80	170.00	119.00	14.99	9.54	17.99	12.59
15	14.99	10.50	14.99	10.50	180.00	126.00	15.99	10.18	18.99	13.29
16	15.99	11.20	15.99	11.20	190.00	133.00	16.99	10.81	19.99	13.99
17	16.99	11.90	16.99	11.90	200.00	140.00	17.99	11.45	20.99	14.69
18	17.99	12.60	17.99	12.60	220.00	154.00	18.99	12.08	22.99	16.09
19	18.99	13.30	18.99	13.30	230.00	161.00	19.99	12.72	23.99	16.79
20	19.99	14.00	19.99	14.00	240.00	168.00	20.99	13.36	24.99	17.49
21	20.99	14.70	20.99	14.70	250.00	175.00	21.99	13.99	25.99	18.19
22	21.99	15.40	21.99	15.40	260.00	182.00	22.99	14.63	27.99	19.59
23	22.99	16.10	22.99	16.10	270.00	189.00	23.99	15.27	28.99	20.29
24	23.99	16.80	23.99	16.80	280.00	196.00	24.99	15.90	29.99	20.99
25	24.99	17.50	24.99	17.50	300.00	210.00	25.99	16.54	30.99	21.69
26	25.99	18.20	25.99	18.20	310.00	217.00	26.99	17.18	32.99	23.09
27	26.99	18.90	26.99	18.90	320.00	224.00	27.99	17.81	34.99	24.49
28	27.99	19.60	27.99	19.60	330.00	231.00	29.99	19.08	35.99	25.19
29	28.99	20.30	28.99	20.30	340.00	238.00	30.99	19.72	36.99	25.89
30	29.99	21.00	29.99	21.00	360.00	252.00	31.99	20.36	38.99	27.29
31	30.99	21.70	30.99	21.70	370.00	259.00	32.99	20.99	39.99	27.99
32	31.99	22.40	31.99	22.40	380.00	266.00	33.99	21.63	40.99	28.69
33	32.99	23.10	32.99	23.10	390.00	273.00	34.99	22.27	41.99	29.39
34	33.99	23.80	33.99	23.80	400.00	280.00	35.99	22.90	43.99	30.79
35	34.99	24.50	34.99	24.50	420.00	294.00	36.99	23.54	44.99	31.49
36	35.99	25.20	35.99	25.20	430.00	301.00	37.99	24.18	45.99	32.19
37	36.99	25.90	36.99	25.90	440.00	308.00	38.99	24.81	46.99	32.89
38	37.99	26.60	37.99	26.60	450.00	315.00	39.99	25.45	47.99	33.59
39	38.99	27.30	38.99	27.30	470.00	329.00	40.99	26.08	48.99	34.29
40	39.99	28.00	39.99	28.00	480.00	336.00	41.99	26.72	49.99	34.99
41	40.99	28.70	40.99	28.70	490.00	343.00	42.99	27.36	50.99	35.69
42	41.99	29.40	41.99	29.40	500.00	350.00	43.99	27.99	51.99	36.39
43	42.99	30.10	42.99	30.10	520.00	364.00	44.99	28.63	53.99	37.79
44	43.99	30.80	43.99	30.80	530.00	371.00	45.99	29.27	54.99	38.49
45	44.99	31.50	44.99	31.50	540.00	378.00	46.99	29.90	55.99	39.19
46	45.99	32.20	45.99	32.20	550.00	385.00	47.99	30.54	56.99	39.89
47	46.99	32.90	46.99	32.90	560.00	392.00	48.99	31.18	58.99	41.29
48	47.99	33.60	47.99	33.60	570.00	399.00	49.99	31.81	59.99	41.99
49	48.99	34.30	48.99	34.30	580.00	406.00	50.99	32.45	60.99	42.69
50	49.99	35.00	49.99	35.00	600.00	420.00	51.99	33.08	64.99	45.49
51	54.99	38.50	54.99	38.50	650.00	455.00	59.99	38.18	74.99	52.49
52	59.99	42.00	59.99	42.00	700.00	490.00	64.99	41.36	79.99	55.99
53	64.99	45.50	64.99	45.50	800.00	560.00	69.99	44.54	84.99	59.49
54	69.99	49.00	69.99	49.00	850.00	595.00	74.99	47.72	94.99	66.49
55	74.99	52.50	74.99	52.50	900.00	630.00	79.99	50.90	99.99	69.99
56	79.99	56.00	79.99	56.00	950.00	665.00	84.99	54.08	104.99	73.49
57	84.99	59.50	84.99	59.50	1000.00	700.00	89.99	57.27	109.99	76.99
58	89.99	63.00	89.99	63.00	1100.00	770.00	94.99	60.45	114.99	80.49
59	94.99	66.50	94.99	66.50	1150.00	805.00	99.99	63.63	119.99	83.99
60	99.99	70.00	99.99	70.00	1200.00	840.00	109.99	69.99	124.99	87.49
61	109.99	77.00	109.99	77.00	1300.00	910.00	119.99	76.36	149.99	104.99
62	119.99	84.00	119.99	84.00	1400.00	980.00	129.99	82.72	159.99	111.99
63	124.99	87.50	124.99	87.50	1500.00	1050.00	134.99	85.90	164.99	115.49
64	129.99	91.00	129.99	91.00	1600.00	1120.00	139.99	89.08	169.99	118.99
65	139.99	98.00	139.99	98.00	1700.00	1190.00	149.99	95.45	179.99	125.99
66	149.99	105.00	149.99	105.00	1800.00	1260.00	159.99	101.81	199.99	139.99
67	159.99	112.00	159.99	112.00	1900.00	1330.00	169.99	108.18	209.99	146.99
68	169.99	119.00	169.99	119.00	2000.00	1400.00	179.99	114.54	229.99	160.99
69	174.99	122.50	174.99	122.50	2100.00	1470.00	184.99	117.72	234.99	164.49
70	179.99	126.00	179.99	126.00	2200.00	1540.00	189.99	120.90	239.99	167.99
71	189.99	133.00	189.99	133.00	2300.00	1610.00	199.99	127.27	249.99	174.99
72	199.99	140.00	199.99	140.00	2400.00	1680.00	209.99	133.63	259.99	181.99
73	209.99	147.00	209.99	147.00	2500.00	1750.00	219.99	139.99	269.99	188.99
74	219.99	154.00	219.99	154.00	2700.00	1890.00	229.99	146.36	279.99	195.99
75	229.99	161.00	229.99	161.00	2800.00	1960.00	239.99	152.72	289.99	202.99
76	239.99	168.00	239.99	168.00	2900.00	2030.00	249.99	159.08	299.99	209.99
77	249.99	175.00	249.99	175.00	3000.00	2100.00	269.99	171.81	319.99	223.99
78	299.99	210.00	299.99	210.00	3600.00	2520.00	319.99	203.63	399.99	279.99
79	349.99	245.00	349.99	245.00	4200.00	2940.00	379.99	241.81	449.99	314.99
80	399.99	280.00	399.99	280.00	4800.00	3360.00	429.99	273.63	499.99	349.99
81	449.99	315.00	449.99	315.00	5400.00	3780.00	499.99	318.18	549.99	384.99
82	499.99	350.00	499.99	350.00	6000.00	4200.00	549.99	349.99	649.99	454.99
83	599.99	420.00	599.99	420.00	7200.00	5040.00	649.99	413.63	749.99	524.99
84	699.99	490.00	699.99	490.00	8400.00	5880.00	749.99	477.27	849.99	594.99
85	799.99	560.00	799.99	560.00	9600.00	6720.00	849.99	540.90	949.99	664.99
86	899.99	630.00	899.99	630.00	10800.00	7560.00	949.99	604.54	1049.99	734.99
87	999.99	700.00	999.99	700.00	12000.00	8400.00	1049.99	668.18	1249.99	874.99

Tier	Customer Price JPY	Proceeds, Net of Commission JPY	Customer Price Euro	Proceeds, Net of Commission Euro	Customer Price DKK	Proceeds, Net of Commission DKK	Customer Price SEK	Proceeds, Net of Commission SEK
0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
1	85	60	0.79	0.48	6.00	3.65	7.00	4.26
2	170	119	1.59	0.97	12.00	7.30	15.00	9.13
3	250	175	2.39	1.45	18.00	10.96	22.00	13.39
4	350	245	2.99	1.82	24.00	14.61	28.00	17.04
5	450	315	3.99	2.43	30.00	18.26	38.00	23.13
6	500	350	4.99	3.04	36.00	21.91	45.00	27.39
7	600	420	5.49	3.34	42.00	25.57	49.00	29.83
8	700	490	5.99	3.65	48.00	29.22	55.00	33.48
9	800	560	6.99	4.25	54.00	32.87	65.00	39.57
10	850	595	7.99	4.86	59.00	35.91	75.00	45.65
11	900	630	8.99	5.47	69.00	42.00	85.00	51.74
12	1000	700	9.99	6.08	75.00	45.65	95.00	57.83
13	1100	770	10.49	6.39	79.00	48.09	99.00	60.26
14	1200	840	10.99	6.69	85.00	51.74	105.00	63.91
15	1300	910	11.99	7.30	89.00	54.17	109.00	66.35
16	1400	980	12.99	7.91	99.00	60.26	119.00	72.43
17	1500	1050	13.99	8.52	105.00	63.91	129.00	78.52
18	1600	1120	14.49	8.82	109.00	66.35	135.00	82.17
19	1650	1155	14.99	9.12	115.00	70.00	139.00	84.61
20	1700	1190	15.99	9.73	119.00	72.43	149.00	90.70
21	1800	1260	16.99	10.34	125.00	76.09	159.00	96.78
22	1900	1330	17.99	10.95	129.00	78.52	169.00	102.87
23	2000	1400	18.49	11.25	135.00	82.17	175.00	106.52
24	2100	1470	18.99	11.56	139.00	84.61	179.00	108.96
25	2200	1540	19.99	12.17	149.00	90.70	189.00	115.04
26	2300	1610	20.99	12.78	155.00	94.35	195.00	118.70
27	2400	1680	21.49	13.08	159.00	96.78	199.00	121.13
28	2450	1715	21.99	13.39	165.00	100.43	209.00	127.22
29	2500	1750	22.99	13.99	169.00	102.87	219.00	133.30
30	2600	1820	23.99	14.60	179.00	108.96	229.00	139.39
31	2700	1890	24.99	15.21	185.00	112.61	235.00	143.04
32	2800	1960	25.49	15.52	189.00	115.04	239.00	145.48
33	2900	2030	25.99	15.82	195.00	118.70	245.00	149.13
34	2950	2065	26.99	16.43	199.00	121.13	249.00	151.57
35	3000	2100	27.99	17.04	209.00	127.22	265.00	161.30
36	3100	2170	28.99	17.65	215.00	130.87	269.00	163.74
37	3200	2240	29.49	17.95	219.00	133.30	275.00	167.39
38	3300	2310	29.99	18.25	225.00	136.96	285.00	173.48
39	3400	2380	30.99	18.86	229.00	139.39	289.00	175.91
40	3450	2415	31.99	19.47	239.00	145.48	299.00	182.00
41	3500	2450	32.99	20.08	245.00	149.13	309.00	188.09
42	3600	2520	33.49	20.39	249.00	151.57	315.00	191.74
43	3700	2590	33.99	20.69	255.00	155.22	319.00	194.17
44	3800	2660	34.99	21.30	259.00	157.65	329.00	200.26
45	3900	2730	35.99	21.91	269.00	163.74	339.00	206.35
46	3950	2765	36.99	22.52	275.00	167.39	345.00	210.00
47	4000	2800	37.49	22.82	279.00	169.83	349.00	212.43
48	4100	2870	37.99	23.12	285.00	173.48	359.00	218.52
49	4200	2940	38.99	23.73	289.00	175.91	369.00	224.61
50	4300	3010	39.99	24.34	299.00	182.00	379.00	230.70
51	4800	3360	42.99	26.17	319.00	194.17	399.00	242.87
52	5200	3640	44.99	27.39	339.00	206.35	419.00	255.04
53	5700	3990	49.99	30.43	369.00	224.61	469.00	285.48
54	6100	4270	54.99	33.47	399.00	242.87	519.00	315.91
55	6500	4550	59.99	36.52	439.00	267.22	569.00	346.35
56	6900	4830	62.99	38.34	469.00	285.48	599.00	364.61
57	7400	5180	64.99	39.56	499.00	303.74	619.00	376.78
58	7800	5460	69.99	42.60	529.00	322.00	659.00	401.13
59	8200	5740	74.99	45.65	559.00	340.26	699.00	425.48
60	8500	5950	79.99	48.69	599.00	364.61	749.00	455.91
61	9500	6650	84.99	51.73	629.00	382.87	799.00	486.35
62	10500	7350	89.99	54.78	669.00	407.22	849.00	516.78
63	11000	7700	92.99	56.60	689.00	419.39	879.00	535.04

64	11500	8050	94.99	57.82	699.00	425.48	899.00	547.22
65	12500	8750	99.99	60.86	749.00	455.91	949.00	577.65
66	13000	9100	109.99	66.95	819.00	498.52	999.00	608.09
67	14000	9800	119.99	73.04	899.00	547.22	1099.00	668.96
68	15000	10500	124.99	76.08	929.00	565.48	1179.00	717.65
69	15500	10850	127.99	77.91	949.00	577.65	1199.00	729.83
70	16000	11200	129.99	79.12	969.00	589.83	1239.00	754.17
71	16500	11550	139.99	85.21	1039.00	632.43	1319.00	802.87
72	17000	11900	149.99	91.30	1119.00	681.13	1399.00	851.57
73	18000	12600	159.99	97.39	1199.00	729.83	1499.00	912.43
74	19000	13300	169.99	103.47	1269.00	772.43	1599.00	973.30
75	20000	14000	179.99	109.56	1349.00	821.13	1699.00	1034.17
76	21000	14700	189.99	115.65	1399.00	851.57	1799.00	1095.04
77	22000	15400	199.99	121.73	1499.00	912.43	1899.00	1155.91
78	26000	18200	239.99	146.08	1799.00	1095.04	2299.00	1399.39
79	30000	21000	279.99	170.43	1999.00	1216.78	2599.00	1582.00
80	35000	24500	319.99	194.78	2399.00	1460.26	2999.00	1825.48
81	39000	27300	359.99	219.12	2699.00	1642.87	3399.00	2068.96
82	42500	29750	399.99	243.47	2999.00	1825.48	3799.00	2312.43
83	50000	35000	479.99	292.17	3499.00	2129.83	4499.00	2738.52
84	60000	42000	559.99	340.86	3999.00	2434.17	5299.00	3225.48
85	70000	49000	639.99	389.56	4799.00	2921.13	5999.00	3651.57
86	80000	56000	719.99	438.25	5499.00	3347.22	6799.00	4138.52
87	85000	59500	799.99	486.95	5999.00	3651.57	7499.00	4564.61

Tier	Customer Price CHF	Proceeds, Net of Commission CHF	Customer Price NOK	Proceeds, Net of Commission NOK	Customer Price GBP	Proceeds, Net of Commission GBP	Customer Price CNY	Proceeds, Net of Commission CNY
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1	1.00	0.65	7.00	3.92	0.69	0.42	6.00	4.20
2	2.00	1.30	14.00	7.84	1.49	0.91	12.00	8.40
3	3.00	1.94	21.00	11.76	1.99	1.21	18.00	12.60
4	4.00	2.59	28.00	15.68	2.49	1.52	25.00	17.50
5	5.00	3.24	35.00	19.60	2.99	1.82	30.00	21.00
6	6.00	3.89	42.00	23.52	3.99	2.43	40.00	28.00
7	7.00	4.54	49.00	27.44	4.99	3.04	45.00	31.50
8	8.00	5.19	56.00	31.36	5.49	3.34	50.00	35.00
9	9.00	5.83	63.00	35.28	5.99	3.65	60.00	42.00
10	10.00	6.48	70.00	39.20	6.99	4.25	68.00	47.60
11	11.00	7.13	77.00	43.12	7.49	4.56	73.00	51.10
12	12.00	7.78	84.00	47.04	7.99	4.86	78.00	54.60
13	13.00	8.43	91.00	50.96	8.99	5.47	88.00	61.60
14	14.00	9.07	98.00	54.88	9.99	6.08	93.00	65.10
15	15.00	9.72	105.00	58.80	10.49	6.39	98.00	68.60
16	16.00	10.37	112.00	62.72	10.99	6.69	108.00	75.60
17	17.00	11.02	119.00	66.64	11.99	7.30	113.00	79.10
18	18.00	11.67	126.00	70.56	12.99	7.91	118.00	82.60
19	19.00	12.31	133.00	74.48	13.49	8.21	123.00	86.10
20	20.00	12.96	140.00	78.40	13.99	8.52	128.00	89.60
21	21.00	13.61	147.00	82.32	14.99	9.12	138.00	96.60
22	22.00	14.26	154.00	86.24	15.49	9.43	148.00	103.60
23	23.00	14.91	161.00	90.16	15.99	9.73	153.00	107.10
24	24.00	15.56	168.00	94.08	16.99	10.34	158.00	110.60
25	25.00	16.20	175.00	98.00	17.49	10.65	163.00	114.10
26	26.00	16.85	182.00	101.92	17.99	10.95	168.00	117.60
27	27.00	17.50	189.00	105.84	18.99	11.56	178.00	124.60
28	28.00	18.15	196.00	109.76	19.49	11.86	188.00	131.60
29	28.50	18.47	203.00	113.68	19.99	12.17	193.00	135.10
30	29.00	18.80	209.00	117.04	20.99	12.78	198.00	138.60
31	30.00	19.44	217.00	121.52	21.99	13.39	208.00	145.60
32	31.00	20.09	224.00	125.44	22.49	13.69	218.00	152.60
33	32.00	20.74	231.00	129.36	22.99	13.99	223.00	156.10
34	33.00	21.39	238.00	133.28	23.99	14.60	228.00	159.60
35	34.00	22.04	245.00	137.20	24.49	14.91	233.00	163.10
36	35.00	22.69	252.00	141.12	24.99	15.21	238.00	166.60
37	36.00	23.33	259.00	145.04	25.99	15.82	243.00	170.10
38	37.00	23.98	266.00	148.96	26.99	16.43	248.00	173.60
39	38.00	24.63	273.00	152.88	27.49	16.73	253.00	177.10
40	39.00	25.28	280.00	156.80	27.99	17.04	258.00	180.60
41	40.00	25.93	287.00	160.72	28.99	17.65	263.00	184.10
42	41.00	26.57	294.00	164.64	29.49	17.95	268.00	187.60
43	42.00	27.22	301.00	168.56	29.99	18.25	273.00	191.10
44	43.00	27.87	308.00	172.48	30.99	18.86	278.00	194.60
45	44.00	28.52	315.00	176.40	31.99	19.47	283.00	198.10
46	45.00	29.17	322.00	180.32	32.49	19.78	288.00	201.60
47	46.00	29.81	329.00	184.24	32.99	20.08	298.00	208.60
48	47.00	30.46	336.00	188.16	33.99	20.69	308.00	215.60
49	47.50	30.79	343.00	192.08	34.49	20.99	318.00	222.60
50	48.00	31.11	349.00	195.44	34.99	21.30	328.00	229.60
51	55.00	35.65	385.00	215.60	37.99	23.12	348.00	243.60
52	60.00	38.89	420.00	235.20	39.99	24.34	388.00	271.60
53	65.00	42.13	455.00	254.80	44.99	27.39	418.00	292.60
54	70.00	45.37	490.00	274.40	47.99	29.21	448.00	313.60
55	75.00	48.61	525.00	294.00	49.99	30.43	488.00	341.60
56	80.00	51.85	560.00	313.60	54.99	33.47	518.00	362.60
57	85.00	55.09	595.00	333.20	57.99	35.30	548.00	383.60
58	90.00	58.33	630.00	352.80	59.99	36.52	588.00	411.60
59	95.00	61.57	665.00	372.40	64.99	39.56	618.00	432.60
60	100.00	64.81	700.00	392.00	69.99	42.60	648.00	453.60
61	110.00	71.30	770.00	431.20	74.99	45.65	698.00	488.60
62	120.00	77.78	840.00	470.40	79.99	48.69	798.00	558.60
63	125.00	81.02	870.00	487.20	84.99	51.73	818.00	572.60

64	130.00	84.26	910.00	509.60	89.99	54.78	848.00	593.60
65	140.00	90.74	980.00	548.80	94.99	57.82	898.00	628.60
66	150.00	97.22	1050.00	588.00	99.99	60.86	998.00	698.60
67	160.00	103.7	1120.00	627.20	109.99	66.95	1048.00	733.60
68	170.00	110.19	1190.00	666.40	119.99	73.04	1098.00	768.60
69	175.00	113.43	1220.00	683.20	122.99	74.86	1148.00	803.60
70	180.00	116.67	1260.00	705.60	124.99	76.08	1198.00	838.60
71	190.00	123.15	1330.00	744.80	129.99	79.12	1248.00	873.60
72	200.00	129.63	1400.00	784.00	139.99	85.21	1298.00	908.60
73	210.00	136.11	1470.00	823.20	144.99	88.25	1398.00	978.60
74	220.00	142.59	1540.00	862.40	149.99	91.30	1448.00	1013.60
75	230.00	149.07	1610.00	901.60	159.99	97.39	1498.00	1048.60
76	240.00	155.56	1680.00	940.80	169.99	103.47	1598.00	1118.60
77	250.00	162.04	1750.00	980.00	174.99	106.52	1648.00	1153.60
78	300.00	194.44	2100.00	1176.00	199.99	121.73	1998.00	1398.60
79	350.00	226.85	2450.00	1372.00	249.99	152.17	2298.00	1608.60
80	400.00	259.26	2800.00	1568.00	299.99	182.60	2598.00	1818.60
81	450.00	291.67	3150.00	1764.00	324.99	197.82	2998.00	2098.60
82	500.00	324.07	3500.00	1960.00	349.99	213.04	3298.00	2308.60
83	600.00	388.89	4200.00	2352.00	399.99	243.47	3998.00	2798.60
84	700.00	453.70	4900.00	2744.00	499.99	304.34	4498.00	3148.60
85	800.00	518.52	5600.00	3136.00	549.99	334.78	4998.00	3498.60
86	900.00	583.33	6300.00	3528.00	599.99	365.21	5898.00	4128.60
87	1000.00	648.15	7000.00	3920.00	699.99	426.08	6498.00	4548.60

Customer Price is the price displayed to the end-user on the App Store. The agreed remittance currencies are USD, CAD, MXN, AUD, NZD, JPY, Euro, DKK, SEK, CHF, NOK, GBP, and CNY, depending on the currency of the Customer Price, as indicated in this Exhibit C and as may be updated from time to time via the iTunes Connect site. Customers are charged the following currencies in the following countries:

- USD: Algeria, Angola, Anguilla, Antigua & Barbuda, Argentina, Armenia, Azerbaijan, Bahamas, Bahrain, Barbados, Belarus, Belize, Bermuda, Bolivia, Botswana, Brazil, British Virgin Islands, Brunei, Cayman Islands, Chile, Colombia, Costa Rica, Croatia, Dominica, Dominican Republic, Ecuador, El Salvador, Egypt, Ghana, Grenada, Guatemala, Guyana, Honduras, Hong Kong, Iceland, India, Indonesia, Israel, Jamaica, Jordan, Kazakhstan, Kenya, Korea, Kuwait, Lebanon, Macau, Macedonia, Madagascar, Malaysia, Mali, Mauritius, Moldova, Montserrat, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Qatar, Russia, Saudi Arabia, Senegal, Singapore, South Africa, Sri Lanka, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Taiwan, Tanzania, Thailand, Trinidad and Tobago, Tunisia, Turkey, Turks and Caicos, UAE, Uganda, Uruguay, United States, Uzbekistan, Venezuela, Vietnam, Yemen
- MXN: Mexico
- CAD: Canada
- AUD: Australia
- NZD: New Zealand
- JPY: Japan
- Euro: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta (Republic of), Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain
- DKK: Denmark
- NOK: Norway
- SEK: Sweden
- CHF: Switzerland
- GBP: United Kingdom
- CNY: China

Note: Newsstand In App Purchases have access to tiers 1b and 2b. Tier 1b is the same as Tier 1 everywhere except for Euro (0.99 Euro retail / 0.60 Euro proceeds). Tier 2b is the same as Tier 2 everywhere except for Euro (1.99 Euro retail / 1.21 Euro proceeds). Proceeds are net of commission.

EXHIBIT D

1. Delivery of Licensed Applications to end-users in Canada

Where You designate Apple Canada to allow access to the Licensed Applications to end-users in Canada:

1.1 General

You shall indemnify and hold Apple harmless against any and all claims by the Canada Revenue Agency (the "CRA"), Ministere du Revenu du Quebec (the "MRQ") and the tax authorities of any province that has a provincial retail sales tax ("PST") for any failure to pay, collect or remit any amount(s) of goods and services tax/harmonized sales tax ("GST/HST") imposed under the Excise Tax Act (Canada) (The "ETA"), Quebec Sales Tax ("QST") or PST and any penalties and/or interest thereon in connection with any supplies made by Apple Canada to end-users in Canada on Your behalf and any supplies made by Apple Canada to You.

1.2 GST/HST

(a) This Section 1.2 of Exhibit D applies with respect to supplies made by You, through Apple Canada, as agent to end-users in Canada. Terms defined in the ETA have the same meaning when used in this Section 1.2. Apple Canada is registered for GST/HST purposes, with GST/HST Registration No. R100236199.

(b) If You are a resident of Canada or are a non-resident of Canada that is required to register for GST/HST purposes pursuant to the ETA, it is a condition of this Schedule 2, that You are registered for GST/HST or have submitted an application to register for GST/HST to the CRA with an effective GST/HST registration date of no later than the date of this Schedule 2. You shall provide Apple Canada with satisfactory evidence of Your GST/HST registration (*e.g.*, a copy of Your CRA confirmation letter or print-out from the GST/HST Registry on the CRA web site) at Apple Canada's request. You warrant that You will notify Apple Canada if You cease to be registered for GST/HST.

(c) If You are registered for GST/HST purposes, You, by executing this Schedule 2, (i) agree to enter into the election pursuant to subsection 177(1.1) of the ETA to have Apple Canada collect, account for and remit GST/HST on sales of Licensed Applications made to end-users in Canada on Your behalf and have completed (including entering its valid GST/HST registration number), signed and returned to Apple Canada Form GST506 (accessible on the iTunes Connect site); and (ii) acknowledge that the commission payable by You to Apple Canada includes GST at a rate of 5% (or the GST rate as applicable from time to time).

(d) If You are not registered for GST/HST purposes, by executing this Schedule 2 and not completing, signing and returning Form GST506 to Apple Canada, You (i) certify that You are not registered for GST/HST purposes; (ii) certify that You are not resident in Canada and do not carry on business in Canada for purposes of the ETA; (iii) acknowledge that Apple Canada will charge, collect and remit GST/HST on sales of Licensed Applications to end-users in Canada made on Your behalf; (iii) acknowledge that the commission payable by You to Apple Canada is zero-rated for GST/HST purposes (*i.e.*, GST/HST rate is 0%); and (iv) agree to indemnify Apple for any GST/HST, interest and penalty assessed against Apple Canada if it is determined that You should have been registered for GST/HST purposes such that the commission fees charged by Apple Canada were subject to GST.

1.3 Quebec Sales Tax

Terms defined in an Act respecting the Quebec Sales Tax (the "QSTA") have the same meaning when used in this Section 1.3 of Exhibit D.

(a) If You are a resident of Quebec, it is a condition of this Schedule 2, that You are registered for QST or have submitted an application to register for QST to the MRQ with an effective QST registration date of no later than the date of this Schedule 2. You shall provide Apple Canada with satisfactory evidence of Your QST registration (*e.g.*, a copy of Your MRQ confirmation letter or print-out from the QST Registry on the MRQ web site) at Apple Canada's request. You warrant that You will notify Apple Canada if You cease to be registered for QST.

(b) If You are a resident of Quebec, You, by executing this Schedule 2, (i) certify that You are registered for QST; (ii) agree to enter into the election pursuant to section 41.0.1 of the QSTA to have Apple Canada collect,

account for and remit QST on sales of Licensed Applications to end-users in Quebec made on Your behalf and have completed (including entering its valid QST registration number), signed and returned to Apple Canada Form FP2506-V; and (iii) acknowledge that Apple Canada will not charge, collect or remit QST on sales of Licensed Applications made on Your behalf to end-users located outside Quebec on the assumption that the end-users are not resident in Quebec and not registered for QST purposes such that the sales are zero-rated for QST purposes.

(c) If You are not resident in Quebec, by executing this Schedule 2 and not completing, signing and returning Form FP2506-V to Apple Canada, You (i) certify that You are not resident in Quebec; (ii) certify that You do not have a permanent establishment in Quebec; and (iii) acknowledge Apple will charge, collect and remit QST on sales of Licensed Applications to end-users in Quebec made on Your behalf.

1.4 PST

This Section 1.4 of Exhibit D applies to supplies of Licensed Applications made by You, through Apple Canada, as agent, to end-users in the provinces of British Columbia, Saskatchewan, Manitoba, Ontario, Prince Edward Island and any other province that has or that adopts a PST. You acknowledge and agree that Apple Canada will charge, collect and remit applicable PST on sales of Licensed Applications made to end-users in these provinces by Apple Canada on Your behalf.

2. Delivery of Licensed Applications to end-users in Australia

Where You designate APL to allow access to the Licensed Applications to end-users in Australia:

2.1 You shall indemnify and hold Apple harmless against any and all claims by the Commissioner of Taxation ("Commissioner") for nonpayment or underpayment of GST under the *A New Tax System (Goods and Services Tax) Act 1999* ("GST Act") and for any penalties and/ or interest thereon. In addition, You shall indemnify and hold Apple harmless against any penalties imposed by the Commissioner for failing to register for GST in Australia.

2.2 Goods and Services Tax (GST)

(a) General

(i) This Section 2.2 of Exhibit D applies to supplies made by You, through APL, as agent, that are connected with Australia. Terms defined in the GST Act have the same meaning when used in this Section 2.2.

(ii) Unless expressly stated otherwise, any sum payable or amount used in the calculation of a sum payable under this Schedule 2 has been determined without regard to GST and must be increased on account of any GST payable under this Section 2.2.

(iii) If any GST is payable on any taxable supply made under this Schedule 2 by a supplier to a recipient, the recipient must pay the GST to the supplier at the same time and in the same manner as providing any monetary consideration. For the avoidance of doubt, this includes any monetary consideration that is deducted by APL as commission in accordance with Section 3.4 of this Schedule 2.

(iv) The amount recoverable on account of GST under this clause by APL will include any fines, penalties, interest and other charges.

(v) This Section 2 of Exhibit D survives the termination of the Agreement.

(b) Resident Developers or Non-resident GST-Registered Developers

(i) If You are a resident of Australia, it is a condition of this Schedule 2, that You have an Australian Business Number ("ABN") and are registered for GST or have submitted an application to register for GST to the Commissioner with an effective GST registration date of no later than the date of this Schedule 2. You will provide Apple with satisfactory evidence of Your ABN and GST registration (by uploading to Apple, using the iTunes Connect site, a copy of Your GST registration or print-out from the Australian Business Register) within 30 days of this Schedule 2. You warrant that You will notify Apple if it ceases to hold a valid ABN or be registered for GST.

(ii) If You are a non-resident and are registered for GST, it is a condition of this Schedule 2 that You will provide Apple with satisfactory evidence of Your ABN and GST registration within 30 days of this Schedule 2. You warrant that You will notify Apple if You cease to be registered for GST.

(iii) You and Apple agree to enter into an arrangement for the purposes of s.153-50 of the GST Act. You and Apple further agree that for taxable supplies made by You, through APL as agent, to any end-user:

(A) APL will be deemed as making supplies to any end-user;

(B) You will be deemed as making separate, corresponding supplies to APL;

(C) APL will issue to any end-user, in APL's own name, all tax invoices and adjustment notes relating to supplies made under paragraph (iii)(a);

(D) You will not issue to any end-user any tax invoices or adjustment notes relating to taxable supplies made under paragraph (iii)(a);

(E) APL will issue a recipient created tax invoice to You in respect of any taxable supplies made by You to APL under this Schedule 2, including taxable supplies made under paragraph (iii)(b); and

(F) You will not issue a tax invoice to Apple in respect of any taxable supplies made by You to Apple under this Schedule 2, including taxable supplies made under paragraph (iii)(b).

(c) Non-resident, Non-GST-registered Developers

If You are a non-resident and are not registered for GST, then:

(i) APL will issue to any end-user, in APL's own name, all tax invoices and adjustment notes relating to taxable supplies made by You through APL as agent; and

(ii) You will not issue to any end-user any tax invoices or adjustment notes relating to taxable supplies made by You through APL as agent.

3. Delivery of Licensed Applications to end-users in the United States

Where You designate Apple Inc. to allow access to the Licensed Applications to end-users in the United States:

3.1 If You are not a resident of the United States for U.S. federal income tax purposes, You will complete Internal Revenue Service Form W-8BEN and/or any other required tax forms and provide Apple with a copy of such completed form(s), and any other information necessary for compliance with applicable tax laws and regulations, as instructed on the iTunes Connect site.

3.2 If Apple, in its reasonable belief, determines that any state or local sales, use or similar transaction tax may be due from Apple or You in connection with the sale or delivery of any of the Licensed Applications, Apple will collect and remit those taxes to the competent tax authorities. To the extent that the incidence of any such tax, or responsibility for collecting that tax, falls upon You, You authorize Apple to act on Your behalf in collecting and remitting that tax, but to the extent that Apple has not collected any such tax, or has not received reimbursement for that tax, from end-users, You shall remain primarily liable for the tax, and You will reimburse Apple for any tax payments that Apple is required to make, but is not otherwise able to recover.

3.3 In the event that You incur liability for income tax, franchise tax, business and occupation tax, or any similar taxes based on Your income, You shall be solely responsible for that tax.

4. Delivery of Licensed Applications to end-users in Japan

Where You designate iTunes KK to allow access to the Licensed Applications to end-users in Japan:

4.1 You acknowledge and agree that You have the sole responsibility for: (i) consumption tax output liability, if any, with respect to delivery on Your behalf of Your Licensed Applications to end users by iTunes KK; (ii) filing of consumption tax returns and payment of consumption tax to the Japanese government, if applicable; and (iii) determining independently, in consultation with Your own tax advisor, Your taxpayer status and tax payment obligations for consumption tax purposes.

4.2 Commissions charged by iTunes KK to Japan resident developers will include consumption tax.

4.3 If You are not a resident of Japan, You may complete the withholding tax forms for Your country of residence to claim treaty benefits with Japan. Notwithstanding section 3.3 of Schedule 2, iTunes KK will remit such funds as are due to You prior to receipt of such tax documentation, but in such case in its discretion iTunes KK may withhold and remit to the competent tax authorities Japanese withholding tax unreduced by any tax treaty. iTunes KK will apply any reduced rate of withholding tax provided for in any income tax treaty between Your country of residence and Japan only to remittances made to You after iTunes KK receives and has filed the required tax documentation. iTunes KK will not refund any withholding tax withheld on remittances made prior to that date.

5. Delivery of Licensed Applications to end-users in countries listed in Exhibit A, Section 2

Where You designate iTunes Sarl to allow access to the Licensed Applications to end-users in Exhibit A, Section 2:

You acknowledge that in the event iTunes Sarl is subject to any sales, use, goods and services, value added, or other tax or levy with respect to any remittance to You, the full amount of such tax or levy shall be solely for Your account. For the avoidance of doubt, any invoice issued by You to iTunes Sarl will be limited to amounts actually due to You, which amounts shall be inclusive of any value added or other tax or levy as set forth above. You will indemnify and hold Apple harmless against any and all claims by any competent tax authorities for any underpayment of any such sales, use, goods and services, value added, or other tax or levy, and any penalties and/or interest thereon.

EXHIBIT E

Instructions for Minimum Terms of Developer's End-User License Agreement

1. Acknowledgement: You and the end-user must acknowledge that the EULA is concluded between You and the end-user only, and not with Apple, and You, not Apple, are solely responsible for the Licensed Application and the content thereof. The EULA may not provide for usage rules for Licensed Applications that are less restrictive than the Usage Rules set forth for Licensed Applications in, or otherwise be in conflict with, the App Store Terms of Service as of the Effective Date (which You acknowledge You have had the opportunity to review).

2. Scope of License: The license granted to the end-user for the Licensed Application must be limited to a non-transferable license to use the Licensed Application on an iOS Product that the end-user owns or controls and as permitted by the Usage Rules set forth in the App Store Terms of Service.

3. Maintenance and Support: You must be solely responsible for providing any maintenance and support services with respect to the Licensed Application, as specified in the EULA, or as required under applicable law. You and the end-user must acknowledge that Apple has no obligation whatsoever to furnish any maintenance and support services with respect to the Licensed Application.

4. Warranty: You must be solely responsible for any product warranties, whether express or implied by law, to the extent not effectively disclaimed. The EULA must provide that, in the event of any failure of the Licensed Application to conform to any applicable warranty, the end-user may notify Apple, and Apple will refund the purchase price for the Licensed Application to that end-user; and that, to the maximum extent permitted by applicable law, Apple will have no other warranty obligation whatsoever with respect to the Licensed Application, and any other claims, losses, liabilities, damages, costs or expenses attributable to any failure to conform to any warranty will be Your sole responsibility.

5. Product Claims: You and the end-user must acknowledge that You, not Apple, are responsible for addressing any claims of the end-user or any third party relating to the Licensed Application or the end- user's possession and/or use of that Licensed Application, including, but not limited to: (i) product liability claims; (ii) any claim that the Licensed Application fails to conform to any applicable legal or regulatory requirement; and (iii) claims arising under consumer protection or similar legislation. The EULA may not limit Your liability to the end-user beyond what is permitted by applicable law.

6. Intellectual Property Rights: You and the end-user must acknowledge that, in the event of any third party claim that the Licensed Application or the end-user's possession and use of that Licensed Application infringes that third party's intellectual property rights, You, not Apple, will be solely responsible for the investigation, defense, settlement and discharge of any such intellectual property infringement claim.

7. Legal Compliance: The end-user must represent and warrant that (i) he/she is not located in a country that is subject to a U.S. Government embargo, or that has been designated by the U.S. Government as a "terrorist supporting" country; and (ii) he/she is not listed on any U.S. Government list of prohibited or restricted parties.

8. Developer Name and Address: You must state in the EULA Your name and address, and the contact information (telephone number; E-mail address) to which any end-user questions, complaints or claims with respect to the Licensed Application should be directed.

9. Third Party Terms of Agreement: You must state in the EULA that the end-user must comply with applicable third party terms of agreement when using Your Application, e.g., if You have a VoIP application, then the end-user must not be in violation of their wireless data service agreement when using Your Application.

10. Third Party Beneficiary: You and the end-user must acknowledge and agree that Apple, and Apple's subsidiaries, are third party beneficiaries of the EULA, and that, upon the end-user's acceptance of the terms and conditions of the EULA, Apple will have the right (and will be deemed to have accepted the right) to enforce the EULA against the end-user as a third party beneficiary thereof.

By Your clicking to agree to this Schedule 3, which is hereby offered to You by Apple, You agree with Apple to amend that certain iOS Developer Program License Agreement currently in effect between You and Apple (the "Agreement") to add this Schedule 3 thereto (supplanting any existing Schedule 3). Except as otherwise provided herein, all capitalized terms shall have the meanings set forth in the Agreement.

Schedule 3

1. Appointment of Agent and Commissionaire

1.1 You hereby appoint Apple and Apple Subsidiaries (collectively "Apple") as Your agent for the marketing, sale and delivery of Custom B2B Applications to VPP Customers and applicable end-users located in the United States during the Delivery Period. You hereby acknowledge that Apple will market and make the Custom B2B Applications available for download by end users through the VPP/B2B Program Site, for You and on Your behalf.

For purposes of this Schedule 3:

"B2B Content Code(s)" means alphanumeric content codes generated by Apple and distributed to VPP Customers that may be redeemed by an End-user for the download of a licensed copy of the Custom B2B Application.

"Custom B2B Application" also includes Your use of the In App Purchase API.

"End-user" includes applicable end-users of Custom B2B Applications as well as VPP Customers, which may acquire the Custom B2B Applications for the end-users.

1.2 In furtherance of Apple's appointment under Section 1.1 of this Schedule 3, You hereby authorize and instruct Apple to:

(a) market, solicit and obtain orders on Your behalf for Custom B2B Applications from VPP Customers identified by You and their related end-users located in the United States;

(b) provide hosting services to You, in order to allow for the storage of, and end-user access to, the Custom B2B Applications;

(c) make copies of, format, and otherwise prepare Custom B2B Applications for acquisition and download by end-users, including adding the Security Solution;

(d) allow end-users to access and re-access copies of the Custom B2B Applications, so that end-users may acquire and electronically download those Custom B2B Applications developed by You, Licensed Application Information, and associated metadata to end-users through the VPP/B2B Program Site;

(e) issue invoices for the purchase price payable by VPP Customers for the Custom B2B Applications;

(f) use (i) screen shots and/or up to 30 second excerpts of the Custom B2B Applications; (ii) trademarks and logos associated with the Custom B2B Applications; and (iii) Licensed Application Information, for promotional purposes in marketing materials, excluding those portions of the Custom B2B Applications, trademarks or logos, or Custom B2B Application Information which You do not have the right to use for promotional purposes, and which You identify in writing at the time that the Custom B2B Applications are delivered by You to Apple under Section 2.1 of this Schedule 3, and use images and other materials that You may provide to Apple, at Apple's reasonable request, for promotional purposes in marketing materials; and

(g) otherwise use Custom B2B Applications, Licensed Application Information and associated metadata as may be reasonably necessary in the marketing and delivery of the Custom B2B Applications in accordance with this Schedule 3. You agree that no royalty or other compensation is payable for the rights described above in Section 1.2 of this Schedule 3.

1.3 The parties acknowledge and agree that their relationship under this Schedule 3 is, and shall be, that of principal and agent, and that You, as principal, are, and shall be, solely responsible for any and all claims and liabilities involving or relating to, the Custom B2B Applications, as provided in this Schedule 3. The parties acknowledge and agree that Your appointment of Apple as Your agent under this Schedule 3 is non-exclusive.

1.4 For purposes of this Schedule 3, the “Delivery Period” shall mean the period beginning on the Effective Date of the Agreement, and expiring on the last day of the Agreement or any renewal thereof; provided, however, that Apple’s appointment as Your agent shall survive expiration of the Agreement for a reasonable phase-out period not to exceed thirty (30) days after the final outstanding Content Code for Your Custom B2B Applications has been redeemed and further provided that, solely with respect to Your end-users, subsections 1.2(b), (c), and (d) of this Schedule 3 shall survive termination or expiration of the Agreement unless You indicate otherwise pursuant to sections 5.1 and 7.2 of this Schedule 3.

2. Delivery of the Custom B2B Applications to Apple

2.1 You will deliver to Apple, at Your sole expense, using the iTunes Connect site, the Custom B2B Applications, Licensed Application Information and associated metadata, in a format and manner prescribed by Apple, as required for the delivery of the Custom B2B Applications to end-users in accordance with this Schedule 3 and will identify this material as a Custom B2B Application via the iTunes Connect site. Metadata You deliver to Apple under this Schedule 3 will include: (i) the title and version number of each of the Custom B2B Applications; (ii) the VPP Customers You designate as authorized purchasers of the Custom B2B Application and whose End-users may use the Content Codes; (iii) any copyright or other intellectual property rights notices; and (iv) Your end-user license agreement (“EULA”), if any, in accordance with Section 4.2 of this Schedule 3.

2.2 All Custom B2B Applications will be delivered by You to Apple using software tools, a secure FTP site address and/or such other delivery methods as prescribed by Apple.

2.3 You hereby certify that all of the Custom B2B Applications You deliver to Apple under this Schedule 3 are authorized for export from the United States to each of the countries listed on Exhibit A hereto, in accordance with the requirements of the United States Export Administration Regulations, 15 C.F.R. Parts 730-774. Without limiting the generality of this Section 2.3, You certify that (i) none of the Custom B2B Applications contains, uses or supports any data encryption or cryptographic functions; or (ii) in the event that any Custom B2B Application contains, uses or supports any such data encryption or cryptographic functionality, You will upon request provide Apple with a PDF copy of Your Encryption Registration Number (ERN), or export classification ruling (CCATS) issued by the United States Commerce Department, Bureau of Industry and Security and PDF copies of appropriate authorizations from other countries that mandate import authorizations for that Licensed Application, as required. You acknowledge that Apple is relying upon Your certification in this Section 2.3 in allowing end-users to access and download the Custom B2B Applications under this Schedule 3. Except as provided in this Section 2.3, Apple will be responsible for compliance with the requirements of the Export Administration Regulations in allowing end-users to access and download the Custom B2B Applications under this Schedule 3.

3. Delivery of the Custom B2B Applications to End-Users

3.1 You acknowledge and agree that Apple, in the course of acting as agent for You, is hosting the Custom B2B Applications, providing Content Codes to VPP Customers, and is allowing the download of the Custom B2B Applications by end-users, on Your behalf. However, You are responsible for hosting and delivering content or services sold by You using the In App Purchase API, except for content that is included within the Custom B2B Application itself (i.e., the In App Purchase simply unlocks the content). All of the Custom B2B Applications shall be marketed by Apple, on Your behalf, to end-users at prices identified in a price tier and designated by You, in Your sole discretion, from the pricing schedule attached to this Schedule 3 as Exhibit C, which may be updated from time to time by Apple on iTunes Connect. You may change the price tier for any Custom B2B Application at any time, at Your discretion, in accordance with the pricing schedule set forth on that Exhibit C as updated from time to time, using tools provided on the iTunes Connect site. As Your agent, Apple shall be solely responsible for the collection of all prices payable by VPP Customers for Custom B2B Applications acquired by end-users under this Schedule 3.

3.2 In the event that the sale or delivery of any of the Custom B2B Applications to any end-user is subject to any sales, use, goods and services, value added, or other similar tax, under applicable law, responsibility for the collection and remittance of that tax for sales of the Custom B2B Applications to End-users will be determined in accordance with Exhibit B to this Schedule 3 as updated from time to time via the iTunes Connect site. For the sake of clarity, Apple shall not be responsible for the collection and remittance of telecommunications and similar taxes. You shall indemnify and hold Apple harmless against any and all claims by any tax authority for any underpayment of any sales, use, goods and services, value added or other tax or levy, and any penalties and/or interest thereon.

3.3 In furtherance of the parties' respective tax compliance obligations, Apple requires that You comply with the requirements listed on Exhibit D to this Schedule 3 or on iTunes Connect depending upon, among other things, Your country of residence. In the event that Apple collects any amounts corresponding to the purchase price for any of Your Custom B2B Applications before You have provided Apple with any tax documentation required under Exhibit D to this Schedule 3, Apple will not remit those amounts to You, but will hold those amounts in trust for You, until such time as You have provided Apple with the required tax documentation. Upon receipt of all required tax documents from You, Apple will remit to You any amounts held in trust by Apple for You, without interest, under this Section 3.3, in accordance with the provisions of this Schedule 3.

3.4 Apple shall be entitled to the following commissions in consideration for its services as Your agent under this Schedule 3:

(a) For sales of Custom B2B Applications to End-users located in the United States, Apple shall be entitled to a commission equal to thirty percent (30%) of all prices payable by each End-user. For purposes of determining the commissions to which Apple is entitled under this Section 3.4(a), the prices payable by End-users shall be net of any and all taxes collected, as provided in Section 3.2 of this Schedule 3.

3.5 Upon collection of any amounts from any VPP Customer as the price for any Custom B2B Application delivered to that VPP Customer's designated End-users hereunder, Apple shall deduct the full amount of its commission with respect to that Custom B2B Application, and any taxes collected by Apple under Section 3.2 hereof, and shall remit to You, or issue a credit in Your favor, as the case may be, the remainder of those prices in accordance with Apple standard business practices, including the following: remittance payments (i) are made by means of wire transfer only; (ii) are subject to minimum monthly remittance amount thresholds; (iii) require You to provide certain remittance-related information on the iTunes Connect site; and (iv) subject to the foregoing requirements, will be made no later than forty-five (45) days following the close of the monthly period in which the corresponding amount was received by Apple from the End-user. No later than forty-five (45) days following the end of each monthly period, Apple will make available to You on the iTunes Connect site a sales report in sufficient detail to permit You to identify the Custom B2B Applications sold in that monthly period and the total amount to be remitted to You by Apple. You hereby acknowledge and agree that Apple shall be entitled to a commission, in accordance with this Section 3.5 on the delivery of any Custom B2B Application to any End-user, even if Apple is unable to collect the price for that Custom B2B Application from the VPP Customer. In the event that the purchase price received by Apple from any VPP Customer for any Custom B2B Application is in a currency other than the remittance currency agreed between Apple and You, the purchase price for that Custom B2B Application shall be converted to the remittance currency, and the amount to be remitted by Apple to You shall be determined, in accordance with an exchange rate fixed for the Delivery Period, as reflected in Exhibit C attached hereto as updated from time to time pursuant to section 3.1 of this Schedule 3. Apple may provide a means on iTunes Connect to enable You to designate a primary currency for the bank account designated by You for receiving remittances ("Designated Currency"). Apple may cause Apple's bank to convert all remittances in any remittance currency other than the Designated Currency into the Designated Currency prior to remittance to You. You agree that any resulting currency exchange differentials or fees charged by Apple's bank may be deducted from such remittances. You remain responsible for any fees (e.g., wire transfer fees) charged by Your bank or any intermediary banks between Your bank and Apple's bank.

3.6 In the event that any price payable by any VPP Customer for any of the Custom B2B Applications is subject to (i) any withholding or similar tax; or (ii) any sales, use, goods and services, value added, or other tax or levy not collected by Apple under Section 3.2 hereof; or (iii) any other tax or other government levy of whatever nature, the full amount of that tax or levy shall be solely for Your account, and shall not reduce the commission to which Apple is entitled under this Schedule 3.

3.7 In the event that any remittance made by Apple to You is subject to any withholding or similar tax, the full amount of that withholding or similar tax shall be solely for Your account, and will not reduce the commission to which Apple is entitled on that transaction. If Apple reasonably believes that such tax is due, Apple will deduct the full amount of such withholding or similar tax from the gross amount owed to You, and will pay the full amount withheld over to the competent tax authorities. Apple will apply a reduced rate of withholding tax, if any, provided for in any applicable income tax treaty only if You furnish Apple with such documentation required under that income tax treaty or otherwise satisfactory to Apple, sufficient to establish Your entitlement to the benefit of that reduced rate of withholding tax. Upon Your timely request to Apple in writing, using means reasonably designated by Apple, Apple will use commercially practical efforts to report to You the amount of

Apple's payment of withholding or similar taxes to the competent tax authorities on Your behalf. You will indemnify and hold Apple harmless against any and all claims by any competent tax authority for any underpayment of any such withholding or similar taxes, and any penalties and/or interest thereon, including, but not limited to, underpayments attributable to any erroneous claim or representation by You as to Your entitlement to, or Your disqualification for, the benefit of a reduced rate of withholding tax.

3.8 You may offer auto-renewing subscriptions in select Territories using the In App Purchase API subject to the terms of this Schedule 3, provided that:

(a) Auto-renew functionality must be on a weekly, monthly, bi-monthly, tri-monthly, semi-annual or annual basis at a price You select based on the pricing matrix attached to this Schedule 3 as Exhibit C. You may, however, offer more than one option.

(b) You clearly and conspicuously disclose to users the following information regarding Your auto-renewing subscription:

- Title of publication or service
- Length of subscription (time period and/or number of deliveries during each subscription period)
- Price of subscription, and price per issue if appropriate
- Payment will be charged to iTunes Account at confirmation of purchase
- Subscription automatically renews unless auto-renew is turned off at least 24-hours before the end of the current period
- Account will be charged for renewal within 24-hours prior to the end of the current period, and identify the cost of the renewal
- Subscriptions may be managed by the user and auto-renewal may be turned off by going to the user's Account Settings after purchase
- No cancellation of the current subscription is allowed during active subscription period
- Links to Your Privacy Policy and Terms of Use
- Any unused portion of a free trial period, if offered, will be forfeited when the user purchases a subscription to that publication.

(c) You must fulfill the offer during the entire subscription period, as marketed and, in the event you breach this section 3.8(c) of Schedule 3, you hereby authorize and instruct Apple to refund to the end-user the full amount, or any portion thereof, of the price paid by the end-user for that subscription. In the event that Apple refunds any such price to an end-user, You shall reimburse, or grant Apple a credit for, an amount equal to the price for that subscription. Apple will have the right to retain its commission on the sale of that subscription, notwithstanding the refund of the price to the end- user. You acknowledge that Apple may exercise its rights under section 7.3 of this Schedule 3 for repeated violations of this provision

3.9 The auto-renewing feature will be disabled if you increase the subscription price during an active subscription period.

3.10 To the extent you promote and offer for sale auto-renewing subscriptions, You must do so in compliance with all legal and regulatory requirements.

3.11 Subscription services purchased within Custom B2B Applications must use In App Purchase, which will be charged to the End-user iTunes account, not the VPP Customer account.

In addition to using the In App Purchase API, a Custom B2B Application may read or play content (magazines, newspapers, books, audio, music, video) that is offered outside of the Custom B2B Application (such as, by way of example, through Your website) provided that You do not link to or market external offers for such content within the Custom B2B Application. You are responsible for authentication access to content acquired outside of the Custom B2B Application.

3.12 If your Licensed Application is periodical content-based (e.g. magazines and newspapers), Apple may provide You with the name, email address, and zip code associated with a user's account when they purchase an auto-renewing subscription via the In App Purchase API, provided that such user consents to the provision of data to You, and further provided that You may only use such data to promote Your own products and otherwise in strict compliance with Your publicly posted Privacy Policy, a copy of which can be readily viewed and is consented to in Your Custom B2B Application. You may offer a free incentive to extend the subscription if the user agrees to send this information.

3.13 Licensed Applications offering subscription services may be included in Apple's Newsstand application provided that, in addition to the requirements set forth in paragraphs 3.8 et seq., You:

- Enable the Licensed Application as a Newsstand app in the iTunes Connect tool
- Authorize Apple to select "Newsstand" as the Licensed Application's secondary category
- Utilize the In App Purchase API, include any additional code, and comply with any other requirements as identified and updated from time to time in Newsstand-related documentation found in the iOS developer library and the iTunes Connect Developer Guide
- Provide updated cover art with each new issue
- Confirm that the content of the Licensed Application is a periodical (e.g. newspaper or magazine)

You acknowledge and agree that Apple reserves the right to recategorize your Licensed Application if it is not appropriate for Newsstand.

4. Ownership and End-user Licensing

4.1 The parties acknowledge and agree that Apple shall not acquire any ownership interest in or to any of the Custom B2B Applications or Custom B2B Application Information, and title, risk of loss, responsibility for, and control over the Custom B2B Applications shall, at all times, remain with You. Apple may not use any of the Custom B2B Applications or Licensed Application Information for any purpose, or in any manner, except as specifically authorized in this Schedule 3.

4.2 You may deliver to Apple Your own EULA for any Custom B2B Application at the time that You deliver that Custom B2B Application to Apple, in accordance with Section 2.1 of this Schedule 3; provided, however, that Your EULA must include and may not be inconsistent with the minimum terms and conditions specified on Exhibit E to this Schedule 3 and must comply with all applicable laws in the United States. Apple shall allow each End-user to which Apple allows access to any such Custom B2B Application to review Your EULA (if any) at the time that Apple delivers that Custom B2B Application to that End-user, and Apple shall notify each End-user that the End-user's use of that Custom B2B Application is subject to the terms and conditions of Your EULA (if any). In the event that You do not furnish Your own EULA for any Custom B2B Application to Apple, You acknowledge and agree that each End-user's use of that Custom B2B Application shall be subject to Apple's standard EULA (which is part of the App Store Terms of Service).

4.3 You hereby acknowledge that the EULA for each of the Custom B2B Applications is solely between You and the End-user and conforms to applicable law, and Apple shall not be responsible for, and shall not have any liability whatsoever under, any EULA or any breach by You or any End-user of any of the terms and conditions of any EULA.

5. Content Restrictions and Software Rating

5.1 You represent and warrant that: (a) You have the right to enter into this Agreement, to reproduce and distribute each of the Custom B2B Applications, and to authorize Apple to permit End-users to download and use each of the Custom B2B Applications through the VPP/B2B Program Site; (b) none of the Custom B2B Applications, or Apple's or End-users' permitted uses of those Custom B2B Applications, violate or infringe any patent, copyright, trademark, trade secret or other intellectual property or contractual rights of any other person, firm, corporation or other entity and that You are not submitting the Custom B2B Applications to Apple on behalf of one or more third parties other than under license grant from one or more VPP Customers; (c) each of the Custom B2B Applications is authorized for distribution, sale and use in, export to, and import into the United States, in accordance with the laws and regulations of those countries and all applicable export/import regulations; (d) none of the Custom B2B Applications contains any obscene, offensive or other materials that are prohibited or restricted under the laws or regulations of the United States; (e) all information You provided using the iTunes Connect tool, including any information relating to the Custom B2B Applications, is accurate and that, if any such information ceases to be accurate, You will promptly update it to be accurate using the iTunes Connect tool; and (f) in the event a dispute arises over the content of Your Custom B2B Applications or use of Your intellectual property in connection with the VPP/B2B Program Site, You agree to follow Apple's app dispute process on a non-exclusive basis and without any party waiving its legal rights.

5.2 You shall use the software rating tool set forth on iTunes Connect to supply information regarding each of the Custom B2B Applications delivered by You for marketing and fulfillment by Apple through the VPP/B2B Program Site under this Schedule 3 in order to assign a rating to each such Custom B2B Application. For

purposes of assigning a rating to each of the Custom B2B Applications, You shall use Your best efforts to provide correct and complete information about the content of that Custom B2B Application with the software rating tool. You acknowledge and agree that Apple is relying on: (i) Your good faith and diligence in accurately and completely providing requested information for each Custom B2B Application; and (ii) Your representations and warranties in Section 5.1 hereof, in making that Custom B2B Application available for download by End-users in the United States. Furthermore, You authorize Apple to correct the rating of any Custom B2B Application of Yours that has been assigned an incorrect rating; and You agree to any such corrected rating.

5.3 In the event that any country You designated hereunder requires the approval of, or rating of, any Custom B2B Application by any government or industry regulatory agency as a condition for the distribution, sale and/or use of that Custom B2B Application, You acknowledge and agree that Apple may elect not to make that Custom B2B Application available for download by End-users in that country from the VPP/B2B Program Site.

6. Responsibility and Liability

6.1 Apple shall have no responsibility for the installation and/or use of any of the Custom B2B Applications by any End-user. You shall be solely responsible for any and all product warranties, end- user assistance and product support with respect to each of the Custom B2B Applications.

6.2 You shall be solely responsible for, and Apple shall have no responsibility or liability whatsoever with respect to, any and all claims, suits, liabilities, losses, damages, costs and expenses arising from, or attributable to, the Custom B2B Applications and/or the use of those Custom B2B Applications by any End-user, including, but not limited to: (i) claims of breach of warranty, whether specified in the EULA or established under applicable law; (ii) product liability claims; and (iii) claims that any of the Custom B2B Applications and/or the End-user's possession or use of those Custom B2B Applications infringes the copyright or other intellectual property rights of any third party.

6.3 In the event that Apple receives any notice or claim from any End-user that: (i) the End-user wishes to cancel its license to any of the Custom B2B Applications within ninety (90) days of the date of download of that Custom B2B Application by that End-user; or (ii) a Custom B2B Application fails to conform to Your specifications or Your product warranty or the requirements of any applicable law, Apple may refund to the End-user the full amount of the price paid by the End-user for that Custom B2B Application. In the event that Apple refunds any such price to an End-user, You shall reimburse, or grant Apple a credit for, an amount equal to the price for that Custom B2B Application. Apple will have the right to retain its commission on the sale of that Custom B2B Application, notwithstanding the refund of the price to the end- user.

7. Termination

7.1 This Schedule 3, and all of Apple's obligations hereunder, shall terminate upon the expiration or termination of the Agreement. Notwithstanding any such termination, Apple shall be entitled to: (i) all commissions on all Content Codes redeemable for copies of the Custom B2B Applications provided to VPP Customers prior to the date of termination (including the phase-out period set forth in Section 1.4 hereof); and (ii) reimbursement from You of refunds paid by Apple to End-users, whether before or after the date of termination, in accordance with Section 6.3 of this Schedule 3.

7.2 In the event that You no longer have the legal right to distribute the Custom B2B Applications, or to authorize Apple to allow access to those Custom B2B Applications by End-users, in accordance with this Schedule 3, You shall promptly notify Apple and withdraw those Custom B2B Applications from the VPP/B2B Program Site using the tools provided on the iTunes Connect site; provided, however, that such withdrawal by You under this Section 7.2 shall not relieve You of any of Your obligations to Apple under this Schedule 3, or any liability to Apple and/or any End-user with respect to those Custom B2B Applications.

7.3 Apple reserves the right to cease marketing and allowing download by End-users of the Custom B2B Applications at any time, with or without cause, by providing notice of termination to You. Without limiting the generality of this Section 7.3, You acknowledge that Apple may cease the marketing and allowing download by End-users of some or all of the Custom B2B Applications if Apple reasonably believes that: (i) those Custom B2B Applications are not authorized for export to one or more of the countries listed on Exhibit A, in accordance with the Export Administration Regulations; (ii) those Custom B2B Applications and/or any End-user's possession and/or use of those Custom B2B Applications, infringe patent, copyright, trademark, trade secret or other intellectual property rights of any third party; or (iii) the distribution, sale and/or use of those

Custom B2B Applications violates any applicable law in the United States. An election by Apple to cease the marketing and allowing download of any Custom B2B Applications, pursuant to this Section 7.3, shall not relieve You of Your obligations under this Schedule 3.

7.4 You may withdraw any or all of the Custom B2B Applications from the VPP/B2B Program Site, at any time, and for any reason, by using the tools provided on the iTunes Connect site, except that, with respect to Your End-users, You hereby authorize and instruct Apple to fulfill any outstanding Content Code redemption requests by End-users and to fulfill sections 1.2(b), (c), and (d) of this Schedule 3, which shall survive termination or expiration of the Agreement unless You indicate otherwise pursuant to sections 5.1 and 7.2 of this Schedule 3.

8. Legal Consequences

The relationship between You and Apple established by this Schedule 3 may have important legal and/or tax consequences for You. You acknowledge and agree that it is Your responsibility to consult with Your own legal and tax advisors with respect to Your legal and tax obligations hereunder.

EXHIBIT A

1. Apple as Agent

You appoint Apple Inc. as Your agent pursuant to California Civil Code §§ 2295 *et seq.* for the marketing and End-user 3 download of the Custom B2B Applications by End-users located in the following countries:

United States

EXHIBIT B

1. Apple shall collect and remit to the competent tax authorities the taxes described in Section 3.2 of this Schedule 3 for sales of the Custom B2B Applications to VPP Customers located in the following countries:

United States

EXHIBIT C

For the purposes of this Schedule 3, You agree to identify and designate a price tier of 10-85 for each of Your Custom B2B Applications and a price tier of 1-85 for each In App Purchases within Your Custom B2B Applications.

Tier	Customer Price USD	Proceeds, Net of Commission USD	Tier	Customer Price USD	Proceeds, Net of Commission USD
0	0.00	0.00	44	43.99	30.80
1	0.99	0.70	45	44.99	31.50
2	1.99	1.40	46	45.99	32.20
3	2.99	2.10	47	46.99	32.90
4	3.99	2.80	48	47.99	33.60
5	4.99	3.50	49	48.99	34.30
6	5.99	4.20	50	49.99	35.00
7	6.99	4.90	51	54.99	38.50
8	7.99	5.60	52	59.99	42.00
9	8.99	6.30	53	64.99	45.50
10	9.99	7.00	54	69.99	49.00
11	10.99	7.70	55	74.99	52.50
12	11.99	8.40	56	79.99	56.00
13	12.99	9.10	57	84.99	59.50
14	13.99	9.80	58	89.99	63.00
15	14.99	10.50	59	94.99	66.50
16	15.99	11.20	60	99.99	70.00
17	16.99	11.90	61	109.99	77.00
18	17.99	12.60	62	119.99	84.00
19	18.99	13.30	63	124.99	87.50
20	19.99	14.00	64	129.99	91.00
21	20.99	14.70	65	139.99	98.00
22	21.99	15.40	66	149.99	105.00
23	22.99	16.10	67	159.99	112.00
24	23.99	16.80	68	169.99	119.00
25	24.99	17.50	69	174.99	122.50
26	25.99	18.20	70	179.99	126.00
27	26.99	18.90	71	189.99	133.00
28	27.99	19.60	72	199.99	140.00
29	28.99	20.30	73	209.99	147.00
30	29.99	21.00	74	219.99	154.00
31	30.99	21.70	75	229.99	161.00
32	31.99	22.40	76	239.99	168.00
33	32.99	23.10	77	249.99	175.00
34	33.99	23.80	78	299.99	210.00
35	34.99	24.50	79	349.99	245.00
36	35.99	25.20	80	399.99	280.00
37	36.99	25.90	81	449.99	315.00
38	37.99	26.60	82	499.99	350.00
39	38.99	27.30	83	599.99	420.00
40	39.99	28.00	84	699.99	490.00
41	40.99	28.70	85	799.99	560.00
42	41.99	29.40	86	899.99	630.00
43	42.99	30.10	87	999.99	700.00

Customer Price is the price displayed to the End-user on the App Store. The agreed remittance currency is USD. Customers are charged the following currencies in the following countries:

- USD: United States

EXHIBIT D

1. Delivery of Custom B2B Applications to End-users in the United States

Where You designate Apple Inc. to allow access to the Custom B2B Applications to End-users in the United States:

1.1 If You are not a resident of the United States for U.S. federal income tax purposes, You will complete Internal Revenue Service Form W-8BEN and/or any other required tax forms and provide Apple with a copy of such completed form(s), and any other information necessary for compliance with applicable tax laws and regulations, as instructed on the iTunes Connect site.

1.2 If Apple, in its reasonable belief, determines that any state or local sales, use or similar transaction tax may be due from Apple or You in connection with the sale or delivery of any of the Custom B2B Applications, Apple will collect and remit those taxes to the competent tax authorities. To the extent that the incidence of any such tax, or responsibility for collecting that tax, falls upon You, You authorize Apple to act on Your behalf in collecting and remitting that tax, but to the extent that Apple has not collected any such tax, or has not received reimbursement for that tax, from End-users, You shall remain primarily liable for the tax, and You will reimburse Apple for any tax payments that Apple is required to make, but is not otherwise able to recover.

1.3 In the event that You incur liability for income tax, franchise tax, business and occupation tax, or any similar taxes based on Your income, You shall be solely responsible for that tax.

EXHIBIT E

Instructions for Minimum Terms of Developer's End-User License Agreement

1. Acknowledgement: You and the End-user must acknowledge that the EULA is concluded between You and the End-user only, and not with Apple, and You, not Apple, are solely responsible for the Custom B2B Application and the content thereof. The EULA may not provide for usage rules for Custom B2B Applications that are less restrictive than the Usage Rules set forth for Custom B2B Applications in, or otherwise be in conflict with, the App Store Terms of Service as of the Effective Date (which You acknowledge You have had the opportunity to review).

2. Scope of License: The license granted to the End-user for the Custom B2B Application must be limited to a non-transferable license to use the Custom B2B Application on an iOS Product that the End-user owns or controls and as permitted by the Usage Rules set forth in the App Store Terms of Service.

3. Maintenance and Support: You must be solely responsible for providing any maintenance and support services with respect to the Custom B2B Application, as specified in the EULA, or as required under applicable law. You and the End-user must acknowledge that Apple has no obligation whatsoever to furnish any maintenance and support services with respect to the Custom B2B Application.

4. Warranty: You must be solely responsible for any product warranties, whether express or implied by law, to the extent not effectively disclaimed. The EULA must provide that, in the event of any failure of the Custom B2B Application to conform to any applicable warranty, the End-user may notify Apple, and Apple will refund the purchase price for the Custom B2B Application to that End-user; and that, to the maximum extent permitted by applicable law, Apple will have no other warranty obligation whatsoever with respect to the Custom B2B Application, and any other claims, losses, liabilities, damages, costs or expenses attributable to any failure to conform to any warranty will be Your sole responsibility.

5. Product Claims: You and the End-user must acknowledge that You, not Apple, are responsible for addressing any claims of the End-user or any third party relating to the Custom B2B Application or the end-user's possession and/or use of that Custom B2B Application, including, but not limited to: (i) product liability claims; (ii) any claim that the Custom B2B Application fails to conform to any applicable legal or regulatory requirement; and (iii) claims arising under consumer protection or similar legislation. The EULA may not limit Your liability to the End-user beyond what is permitted by applicable law.

6. Intellectual Property Rights: You and the End-user must acknowledge that, in the event of any third party claim that the Custom B2B Application or the End-user's possession and use of that Custom B2B Application infringes that third party's intellectual property rights, You, not Apple, will be solely responsible for the investigation, defense, settlement and discharge of any such intellectual property infringement claim.

7. Legal Compliance: The End-user must represent and warrant that (i) he/she is not located in a country that is subject to a U.S. Government embargo, or that has been designated by the U.S. Government as a "terrorist supporting" country; and (ii) he/she is not listed on any U.S. Government list of prohibited or restricted parties.

8. Developer Name and Address: You must state in the EULA Your name and address, and the contact information (telephone number; E-mail address) to which any End-user questions, complaints or claims with respect to the Custom B2B Application should be directed.

9. Third Party Terms of Agreement: You must state in the EULA that the End-user must comply with applicable third party terms of agreement when using Your Application, e.g., if You have a VoIP application, then the End-user must not be in violation of their wireless data service agreement when using Your Application.

10. Third Party Beneficiary: You and the End-user must acknowledge and agree that Apple, and Apple's subsidiaries, are third party beneficiaries of the EULA, and that, upon the End-user's acceptance of the terms and conditions of the EULA, Apple will have the right (and will be deemed to have accepted the right) to enforce 3 the EULA against the End-user as a third party beneficiary thereof.

Exhibit 21.01

GLU MOBILE INC.

Subsidiaries as of March 14, 2012

Name of Subsidiary	State or Other Jurisdiction of Incorporation or Organization
Beijing Qinwang Technology Co. Ltd.	People's Republic Of China
Beijing Zhangzhong MIG Information Technology Co. Ltd.	People's Republic Of China
Blammo Games Inc.	Ontario, Canada
Glu Games Inc.	Delaware
Glu Mobile Brasil Ltda	Brazil
Glu Mobile GmbH	Germany
Glu Mobile Limited	Hong Kong
Glu Mobile Limited	United Kingdom
Glu Mobile LLC	Delaware
Glu Mobile (Russia) Ltd.	United Kingdom
Glu Mobile SARL	France
Glu Mobile SRL	Italy
Glu Mobile S.L.	Spain
Glu Mobile Technology (Beijing) Co. Ltd.	People's Republic Of China
Griptonite, Inc.	Washington
Maverick Mobile Entertainment (Beijing) Limited	People's Republic Of China

We have omitted certain subsidiaries which, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2011.

Exhibit 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-141487, 333-149996, 333-157959, 333-165813, 333-172983 and 333-176318) of Glu Mobile Inc. of our report dated March 14, 2012 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Jose, California
March 14, 2012

EXHIBIT 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A)/15D-14(A) OF THE SECURITIES EXCHANGE ACT AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Niccolo M. de Masi, certify that:

1. I have reviewed this Annual Report on Form 10-K of Glu Mobile 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 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2012

/s/ Niccolo M. de Masi

Niccolo M. de Masi
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A)/15D-14(A) OF THE SECURITIES EXCHANGE ACT AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Eric R. Ludwig, certify that:

1. I have reviewed this Annual Report on Form 10-K of Glu Mobile 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 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2012

/s/ Eric R. Ludwig

Eric R. Ludwig
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. §1350

The undersigned, Niccolo M. de Masi, the President and Chief Executive Officer of Glu Mobile Inc. (the "Company"), pursuant to 18 U.S.C. §1350, hereby certifies that:

(i) the Annual Report on Form 10-K for the period ended December 31, 2011 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 14, 2012

By: /s/ Niccolo M. de Masi
Niccolo M. de Masi
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO §18 U.S.C. SECTION 1350

The undersigned, Eric R. Ludwig, the Senior Vice President, Chief Financial Officer and Chief Administrative Officer of Glu Mobile Inc. (the "Company"), pursuant to 18 U.S.C. §1350, hereby certifies that:

(i) the Annual Report on Form 10-K for the period ended December 31, 2011 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and.

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 14, 2012

By: /s/ Eric R. Ludwig
Eric R. Ludwig
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)