

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

Form 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2016
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number: 001-35444

YELP INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

20-1854266
(I.R.S. Employer Identification No.)

140 New Montgomery Street, 9th Floor
San Francisco, California 94105
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (415) 908-3801

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 \$0.000001 per share	New York Stock Exchange LLC

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

None

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

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

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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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$2,076,475,388 as of June 30, 2016, the last day of the registrant's most recently completed second fiscal quarter, based upon the closing sale price of the registrant's common stock on the New York Stock Exchange LLC reported for June 30, 2016. Excludes an aggregate of 564,416 shares of the registrant's Class A common stock and 8,285,277 shares of the registrant's Class B common stock held by officers, directors, affiliated stockholders and The Yelp Foundation as of June 30, 2016. For purposes of determining whether a stockholder was an affiliate of the registrant at June 30, 2016, the registrant assumed that a stockholder was an affiliate of the registrant if such stockholder (i) beneficially owned 10% or more of the registrant's capital stock, as determined based on public filings, and/or (ii) was an executive officer or director, or was affiliated with an executive officer or director, of the registrant at June 30, 2016. Exclusion of such shares should not be construed to indicate that any such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant or that such person is controlled by or under common control with the registrant.

As of February 23, 2017, there were 79,602,606 shares of the registrant's common stock, par value \$0.000001 per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2017 Annual Meeting of Stockholders to be filed with the U.S. Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference in Part III, Items 10-14 of this Annual Report on Form 10-K.

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Unless the context suggests otherwise, references in this Annual Report on Form 10-K (the “Annual Report”) to “Yelp,” the “Company,” “we,” “us” and “our” refer to Yelp Inc. and, where appropriate, its subsidiaries.

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Unless the context otherwise indicates, where we refer in this Annual Report to our “mobile application” or “mobile app,” we refer to all of our applications for mobile-enabled devices; references to our “mobile platform” refer to both our mobile app and the versions of our website that are optimized for mobile-based browsers. Similarly, references to our “website” refer to versions of our website dedicated to both desktop- and mobile-based browsers, as well as the U.S. and international versions of our website.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that involve risks, uncertainties and assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Annual Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management, which are in turn based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section entitled “*Risk Factors*” included under Part I, Item 1A below. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

NOTE REGARDING METRICS

We review a number of performance metrics to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions. Please see the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics*” for information on how we define our key metrics. Unless otherwise stated, these metrics do not include metrics from Yelp Eat24 or Yelp Reservations or from our business owner products.

While our metrics are based on what we believe to be reasonable calculations, there are inherent challenges in measuring usage across our large user base. Certain of our performance metrics, including the number of unique devices accessing our mobile app, are tracked with internal company tools, which are not independently verified by any third party and have a number of limitations. For example, our metrics may be affected by mobile applications that automatically contact our servers for regular updates with no discernible user action involved; this activity can cause our system to count the device associated with the app as an app unique device in a given period.

Our metrics that are calculated based on data from third parties — the number of desktop and mobile website unique visitors — are subject to similar limitations. Our third-party providers periodically encounter difficulties in providing accurate data for such metrics as a result of a variety of factors, including human and software errors. In addition, because these traffic metrics are tracked based on unique cookie identifiers, an individual who accesses our website from multiple devices with different cookies may be counted as multiple unique visitors, and multiple individuals who access our website from a shared device with a single cookie may be counted as a single unique visitor. As a result, the calculations of our unique visitors may not accurately reflect the number of people actually visiting our website.

Our measures of traffic and other key metrics may also differ from estimates published by third parties (other than those whose data we use to calculate such metrics) or from similar metrics of our competitors. We are continually seeking to improve our ability to measure these key metrics, and regularly review our processes to assess potential improvements to their accuracy. From time to time, we may discover inaccuracies in our metrics or make adjustments to improve their accuracy, including adjustments that may result in the recalculation of our historical metrics. We believe that any such inaccuracies or adjustments are immaterial unless otherwise stated.

PART I

Item 1. Business.

Company Overview

Yelp connects people with great local businesses by bringing “word of mouth” online and providing a platform for businesses and consumers to engage and transact. As of December 31, 2016, our users had contributed approximately 121.0 million cumulative reviews of almost every type of local business, making us the leading local business review site in the United States.

Our platform provides value to consumers and businesses alike by connecting consumers with great local businesses at the critical moment when they are deciding where to spend their money. The key strengths of our platform include:

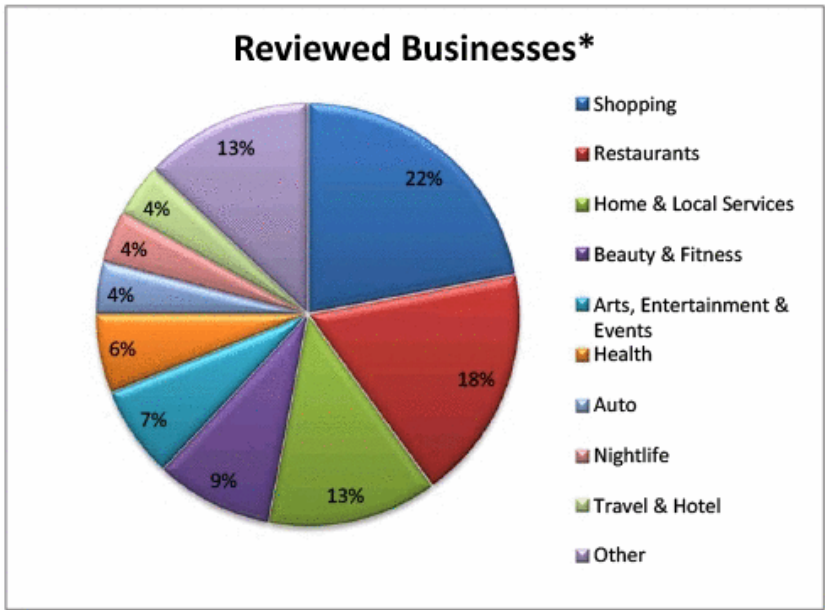
- *Discovery.* Our platform is transforming the way people discover local businesses. Each day, millions of consumers visit our website or use our mobile app to find great local businesses to meet their everyday needs. Our strong brand and the quality of our content have enabled us to attract this large audience with relatively low traffic acquisition costs.
- *Engagement.* Yelp provides a platform for consumers to share their everyday local business experiences with other consumers by posting reviews, tips, photos and videos, and to engage directly with businesses, through reviews, our Request-A-Quote and Message the Business features, and by completing transactions on the Yelp Platform. Yelp also provides businesses of all sizes with a variety of free and paid services that help them engage with consumers. Businesses can register a business account for free and “claim” the Yelp business listing page for each of their locations, allowing them to provide additional information about their business and respond to reviews, among other features.
- *Advertising.* Businesses that want to reach our large audience of purchase intent-driven consumers can also pay for premium services to promote themselves through targeted search advertising, discounted offers and further enhancements to their business listing pages. We generate revenue primarily from the sale of advertising on our website and mobile app to businesses. During the year ended December 31, 2016, we generated net revenue of \$713.1 million, representing 30% growth over 2015, a net loss of \$4.7 million and adjusted EBITDA of \$120.1 million. For information on how we define and calculate adjusted EBITDA and a reconciliation of this non-GAAP financial measure to net income (loss), see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures*” in this Annual Report.
- *Transactions.* The Yelp Platform allows consumers to transact with local businesses directly on Yelp through Yelp Eat24, the food ordering and delivery business we acquired in 2015, Yelp Reservations, our online reservations product, and integrations with partners ranging from Shoptiques.com (boutique shopping) to GolfNow (tee time booking) to BloomNation (flower ordering). In addition to providing consumers with a continuous experience from discovery to completion of transactions, the Yelp Platform creates an additional point of consumer engagement for local businesses.

At the heart of our business are the vibrant communities of contributors that contribute the content on our platform. These contributors provide rich, firsthand information about local businesses in the form of reviews and ratings, tips, photos and videos. Each review, tip, photo and video expands the breadth and depth of the content on our platform, which drives a powerful network effect: the expanded content draws in more consumers and more prospective contributors. Although measures of our content (including our cumulative review metric) and traffic (including our desktop and mobile unique visitors metrics) do not factor directly into the advertising arrangements we have with our advertising customers, this network effect underpins our ability to deliver clicks and ad impressions to advertisers. Increases in these metrics improve our value proposition to local businesses as they seek easy-to-use and effective advertising solutions. For this reason, we foster and support communities of contributors and make the consumer experience our highest priority.

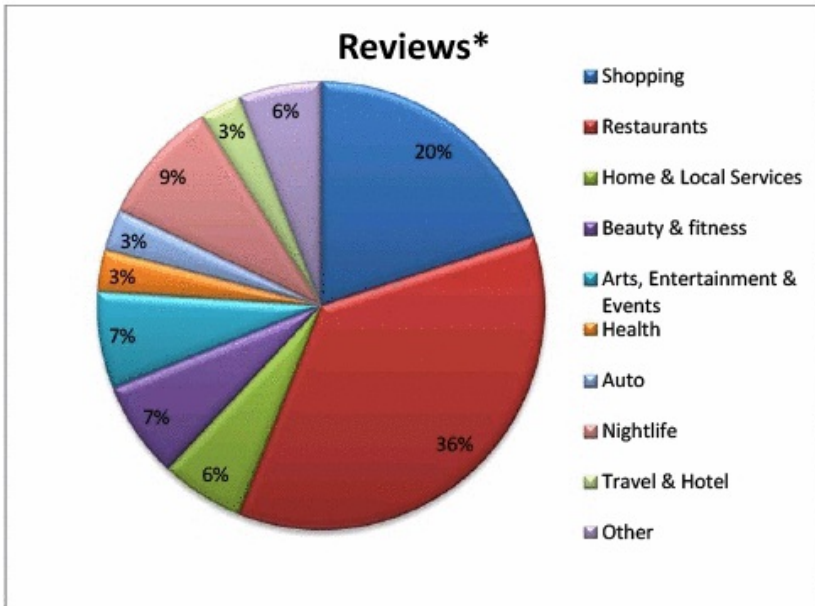
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Of the approximately 121.0 million cumulative reviews our contributors had submitted through December 31, 2016, approximately 85.7 million were recommended and available on business listing pages; approximately 26.9 million were not recommended and available on secondary pages; and approximately 8.4 million had been removed from our platform. Although they do not factor into a business’s overall star rating, we provide access to reviews that are not recommended because they provide additional perspectives and information on reviewed businesses, as well as transparency of the efficacy of our automated recommendation software.

The reviews contributed to our platform cover a wide set of local business categories, including restaurants, shopping, beauty and fitness, arts, entertainment and events, home and local services, health, nightlife, travel and hotel, auto and other categories. In the charts below, we highlight the breakdown by industry of local businesses that have received reviews on our platform and the breakdown by industry of reviews contributed to our platform through December 31, 2016.



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* The charts above include information based upon all contributed reviews and include some businesses that have received only reviews that are not recommended or have been removed.

We believe that the concentration of reviews in the restaurant and shopping categories in particular is primarily due to the frequency with which individuals visit specific businesses or engage in certain activities versus others. For example, an individual may eat at a restaurant three times in one week or go shopping once a week, but the same individual is unlikely to visit a mechanic, get a haircut or use a home or local service with the same frequency. The top five industry categories accounted for an aggregate of 77% of our advertising revenue (excluding advertising sold by partners) for the quarter ended December 31, 2016, broken down as follows: Home & Local Services, 30%; Restaurants, 15%; Beauty & Fitness, 12%; Health, 11%; and Shopping, 9%.

Our Products

Advertising

We provide both free and paid business listing products to businesses of all sizes. We also enable businesses to deliver targeted search advertising to large local audiences through our website and mobile app.

In our filings with the SEC prior to this Annual Report we classified revenue from our “local” products — consisting of business listing and advertising products that we sold directly to businesses and Yelp Reservations — as local revenue. In order to bring our revenue presentation into closer alignment with the operation of our business, we now classify revenue from all of our business listing and advertising products, including advertising sold by partners, as advertising revenue. As a result, revenue generated through ad resales and monetization of remnant advertising inventory through third-party ad networks is now classified as advertising revenue rather than other services revenue, and revenue from Yelp Reservations, a subscription service, is classified as other services revenue. All disclosures relating to revenue by product have been updated to reflect this revised classification for all periods presented.

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<i>Free Online Business Account</i>	We enable businesses to create a free online business account and claim the listing page for each of their business locations. With their free business accounts, businesses can view trends (e.g. statistics and charts of the performance of their pages on our platform), use the Revenue Estimator tool (e.g. to quantify the revenue opportunity Yelp provides), message customers (e.g. by replying to messages or reviews either publicly or privately), update information (e.g. address, hours of operation) and offer Yelp Deals and Gift Certificates (as described below).
<i>Enhanced Profile</i>	Our enhanced profile solution eliminates ads from a business's listing page and allows the business to incorporate a video clip or photo slide show on the page. Businesses can also promote a desired transaction of their choosing — such as scheduling an appointment or printing a coupon — directly on their business listing pages with our Call to Action feature. This feature transfers consumers from a business's listing page to the business's own website to complete the action.
<i>Branded Profile</i>	For businesses with ten or more locations, our branded profile solution offers the ability to incorporate a video clip or photo slide show, as well as a Call to Action button, on each location's business listing page.
<i>Search and Other Ads</i>	We allow businesses to promote themselves as a sponsored search result on our platform and on the listing pages of related businesses. We now sell ads primarily on a per-click basis, though we also offer impression-based ads.
<i>Ad Resales</i>	We also generate revenue through the resale of our advertising products by certain agencies and partners, such as YP.com, as well as monetization of remnant advertising inventory through third-party ad networks.

Transactions

In addition to our advertising products, we also offer several features and consumer-interactive tools to facilitate transactions between consumers and the local businesses they find on Yelp. We recognize revenue from these sources on a net basis as transactions revenue.

<i>Yelp Eat24</i>	Our Yelp Eat24 business generates revenue through arrangements with restaurants in which restaurants pay a commission percentage fee on orders placed through the Yelp Eat24 platform.
<i>Yelp Platform</i>	The Yelp Platform allows consumers to transact directly on Yelp through integrations with partners including Nowait, Whittl, and TicketNetwork. Consumers are currently able to check wait times and join waitlists remotely, book spa and salon appointments and purchase event tickets, among many other transaction opportunities, all without leaving Yelp.
<i>Yelp Deals</i>	Our Yelp Deals product allows local business owners to create promotional discounted deals for their products and services, which are marketed to consumers through our platform. We typically earn a fee based on the discounted price of each deal sold. We process all customer payments and remit to the business the revenue share of any Yelp Deal purchased.

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Gift Certificates

Our Gift Certificates product allows local business owners to sell full-price gift certificates directly to consumers through their business listing pages. The business chooses the price point to offer (from \$10 to \$500), and consumers may purchase Gift Certificates denominated in such amounts. We earn a fee based on the amount of the Gift Certificate sold. We process all consumer payments and remit to the business the revenue share of any Gift Certificate purchased.

Brand

Through the end of 2015, we also offered advertising solutions for national brands in the form of display advertisements and brand sponsorships. We phased out these products over the second half of 2015 and redeployed the associated internal resources, including members of our brand sales team, elsewhere within our organization. Due to certain negative trends in the broader market for brand advertising products — in particular, the shift toward programmatic advertising and increasing advertiser demand for products such as video ads that are disruptive to the consumer experience — we believe this decision will provide us with a long-term strategic advantage by allowing us to focus on our core strength of advertising to local businesses and to ensure that we continue to provide a great consumer experience. We recognized revenue from these products as brand revenue through the end of 2015.

Other Services

We generate other revenue through subscription services, licensing payments for access to Yelp data and other non-advertising, non-transaction arrangements, such as certain partnerships. We recognize revenue from these sources as other services revenue.

In our filings with the SEC prior to this Annual Report other services revenue consisted of revenue generated through partner arrangements, including resale of our advertising products by certain partners, and monetization of remnant advertising inventory through third-party ad networks. As described above, for all reporting periods presented, revenue generated from resale of our advertising products and monetization of remnant advertising inventory is now classified as advertising revenue rather than other services revenue. In addition, other services revenue now includes revenue generated from our Yelp Reservations product.

Yelp Reservations

We provide restaurants, nightlife and certain other venues with the ability to offer online reservations directly from their Yelp business listing pages through our Yelp Reservations product, which also includes front-of-house management tools. We offer this product as a monthly subscription service.

Yelp Knowledge

Our Yelp Knowledge program offers local analytics and insights through access to our historical data, and is available through integrations with companies including Sprinklr, Reputology and Revinat.

Other Partnerships

Other non-advertising partner arrangements include content licensing.

Revenue by Product

The following table provides a breakdown of our revenue by product for the years indicated, reflecting the changes to our revenue categories made in the three months ended December 31, 2016:

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	Year Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Net revenue by product:			
Advertising	\$ 645,241	\$ 471,416	\$ 335,450
Transactions	62,495	43,854	5,247
Brand advertising	-	31,012	34,482
Other services	5,333	3,429	2,357
Total net revenue	\$ 713,069	\$ 549,711	\$ 377,536

For purposes of comparison, the following table provides a breakdown of our revenue by product for the years indicated based on our revenue categories in effect prior to the three months ended December 31, 2016:

	Year Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Net revenue by product:			
Local	\$ 624,694	\$ 448,236	\$ 319,137
Transactions	62,495	43,854	5,247
Brand advertising	-	31,012	34,482
Other services	25,880	26,609	18,670
Total net revenue	\$ 713,069	\$ 549,711	\$ 377,536

Our Strategy

Our mission is to connect people with great local businesses. We focus on the following key strategies to grow our business, audience of consumers and advertiser base:

- *Grow Our Communities.* As the number of contributors and consumers within Yelp communities continues to grow, we expect our platform to become more widely known and relevant to broader audiences, further driving the growth of reviews, consumers and local business activity. While organic growth driven by our community development efforts continues to be our primary marketing strategy, we began supplementing these efforts with advertising campaigns aimed at increasing consumer awareness of Yelp in 2014. In 2017, we plan to continue investing in marketing to leverage our brand and benefit from these network dynamics and plan to allocate a greater proportion of our advertising budget to performance marketing with the goal of expanding consumer usage, among others.
- *Increase Engagement.* By continuing to develop a feature-rich experience for consumers, we believe we can increase the number of visits and searches per user. We plan to continue to invest in the development of our mobile platform, and our mobile app in particular, to take advantage of the growing number of consumers accessing Yelp through their mobile devices. Our focus will be on providing additional in-app messaging opportunities, refined search options and social features to better facilitate sharing. With mobile users already generating a majority of our new content, we believe that this approach will be an effective driver of the network effect described above.
- *Expand Our Reach.* We will also continue exploring ways to make our content more widely available, including on new and evolving platforms and distribution channels, such as automobile navigation systems, wearable devices and voice-activated home devices. For example, Apple's Siri and Amazon's Alexa personal assistant programs currently access Yelp content to respond to local search queries.

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- *Provide a Great Consumer Experience.* We believe that providing a great consumer experience has been and will continue to be critical to growing our business; accordingly, as we explore opportunities to monetize our products, we remain committed to a high standard of user experience. We will not incorporate advertising or other products or solutions that we believe may excessively degrade the user experience and potentially alienate users, even if they might result in increased short-term monetization. We also plan to continue our consumer protection efforts. In 2016, for example, we expanded the municipal hygiene inspection data available on business listing pages and our consumer alerts program. We also supported federal legislation banning “gag clause” provisions in consumer-form contracts that seek to prevent consumers from writing negative reviews online, which was signed into law as The Consumer Review Fairness Act of 2016.
- *Focus on Transactions.* As of December 31, 2016, we were recognizing advertising revenue from approximately 137.8 thousand advertising and subscription accounts (formerly referred to as local advertising accounts); with approximately 3.4 million businesses on our platform as of that date, we believe there is significant opportunity to increase the number of businesses advertising on Yelp. We believe the continued expansion of our transaction capabilities will not only drive further consumer engagement, but also attract additional business customers. To that end, in 2016, we expanded the number of transactions-enabled businesses and categories, streamlined the checkout process and made our Request-A-Quote feature available to logged-out traffic, allowing millions more consumers to seamlessly connect with merchants and service providers. In 2017, we plan to continue to innovate and explore ways to expand our transactions functionalities, as well as promote our existing capabilities through direct marketing.
- *Attract More Businesses.* In addition to expanding our transactions capabilities, we believe that new business owner products and comprehensive tools to measure the effectiveness of our products will encourage businesses to advertise on our platform. For example, in 2016, we launched new reporting, messaging and advertising-management features for our Yelp for Business Owners app. We will also continue our local business outreach efforts, which include educating local businesses on how Yelp provides value to them as well as engaging with business owners to gain insight into how we can improve our products and services. In 2016, we held our second annual business leader summit, which brought 100 entrepreneurs representing 80 communities in the United States and Canada to our offices for two days of conversation and strategizing, and joined the U.S. Small Business Administration’s Technology Coalition to help small businesses better leverage technology by providing digital education and resources.
- *Broaden Sales Strategy.* Our core strength is our advertising business in the United States and Canada. This business has a significant and growing base of revenue, and we plan to continue to pursue initiatives to enhance our opportunity in this area. We have invested, and will continue to invest, aggressively in sales resources, including increases in headcount and initiatives to increase sales force productivity. In addition to growing our established direct sales force, we are broadening our sales strategy to address the revenue opportunity from existing customers, new advertisers and new products. This includes developing new and evolving sales channels, such as our self-serve advertising channel, which provides business owners with convenient options for purchasing our products, and partnerships with select marketing agencies and resellers to provide large and medium-sized advertisers with greater access to our products. We believe these ongoing investments will lead to additional businesses advertising on Yelp.
- *Expand Our Portfolio of Revenue-Generating Products.* We plan to continue to grow and develop products and partner arrangements that provide incremental value to our advertisers and business partners to encourage them to increase their advertising budgets allocated to our platform. In 2016, for example, we began monetizing Yelp data through our Yelp Knowledge program, which offers local analytics and insights through access to our historical data.

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Marketing

Community Management

We establish Yelp communities through a pre-launch content development phase, followed by a hiring of a Community Manager, leading to review growth and consumer activity, which, at scale, supports our sales efforts to local businesses. We have a team of Community Managers and Community Ambassadors based across the United States, Canada, and, prior to the fourth quarter of 2016, 30 other countries worldwide. In the fourth quarter of 2016, we wound down our marketing activities in markets outside the United States and Canada, where we believe the long-term return on continued investment to be lower than opportunities for Yelp within our core markets.

Our community management team's primary goals are to support and grow their local communities of contributors, raise brand awareness and engage with their surrounding communities through:

- planning and executing fun and engaging events for the community, such as parties, outings and activities at restaurants, museums, hotels and other local places of interest;
- getting to know community members and helping them get to know one another to foster an offline community experience that can be transferred online;
- promoting Yelp, including guest appearances on local television and radio, and at local events such as concerts and street fairs; and
- writing weekly e-mail newsletters to share information with the community about local businesses, events and activities.

Through these activities, we believe our community management team helps us increase awareness of our platform and grow avid communities who are willing to contribute content to our platform. These active contributors may be invited to attend sponsored social events, but do not receive compensation for their contributions. This community growth drives the network effect whereby contributed reviews expand the breadth and depth of our content base. This expansion draws an increasing number of consumers to access the content on our platform, thus inspiring new and existing contributors to create additional reviews that can be shared with this growing audience.

To further illustrate the development of Yelp communities as they scale, we highlight below our review and revenue metrics for three cohorts of Yelp communities in the United States: the Yelp communities that we launched in 2005-2006; the Yelp communities that we launched in 2007-2008; and the Yelp communities that we launched in 2009-2010.

U.S. Market Cohort	Number of Yelp Communities⁽¹⁾	Average Cumulative Reviews as of end of Q4 2016⁽²⁾	Year-Over-Year Growth in Average Cumulative Reviews⁽³⁾	Average Advertising Revenue in Q4 2016⁽⁴⁾	Year-Over-Year Growth in Average Advertising Revenue⁽⁵⁾
2005 – 2006 Cohort	6	7,543	24%	\$ 10,985	30%
2007 – 2008 Cohort	14	1,711	27%	\$ 3,328	37%
2009 – 2010 Cohort	18	635	33%	\$ 883	35%

(1) A Yelp community is defined as a city or region in which we have hired a Community Manager.

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- (2) Average cumulative reviews is defined as the total cumulative reviews of the cohort as of December 31, 2016 (in thousands), including the reviews that were not recommended or had been removed from our platform, divided by the number of Yelp communities in the cohort.
- (3) Year-over-year growth in average cumulative reviews compares the average cumulative reviews as of December 31, 2016 with the average cumulative reviews as of December 31, 2015.
- (4) Average advertising revenue is defined as the total advertising revenue from businesses in the cohort for the quarter ended December 31, 2016 (in thousands), divided by the number of Yelp communities in the cohort.
- (5) Year-over-year growth in average advertising revenue compares average advertising revenue for the quarter ended December 31, 2016 with the average advertising revenue for the quarter ended December 31, 2015.

In general, the Yelp communities in our earlier U.S. community cohorts are more populous than those in later cohorts, and we have already entered many of the largest cities in the United States and Canada. For these and other reasons, launching additional communities may not yield results similar to those of our existing communities. As a result, we continue to believe that development of our existing communities currently provides the greatest opportunity for growth, and plan to focus our community development efforts on existing communities in 2017.

Advertising

We have historically focused on organic and viral growth driven by the community development efforts of our community management team, as described above. While community development continues to be our primary marketing strategy, we believe there is significant opportunity to increase our brand awareness and usage through targeted advertising programs. We began selectively testing advertising to consumers in the second half of 2014, and launched our first television advertising campaign in 2015, with the aim of increasing consumer awareness of our brand. We plan to continue investing in various advertising channels in 2017, with a greater portion of our advertising budget allocated to performance advertising with the objectives of increasing app usage, transaction volumes and new business customers. Our marketing expenses may continue to increase if we significantly expand these efforts to attract additional consumers and businesses.

Sales

We sell our products directly through our sales force, indirectly through partners and online through our website. Our advertising sales force consisted of 2,450 employees as of December 31, 2016 and is located across our offices in San Francisco, California; Scottsdale, Arizona; New York, New York; and Chicago, Illinois. From 2012 to 2016, we also had sales operations in Europe, including in Dublin, Ireland and Hamburg, Germany. In the fourth quarter of 2016, however, we wound down our sales activities in markets outside the United States and Canada, where we believe the long-term return on continued investment to be lower than opportunities for Yelp within our core markets.

Direct Sales. A large majority of our sales force is dedicated to selling our advertising products, with a significantly smaller component responsible for selling Yelp Eat24 and Yelp Reservation products. Sales representatives are primarily responsible for generating qualified sales leads by identifying and contacting businesses through direct engagement, direct marketing campaigns and weekly e-mails to claimed local businesses. Our direct sales force is focused on increasing revenue by adding new customers, and sales representatives are typically compensated on the basis of advertising sold in a given period.

Sales Partnerships. Since 2014, we have allowed our partners such as YP.com to sell certain of our advertising products as part of a package with their own advertising products to its advertiser bases. The products covered by these arrangements include our enhanced profile and cost-per-click advertising. We continue to explore additional partnerships for the sale or bundling of our products, as well as with select marketing agencies.

Self-Service Ads. Our online, or self-service, sales channel allows businesses to purchase advertising solutions directly from our website. Businesses can purchase performance-based cost-per-click sponsored search advertising directly through this channel. We are continuing to test approaches to this sales channel, including by offering the option of speaking with a sales representative.

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Account Management. While the focus of our sales force has historically been on adding new customers, we also see opportunity to deepen our relationships with existing customers. To this end, our account management team supports existing business advertisers through client success, cross-selling and retention initiatives. Members of our account management team are currently compensated primarily through fixed salaries rather than on commissions.

Technology

Product development and innovation are core pillars of our strategy. We aim to delight our users and business partners with our products. We provide our web-based and mobile services using a combination of in-house and third-party technology solutions and products.

- *Search and Ranking Technology.* We leverage the data stored on our platform and our proprietary indexing and ranking techniques to provide our users with contextual, relevant and up-to-date results to their search queries. For example, a consumer desiring environmentally friendly carpet cleaners does not have to call individual cleaners to inquire about their use of chemical-based cleaning solutions. Instead, the consumer can search for “environmentally-friendly carpet cleaners” on Yelp and discover cleaners with the best service and “green” cleaning products that serve a specific neighborhood.
- *Recommendation Software.* We employ our proprietary automated recommendation software to analyze and screen all reviews submitted to our platform. We believe our recommendation technology is one of the key contributors to the quality and integrity of the reviews on our platform and the success of our service. See “—Consumer Protection Efforts” below for additional details regarding our recommendation software.
- *Mobile Solutions.* The number of people who access information about local businesses through mobile devices has increased dramatically over the past few years and is expected to continue to increase. We have seen substantial growth in mobile usage, and anticipate that growth in use of our mobile platform will be the driver of our growth for the foreseeable future. Our most engaged users are on our mobile app, making it particularly critical to our continued success. For example, in the quarter ended December 31, 2016, our mobile devices accounted for approximately 73% of all searches and approximately 66% of all ad clicks on our platform, compared to 70% and 63%, respectively, in the quarter ended December 31, 2015. To take advantage of this trend, we have invested significant resources into the development of our comprehensive mobile platform for consumers supporting the major smartphone operating systems available today, iOS and Android. Over time, we have enhanced the functionality of our mobile platform, such that it provides similar and, in some areas, greater functionality than our website. Some of the innovations we introduced through our mobile platform include “check-ins,” “tips,” “comments,” “Nearby” and “Monocle,” our augmented reality feature. More recently, we also launched a mobile app for business owners, designed to make it easier for them to engage with their customers and manage their Yelp profiles. The Yelp for Business Owners app is currently available for iOS and Android.
- *Advertising Technologies.* We use proprietary ad targeting and delivery technologies designed to provide relevant local advertisements. Our proprietary ad delivery system leverages our unique repository of data to provide useful ads to users and high value leads to advertisers.
- *Infrastructure.* Our web and mobile platforms are currently hosted from multiple locations, primarily through Amazon Web Services. We also host parts of our infrastructure within shared data environments in California and Virginia, as well as with third-party leased server providers. Our web and mobile platforms are designed to have high availability, from the Internet connectivity providers we choose, to the servers, databases and networking hardware that we deploy. We design our systems such that the failure of any individual component is not expected to affect the overall availability of our platform. We also leverage other third-party Internet-based (cloud) services such as rich-content storage, map-related services, ad serving and bulk processing.
- *Network Security.* Computer viruses, malware, phishing attacks, denial-of-service and other attacks and similar disruptions from unauthorized use of computer systems have become more prevalent in our industry, have occurred on our systems in the past and we expect them to occur periodically on our systems in the future. For this reason, our platform includes a host of encryption, antivirus, firewall and patch-management technologies designed to help protect and maintain the systems located at data centers as well as other systems and computers across our business.

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Consumer Protection Efforts

Our success depends on our ability to maintain consumer trust in our solutions and in the quality and integrity of the user content and other information found on our platform. We dedicate significant resources to the goal of maintaining and enhancing the quality, authenticity and integrity of the reviews on our platform, primarily through the following methods:

Automated Recommendation Software. We use proprietary software to analyze the relevance, reliability and utility of each review submitted to our platform. The software applies the same objective standards to each review based on a wide range of data associated with the review and reviewer, regardless of whether the business being reviewed advertises on Yelp. These objective standards include various measures of relevance, reliability and utility, such as the reviewer's type and level of activity with Yelp (which might correspond to the reviewer's reliability or suggest reviewer biases) and whether certain reviews originate from related Internet Protocol addresses (which might mean the reviews were submitted by the same person). The results of this analysis can change over time as the software factors in new information, which may result in reviews that were previously recommended becoming not recommended, and reviews that were previously not recommended being restored to recommended status. Reviews that the software deems to be the most useful and reliable are published directly on business listing pages, though neither we nor the software purport to establish whether or not any individual review is authentic. As of December 31, 2016, our software was recommending approximately 71% of the reviews submitted to our platform. Reviews that are not recommended are published on secondary pages and do not factor into a business's overall star rating. As of December 31, 2016, approximately 22% of the reviews submitted to our platform were not recommended but still accessible on our platform.

Sting Operations. We routinely conduct sting operations to identify businesses and individuals who offer or receive cash, discounts or other benefits in exchange for reviews. For example, we may respond to advertisements offering to pay for reviews that are posted on Craigslist, Facebook and other platforms. We also receive and investigate tips from our users about potential paid reviews. If we identify or confirm any such issues through our investigations, we typically pursue one or more of the courses of action described below (each of which we may also employ on a stand-alone basis).

Consumer Alerts Program. We issue consumer alert warnings on business listing pages from time to time when we encounter suspicious activity that we believe is indicative of attempts to deceive or mislead consumers. For example, we may issue a consumer alert if we encounter a business attempting to purchase favorable reviews, or if a large number of favorable reviews are submitted from the same Internet Protocol address. Consumer alerts generally remain in effect for 90 days, or longer if the deceptive practices continue.

Coordination with Law Enforcement. We regularly cooperate with law enforcement and consumer protection agencies to investigate and identify businesses and individuals who may be engaged in false advertising or deceptive business practices relating to reviews. For example, in 2013, we assisted the New York Attorney General with "Operation Clean Turf," an undercover investigation targeting review manipulation that resulted in 19 companies agreeing to pay more than \$350,000 in fines to the State of New York. In 2016, in a continuation of this investigation, the New York Attorney General announced settlements with six additional businesses that tried to mislead consumers, resulting in the businesses agreeing to pay fines and to take measures to increase the honesty and transparency of their online reviews.

Legal Action. Our terms of service prohibit the buying and selling of reviews, as well as writing fake reviews. In egregious cases, we take legal action against businesses we believe to be engaged in deceptive practices based on these prohibitions.

Removal of Reviews. We regularly remove reviews from our platform that we believe violate our terms of service, including, without limitation: fake or defamatory reviews; content that has been bought, sold or traded; threatening, harassing or lewd content, as well as hate speech and other displays of bigotry; and content that violates the rights of any third party or any applicable law. Users can access information about reviews that we have removed for a particular business by clicking on a link on the business's listing page. As of December 31, 2016, approximately 7% of the reviews submitted to our platform had been removed.

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Intellectual Property

We rely on federal, state, common law and international rights, as well as contractual restrictions, to protect our intellectual property. We control access to our proprietary technology and algorithms by entering into confidentiality and inventions assignment agreements with our employees and contractors, as well as confidentiality agreements with third parties.

In addition to these contractual arrangements, we also rely on a combination of patent, trade secrets, copyrights, trademarks, service marks and domain names to protect our intellectual property. We pursue the registration of our copyrights, trademarks, service marks and domain names in the United States and in certain locations internationally. Our registration efforts have focused on gaining protection of our trademarks for Yelp and the Yelp burst logo, among others. These marks are material to our business and essential to our brand identity as they enable others to easily identify us as the source of the services offered under these marks. We currently have limited patent protection for our core business, which may make it more difficult to assert certain of our intellectual property rights. For example, the contractual restrictions and trade secrets that protect our proprietary technology and algorithms provide only a limited safeguard against infringement.

Circumstances outside our control could pose a threat to our intellectual property rights. For example, effective intellectual property protection may not be available in the United States or other countries in which we operate. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Protecting our intellectual property rights is also costly and time consuming. Any unauthorized disclosure or use of our intellectual property could make it more expensive to do business and harm our operating results.

Companies in the Internet, technology and media industries own large numbers of patents and other intellectual property rights, and frequently request license agreements or threaten to enter into litigation based on allegations of infringement or other violations of such rights. From time to time, we receive notice letters from patent holders alleging that certain of our products and services infringe their patent rights. We are also currently subject to, and expect to face in the future, allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors and non-practicing entities. As we face increasing competition and as our business grows, we will likely face more claims of infringement.

Competition

The market for information regarding local businesses and advertising is intensely competitive and rapidly changing. We compete for consumer traffic with traditional, offline local business guides and directories as well as online providers of local and web search. We also compete for a share of businesses' overall advertising budgets with traditional, offline media companies and other Internet marketing providers. Our competitors include the following types of businesses:

- *Offline.* Competitors include offline media companies and service providers, many of which have existing relationships with businesses. Services provided by competitors range from yellow pages listings to direct mail campaigns to advertising and listing services in local newspapers, magazines, television and radio.
- *Online.* Competitors also include Internet search engines, such as Google and Bing, review and social media websites as well as various other online service providers. These include regional websites that may have strong positions in particular markets.

Our competitors may enjoy competitive advantages, such as greater name recognition, longer operating histories, substantially greater market share, established marketing relationships with, and access to, large existing user bases and substantially greater financial, technical and other resources. These companies may use these advantages to offer products similar to ours at a lower price, develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, technologies, standards or client requirements. Certain competitors could also use strong or dominant positions in one or more markets to gain competitive advantage against us in markets in which we operate.

We compete on the basis of a number of factors. We compete for consumer traffic on the basis of factors including: the reliability of our content; the breadth, depth and timeliness of information; and the strength and recognition of our brand. We compete for businesses' advertising budgets on the basis of factors including: the size of our consumer audience; the effectiveness of our advertising solutions; our pricing structure; and recognition of our brand.

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Government Regulation

As a company conducting business on the Internet, we are subject to a variety of laws in the United States and abroad that involve matters central to our business, including laws regarding privacy, data retention, distribution of user-generated content, consumer protection and data protection, among others. For example:

- *Privacy.* Because we receive, store and process personal information and other user data, including credit card information in certain cases, we are subject to numerous federal, state and local laws around the world regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other user data.
- *Liability for Third-Party Action.* We rely on laws limiting the liability of providers of online services for activities of their users and other third parties.
- *Advertising.* We are subject to a variety of laws, regulations and guidelines that regulate the way we distinguish paid search results and other types of advertising from unpaid search results.
- *Information Security and Data Protection.* The laws in many jurisdictions require companies to implement specific information security controls to protect certain types of information. Likewise, many jurisdictions have laws in place requiring companies to notify users if there is a security breach that compromises certain categories of their information.

Many of these laws and regulations are still evolving and could be interpreted in ways that harm our business. The application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate. They may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. For example, regulatory frameworks for privacy issues are currently in flux worldwide, and are likely to remain so for the foreseeable future. Similarly, laws providing immunity to websites that publish user-generated content are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement and other theories based on the nature and content of the materials searched, the ads posted or the content provided by users. Changes in existing laws or regulations or their interpretations, as well as new legislation or regulations, could increase our administrative costs and make it more difficult for consumers to use our platform, resulting in less traffic and revenue. Such changes could also make it more difficult for us to provide effective advertising tools to businesses on our platform, resulting in fewer advertisers and less revenue.

As our business grows and evolves, we will also become subject to additional laws and regulations, including in jurisdictions outside of the United States. Foreign data protection, privacy and other laws and regulations can be more restrictive than those in the United States. Any failure on our part to comply with these laws may subject us to significant liabilities.

Our Culture and Employees

We take great pride in our company culture and consider it to be one of our competitive strengths. Our culture is at the foundation of our success, and it continues to help drive our business forward as a pivotal part of our everyday operations. It allows us to attract and retain a talented group of employees, create an energetic work environment and continue to innovate in a highly competitive market. As of December 31, 2016, we had 4,256 full-time employees globally.

Our culture extends beyond our offices and into the local communities in which people use Yelp. Our community management team's responsibilities include supporting the sharing of experiences by consumers in the local markets that they serve and increasing brand awareness. We organize events several times a year to recognize our most important contributors, facilitating face-to-face interactions, building the Yelp brand and fostering the sense of true community in which we believe so strongly. We also engage with small businesses. For example, we established the Yelp Small Business Advisory Council as a way to interact with and get feedback from our core community of local business owners. We also work with the U.S. Small Business Administration and other partners to educate small business owners across the United States on best practices for online marketing.

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In addition, The Yelp Foundation, a non-profit organization established by our board of directors in November 2011, or the Foundation, directly supports consumers and local businesses in the communities in which we operate. In 2011, our board of directors approved the contribution and issuance to the Foundation of 520,000 shares of our common stock, of which the Foundation had sold 160,000 shares as of December 31, 2016. The Foundation uses the proceeds from the sale of its shares of our common stock to make grants to local non-profit organizations that are actively engaged in supporting community and small business growth. As of December 31, 2016, the Foundation held 360,000 shares of common stock, representing less than 1% of our outstanding capital stock.

Information About Segment and Geographic Revenue

Information about segment and geographic revenue is set forth in Note 18 of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

Seasonality

Our business is affected both by cyclicalities in business activity and by seasonal fluctuations in Internet usage and advertising spending. We believe our rapid growth has masked most of the cyclicalities and seasonality of our business. As our revenue growth rate slows, we expect that the cyclicalities and seasonality in our business may become more pronounced, causing our operating results to fluctuate. In particular, based on historical trends, we expect traffic numbers to be weakest in the fourth quarter of the year in connection with end of the year holidays.

Corporate and Available Information

We were incorporated in Delaware on September 3, 2004 under the name Yelp, Inc. We changed our name to Yelp! Inc. in late September 2004 and to Yelp Inc. in February 2012. Our principal executive offices are located at 140 New Montgomery Street, 9th Floor, San Francisco, California 94105, and our telephone number is (415) 908-3801. Our website is located at www.yelp.com, and our investor relations website is located at www.yelp-ir.com.

We file or furnish electronically with the U.S. Securities and Exchange Commission, or SEC, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. We make copies of these reports available free of charge through our investor relations website as soon as reasonably practicable after we file or furnish them with the SEC. All materials we file with the SEC are available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including filings with the SEC, investor events, press and earnings releases, and blogs as part of our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for e-mail alerts and RSS feeds.

Information contained on or accessible through our websites is not incorporated into, and does not form a part of, this Annual Report or any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors.

Risks Related to Our Business and Industry

If we are unable to increase traffic to our mobile app and website, or user engagement on our platform declines, our revenue, business and operating results may be harmed.

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We derive substantially all of our revenue from the sale of impression- and click-based advertising. Because traffic to our platform determines the number of ads we are able to show, affects the value of those ads to businesses and influences the content creation that drives further traffic, slower traffic growth rates may harm our business and financial results. As a result, our ability to grow our business depends on our ability to increase traffic to and user engagement on our platform. Our traffic could be adversely affected by factors including:

- *Reliance on Internet Search Engines.* As discussed in greater detail below, we rely on Internet search engines to drive traffic to our platform, including our mobile app. However, the display, including rankings, of unpaid search results can be affected by a number of factors, many of which are not in our direct control, and may change frequently. For example, a search engine may change its ranking algorithms, methodologies or design layouts. As a result, links to our platform may not be prominent enough to drive traffic to our platform, and we may not be in a position to influence the results. Although Internet search engine results have allowed us to attract a large audience with low organic traffic acquisition costs to date, if they fail to drive sufficient traffic to our platform in the future, we may need to increase our marketing expenses, which could harm our operating results.
- *Increasing Competition.* The market for information regarding local businesses is intensely competitive and rapidly changing. If the popularity, usefulness, ease of use, performance and reliability of our products and services do not compare favorably to those of our competitors, traffic may decline.
- *Review Concentration.* Our restaurant and shopping categories together accounted for approximately 40% of the businesses that had been reviewed on our platform and approximately 56% of the cumulative reviews as of December 31, 2016. If the high concentration of reviews in these categories generates a perception that our platform is primarily limited to these categories, traffic may not increase or may decline.
- *Our Recommendation Software.* If our automated software does not recommend helpful content or recommends unhelpful content, consumers may reduce or stop their use of our platform. While we have designed our technology to avoid recommending content that we believe to be unreliable or otherwise unhelpful, we cannot guarantee that our efforts will be successful.
- *Content Scraping.* From time to time, other companies copy information from our platform without our permission, through website scraping, robots or other means, and publish or aggregate it with other information for their own benefit. This may make them more competitive and may decrease the likelihood that consumers will visit our platform to find the local businesses and information they seek. Though we strive to detect and prevent this third-party conduct, we may not be able to detect it in a timely manner and, even if we could, may not be able to prevent it. In some cases, particularly in the case of third parties operating outside of the United States, our available remedies may be inadequate to protect us against such conduct.
- *Macroeconomic Conditions.* Consumer purchases of discretionary items generally decline during recessions and other periods in which disposable income is adversely affected. As a result, adverse economic conditions may impact consumer spending, particularly with respect to local businesses, which in turn could adversely impact the number of consumers visiting our platform.
- *Internet Access.* The adoption of any laws or regulations that adversely affect the growth, popularity or use of the Internet, including laws impacting Internet neutrality, could decrease the demand for our services. Similarly, any actions by companies that provide Internet access that degrade, disrupt or increase the cost of user access to our platform could undermine our operations and result in the loss of traffic.

We also anticipate that our traffic growth rate will continue to slow over time, and potentially decrease in certain periods, as our business matures and we achieve higher penetration rates. In particular, we have already entered most major geographic markets within the United States and Canada, and we do not expect to pursue expansion in other international markets in the foreseeable future; further expansion in smaller markets may not yield similar results or sustain our growth. That our traffic growth has slowed in recent quarters even as we have expanded our operations is a reflection of this trend. As our traffic growth rate slows, our success will become increasingly dependent on our ability to increase levels of user engagement on our platform. This dependence may increase as the portion of our revenue derived from performance-based advertising increases. A number of factors may negatively affect our user engagement, including if:

- users engage with other products, services or activities as an alternative to our platform;
- there is a decrease in the perceived quality of the content contributed by our users;
- we fail to introduce new and improved products or features, or we introduce new products or features that do not effectively address consumer needs or otherwise alienate consumers;

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- technical or other problems negatively impact the availability and reliability of our platform or otherwise affect the user experience;
- users have difficulty installing, updating or otherwise accessing our platform as a result of actions by us or third parties that we rely on to distribute our products;
- users believe that their experience is diminished as a result of the decisions we make with respect to the frequency, relevance and prominence of the advertising we display; and
- we do not maintain our brand image or our reputation is damaged.

Consumers are increasingly using mobile devices to access online services. If our mobile platform and mobile advertising products are not compelling, or if we are unable to operate effectively on mobile devices, our business could be adversely affected.

The number of people who access information about local businesses through mobile devices, including smartphones, tablets and handheld computers, has increased dramatically over the past few years and is expected to continue to increase. Although many consumers access our platform both on their mobile devices and through personal computers, we have seen substantial growth in mobile usage. We anticipate that growth in use of our mobile platform will be the driver of our growth for the foreseeable future and that usage through personal computers may continue to decline. As a result, we must continue to drive adoption of and user engagement on our mobile platform, and our mobile app in particular. If we are unable to drive continued adoption of and engagement on our mobile app, our business may be harmed and we may be unable to decrease our reliance on traffic from Google and other search engines.

In order to attract and retain engaged users of our mobile platform, the mobile products and services we introduce must be compelling. However, the ways in which users engage with our platform and consume content has changed over time, and we expect it will continue to do so as users increasingly engage via mobile. This may make it more difficult to develop mobile products that consumers find useful or provide them with the information they seek, and may also negatively affect our content if users do not continue to contribute high quality content on their mobile devices. In addition, building an engaged base of mobile users may also be complicated by the frequency with which users change or upgrade their mobile services. In the event users choose mobile devices that do not already include or support our mobile app or do not install our mobile app when they change or upgrade their devices, our traffic and user engagement may be harmed.

Our success is also dependent on the interoperability of our mobile products with a range of mobile technologies, systems, networks and standards that we do not control, such as mobile operating systems like Android and iOS. We may not be successful in developing products that operate effectively with these technologies, systems, networks and standards or in creating, maintaining and developing relationships with key participants in the mobile industry, some of which may be our competitors. Any changes that degrade the functionality of our mobile products, give preferential treatment to competitive products or prevent us from delivering advertising could adversely affect mobile usage and monetization. As new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in developing products for these alternative devices and platforms, and we may need to devote significant resources to the creation, support and maintenance of such products. If we experience difficulties in the future integrating our mobile app into mobile devices, or we face increased costs to distribute our mobile app, our user growth and operating results could be harmed.

In addition, the mobile market remains a rapidly evolving market with which we have limited experience. As new devices and platforms are released, users may begin consuming content in a manner that is more difficult to monetize. Similarly, as mobile advertising products develop, demand may increase for products that we do not offer or that may alienate our user base. Although we currently deliver ads on both our mobile app and mobile website, with 66% of ad clicks delivered on mobile in the three months ended December 31, 2016, our continued success depends on our efforts to innovate and introduce enhanced mobile solutions. If our efforts to develop compelling mobile advertising products are not successful — as a result of, for example, the difficulties detailed above — advertisers may stop or reduce their advertising with us. At the same time, we must balance advertiser demands against our commitment to prioritizing the quality of user experience over short-term monetization. For example, we phased out our brand advertising products in part because demand in the brand advertising market has shifted toward products disruptive to the consumer experience, such as video ads. If we are not able to balance these competing considerations successfully, we may not be able to generate meaningful revenue from our mobile products despite the expected growth in mobile usage.

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We rely on Internet search engines and application marketplaces to drive traffic to our platform, certain providers of which offer products and services that compete directly with our products. If links to our applications and website are not displayed prominently, traffic to our platform could decline and our business would be adversely affected.

Our success depends in part on our ability to attract users through unpaid Internet search results on search engines like Google and Bing. The number of users we attract from search engines to our website (including our mobile website) is due in large part to how and where information from and links to our website are displayed on search engine result pages. The display, including rankings, of unpaid search results can be affected by a number of factors, many of which are not in our direct control, and may change frequently. For example, a search engine may change its ranking algorithms, methodologies or design layouts. As a result, links to our platform may not be prominent enough to drive traffic to our platform, and we may not know how or otherwise be in a position to influence the results.

For example, Google has previously made changes to its algorithms and methodologies that may be contributing to the slowing of our traffic growth rate, particularly in our international markets where we have less content and more competitors. We believe this headwind on our ability to achieve prominent display of our content in international unpaid search results disrupted the network effect we expected in our international markets based on what we experienced domestically, whereby increases in content led to increases in traffic. This was a contributing factor to our decision to reallocate our international sales and marketing resources. Google also announced that, beginning in the fourth quarter of 2015, the rankings of sites showing certain types of app install interstitials could be penalized on its mobile search results pages. While we believe the type of interstitial we currently use will not be penalized, the parameters of Google's policy may change from time to time, be poorly defined and be inconsistently interpreted. For example, in January 2017, Google broadened the categories of interstitials that may be penalized. As a result, Google may unexpectedly penalize our app install interstitials, which may cause links to our mobile website to be featured less prominently in Google's mobile search results page, and traffic to both our mobile website and mobile app may be harmed as a result. We cannot predict the long-term impact of these changes.

Although traffic to our mobile app is less reliant on search results than traffic to our website, growth in mobile device usage may not decrease our overall reliance on search results if mobile users use our mobile website rather than our mobile app. In fact, consumers' increasing use of mobile devices may exacerbate the risks associated with how and where our website is displayed in search results because mobile device screens are smaller than personal computer screens and therefore display fewer search results.

We also rely on application marketplaces, such as Apple's App Store and Google's Play, to drive downloads of our applications. In the future, Apple, Google or other marketplace operators may make changes to their marketplaces that make access to our products more difficult. For example, our applications may receive unfavorable treatment compared to the promotion and placement of competing applications, such as the order in which they appear within marketplaces. Similarly, if problems arise in our relationships with providers of application marketplaces, our user growth could be harmed.

In some instances, search engine companies and application marketplaces may change their displays or rankings in order to promote their own competing products or services or the products or services of one or more of our competitors. For example, Google has integrated its local product offering, Google + Local, with certain of its products, including search. The resulting promotion of Google's own competing products in its web search results has negatively impacted the search ranking of our website. Because Google in particular is the most significant source of traffic to our website, accounting for more than half of the visits to our website during the three months ended December 31, 2016, our success depends on our ability to maintain a prominent presence in search results for queries regarding local businesses on Google. As a result, Google's promotion of its own competing products, or similar actions by Google in the future that have the effect of reducing our prominence or ranking on its search results, could have a substantial negative effect on our business and results of operations.

If our users fail to contribute high quality content or their contributions are not valuable to other users, our traffic and revenue could be negatively affected.

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Our success in attracting users depends on our ability to provide consumers with the information they seek, which in turn depends on the quantity and quality of the content contributed by our users. We believe that as the depth and breadth of the content on our platform grow, our platform will become more widely known and relevant to broader audiences, thereby attracting new consumers to our service. However, if we are unable to provide consumers with the information they seek, they may stop or reduce their use of our platform, and traffic to our website and on our mobile app will decline. If our user traffic declines, our advertisers may stop or reduce the amount of advertising on our platform and our business could be harmed. Our ability to provide consumers with valuable content may be harmed:

- if our users do not contribute content that is helpful or reliable;
- if our users remove content they previously submitted;
- as a result of user concerns that they may be harassed or sued by the businesses they review, instances of which have occurred in the past and may occur again in the future; and
- as users increasingly contribute content through our mobile platform, because content contributed through mobile devices tends to be shorter than desktop contributions.

Similarly, if robots, shells or other spam accounts are able to contribute a significant amount of recommended content, or consumers perceive a significant amount of our recommended content to be from such accounts, our traffic and revenue could be negatively affected. Although we do not believe content from these sources has had a material impact to date, if our automated software recommends a substantial amount of such content in the future, our ability to provide high quality content would be harmed and the consumer trust essential to our success could be undermined.

In addition, if our platform does not provide current information about local businesses or users do not perceive reviews on our platform as relevant, our brand and business could be harmed. For example, we do not phase out or remove dated reviews, and consumers may view older reviews as less relevant, helpful or reliable than more recent reviews.

If we fail to maintain and expand our base of advertisers, our revenue and our business will be harmed.

Our ability to grow our business depends on our ability to maintain and expand our advertiser base. To do so, we must convince existing and prospective advertisers alike that our advertising products offer a material benefit and can generate a competitive return relative to other alternatives. Our ability to do so depends on factors including:

- *Acceptance of Online Advertising.* We believe that the continued growth and acceptance of our online advertising products will depend on the perceived effectiveness and acceptance of online advertising models generally, which is outside of our control. For example, if ad-blocking programs that affect the delivery of online advertising gain further visibility or traction, the perceived value of online advertising, and that of our advertising products in turn, may be harmed. Many advertisers still have limited experience with online advertising and, as a result, may continue to devote significant portions of their advertising budgets to traditional, offline advertising media, such as newspapers or print yellow pages directories.
- *Competitiveness of Our Products.* We must deliver ads in an effective manner. We may be unable to attract new advertisers if our products are not compelling or we fail to innovate and introduce enhanced products meeting advertiser expectations. For example, in their current form, our ad products may be most attractive to businesses with higher than average ratings and numbers of reviews. As a result, businesses with lower ratings and fewer reviews may not purchase our ad products, or may abandon them if they do not believe our ad products are effective. At the same time, we must balance advertiser demands against our commitment to providing a good user experience. For example, we phased out our brand advertising products in part because demand in the brand advertising market has shifted toward products disruptive to the consumer experience. In addition, we must provide accurate analytics and measurement solutions that demonstrate the value of our advertising products compared to those of our competitors. Similarly, if the pricing of our advertising products does not compare favorably to those of our competitors, advertisers may reduce their advertising with us or choose not to advertise with us at all. The widespread adoption of any technologies that make it more difficult for us to deliver ads, such as ad-blocking programs, could also decrease our value proposition to businesses and reduce demand for our products.
- *Traffic Quality.* The success of our advertising program depends on delivering positive results to our advertising customers. Low-quality or invalid traffic, such as robots, spiders and the mechanical automation of clicking, may be detrimental to our relationships with advertisers and could adversely affect our advertising pricing and revenue. If we fail to detect and prevent click fraud or other invalid clicks on ads, the affected advertisers may experience or perceive a reduced return on their investments, which could lead to dissatisfaction with our products, refusals to pay, refund demands or withdrawal of future business.

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- *Perception of Our Platform.* Our ability to compete effectively for advertiser budgets depends on our reputation and perceptions regarding our platform. For example, we may face challenges expanding our advertiser base in businesses outside the restaurant and shopping categories if businesses believe that consumers perceive the utility of our platform to be limited to finding businesses in these categories. The ratings and reviews that businesses receive from our users may also affect their advertising decisions. Favorable ratings and reviews, on the one hand, could be perceived as obviating the need to advertise. Unfavorable ratings and reviews, on the other, could discourage businesses from advertising to an audience that they perceive as hostile or cause them to form a negative opinion of our products and user base.
- *Macroeconomic Conditions.* Adverse macroeconomic conditions can have a negative impact on the demand for advertising, particularly with respect to online advertising products. We rely heavily on small and medium-sized businesses, which often have limited advertising budgets and may be disproportionately affected by economic downturns. In addition, such business may view online advertising as lower priority than offline advertising.

As is typical in our industry, our advertisers generally do not have long-term obligations to purchase our products. Their decisions to renew depend on the degree of satisfaction with our products as well as a number of factors that are outside of our control, including their ability to continue their operations and spending levels. Small and medium-sized local businesses in particular have historically experienced high failure rates. As a result, we may experience attrition in our advertisers in the ordinary course of business resulting from several factors, including losses to competitors, declining advertising budgets, closures and bankruptcies. The negative impact of attrition on our financial results may be greater with respect to advertisers who are billed in arrears, as the vast majority of our advertisers now are, if they fail to make payment on ads that have already been delivered. In addition, our recent phase out of our brand advertising products, which had been an additional source of revenue for us, may make us more susceptible to fluctuations and attrition from small and medium-sized businesses. To grow our business, we must continually add new advertisers to replace advertisers who choose not to renew their advertising, or who go out of business or otherwise fail to fulfill their advertising contracts with us, which we may not be able to do.

If we fail to further develop our domestic markets effectively, our revenue and business will be harmed.

In the fourth quarter of 2016, we wound down our international sales and marketing operations and reallocated the associated resources primarily to our U.S. and Canadian markets. As a result, our continued growth depends on our ability to further develop our U.S. and Canadian communities and operations. However, our communities in many of the largest markets in the United States and Canada are in a relatively late stage of development, and further development of smaller markets may not yield similar results. If we are not able to develop these markets as we expect, or if we fail to address the needs of those markets, our business will be harmed.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results. We may also be unable to realize the expected benefits and synergies of any acquisitions.

Our success will depend, in part, on our ability to expand our product offerings and grow our business in response to changing technologies, user and advertiser demands and competitive pressures. In some circumstances, we may determine to do so through the acquisition of complementary businesses or technologies rather than through internal development. For example, in February 2015, we acquired Eat24 to obtain an online food ordering solution. We have limited experience as a company in the complex process of acquiring other businesses and technologies. The pursuit of potential future acquisitions may divert the attention of management and cause us to incur expenses in identifying, investigating and pursuing acquisitions, whether or not they are consummated.

Acquisitions that are consummated could result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our results of operations. The incurrence of debt in particular could result in increased fixed obligations or include covenants or other restrictions that would impede our ability to manage our operations. In addition, any acquisitions we announce could be viewed negatively by users, businesses or investors. We may also discover liabilities or deficiencies associated with the companies or assets we acquire that we did not identify in advance, which may result in significant unanticipated costs. For example, in 2015, two lawsuits were filed against us by former Eat24 employees alleging that Eat24 failed to comply with certain labor laws prior to the acquisition. The effectiveness of our due diligence review and our ability to evaluate the results of such due diligence are dependent upon the accuracy and completeness of statements and disclosures made by the companies we acquire or their representatives, as well as the limited amount of time in which acquisitions are executed. We may also fail to accurately forecast the financial impact of an acquisition transaction, including tax and accounting charges.

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In order to realize the expected benefits and synergies of any acquisition that is consummated, we must meet a number of significant challenges that may create unforeseen operating difficulties and expenditures, including:

- integrating operations, strategies, services, sites and technologies of the acquired company;
- managing the combined business effectively;
- retaining and assimilating the employees of the acquired company;
- retaining existing customers and strategic partners and minimizing disruption to existing relationships as a result of any integration of new personnel;
- difficulties in the assimilation of corporate cultures;
- implementing and retaining uniform standards, controls, procedures, policies and information systems; and
- addressing risks related to the business of the acquired company that may continue to impact the business following the acquisition.

Any inability to integrate services, sites and technologies, operations or personnel in an efficient and timely manner could harm our results of operations. Transition activities are complex and require significant time and resources, and we may not manage the process successfully, particularly if we are managing multiple integrations concurrently. Our ability to integrate complex acquisitions is unproven, particularly with respect to companies that have significant operations or that develop products with which we do not have prior experience. For example, Eat24 was larger and more complex than companies we had previously acquired. In addition, Eat24 operates a business that is new to us, and we did not have significant experience or structure in place to support this business prior to the acquisition. We plan to invest resources to support this and any future acquisitions, which will result in ongoing operating expenses and may divert resources and management attention from other areas of our business. We cannot assure you that these investments will be successful. Even if we are able to integrate the operations of any acquired company successfully, these integrations may not result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that may be possible from the combination of the businesses, or we may not achieve these benefits within a reasonable period of time.

We rely on third-party service providers and strategic partners for many aspects of our business, and any failure to maintain these relationships could harm our business.

We rely on relationships with various third parties to grow our business, including strategic partners and technology and content providers. For example, we rely on third parties for data about local businesses, mapping functionality, payment processing and administrative software solutions. We also rely on partners for various transactions available through the Yelp Platform, including Booker for spa and salon appointments, Locu for menu data and BloomNation for flower deliveries, among others. Identifying, negotiating and maintaining relationships with third parties require significant time and resources, as does integrating their data, services and technologies onto our platform. It is possible that these third parties may not be able to devote the resources we expect to the relationships. We may also have competing interests and obligations with respect to our partners in particular, which may make it difficult to maintain, grow or maximize the benefit for each partnership. For example, our entry into the online reservations space with our acquisition of SeatMe, Inc. in 2013 put us in competition with OpenTable, which led to the end of our partnership in 2015. Our focus on integrating additional partners to expand the Yelp Platform may exacerbate this risk.

If our relationships with our partners and providers deteriorate, we could suffer increased costs and delays in our ability to provide consumers and advertisers with content or similar services. We have had, and may in the future have, disagreements or disputes with our partners about our respective contractual obligations, which could result in legal proceedings or negatively affect our brand and reputation. In addition, we exercise limited control over our third-party partners and vendors, which makes us vulnerable to any errors, interruptions or delays in their operations. If these third parties experience any service disruptions, financial distress or other business disruption, or difficulties meeting our requirements or standards, it could make it difficult for us to operate some aspects of our business. For example, we rely on a single supplier to process payments of all transactions made on the Yelp Platform and for purchases of Yelp Deals and Gift Certificates. Any disruption or problems with this supplier or its services could have an adverse effect on our reputation, results of operations and financial results. Similarly, upon expiration or termination of any of our agreements with third-party providers, we may not be able to replace the services provided to us in a timely manner or on terms that are favorable to us, if at all, and a transition from one partner or provider to another could subject us to operational delays and inefficiencies.

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We face competition for both local business directory traffic and advertiser spending, and expect competition to increase in the future.

The market for information regarding local businesses and advertising is intensely competitive and rapidly changing. With the emergence of new technologies and market entrants, competition is likely to intensify in the future. We compete for consumer traffic with traditional, offline local business guides and directories, Internet search engines, such as Google and Bing, review and social media websites and various other online service providers. These competitors may include regional review websites that may have strong positions in particular countries. We also compete with these companies for the content of contributors, and may experience decreases in both traffic and user engagement if our competitors offer more compelling environments.

Although advertisers are allocating an increasing amount of their overall marketing budgets to online advertising, such spending lags behind growth in Internet and mobile usage generally, making the market for online advertising intensely competitive. We compete for a share of local businesses' overall advertising budgets with traditional, offline media companies and service providers, as well as Internet marketing providers. Many of these companies have established marketing relationships with local businesses, and certain of our online competitors have substantial proprietary advertising inventory and web traffic that may provide a significant competitive advantage.

Certain competitors could use strong or dominant positions in one or more markets to gain competitive advantage against us in areas in which we operate, including by: integrating review platforms or features into products they control, such as search engines, web browsers or mobile device operating systems; making acquisitions; changing their unpaid search result rankings to promote their own products; refusing to enter into or renew licenses on which we depend; limiting or denying our access to advertising measurement or delivery systems; limiting our ability to target or measure the effectiveness of ads; or making access to our platform more difficult. This risk may be exacerbated by the trend in recent years toward consolidation among online media companies, potentially allowing our larger competitors to offer bundled or integrated products that feature alternatives to our platform.

Our competitors may also enjoy competitive advantages, such as greater name recognition, longer operating histories, substantially greater market share, large existing user bases and substantially greater financial, technical and other resources. Traditional television and print media companies, for example, have large established audiences and more traditional and widely accepted advertising products. These companies may use these advantages to offer products similar to ours at a lower price, develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, technologies, standards or client requirements. In particular, major Internet companies, such as Google, Facebook, Amazon and Microsoft, may be more successful than us in developing and marketing online advertising offerings directly to local businesses, and may leverage their relationships based on other products or services to gain additional share of advertising budgets.

To compete effectively, we must continue to invest significant resources in product development to enhance user experience and engagement, as well as sales and marketing to expand our base of advertisers. However, there can be no assurance that we will be able to compete successfully for users and advertisers against existing or new competitors, and failure to do so could result in loss of existing users, reduced revenue, increased marketing expenses or diminished brand strength, any of which could harm our business.

Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to retain and expand our base of users and advertisers, as well as our ability to increase the frequency with which they use our products.

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting and enhancing the "Yelp" brand are critical to expanding our base of users and advertisers and increasing the frequency with which they use our solutions. Our ability to do so will depend largely on our ability to maintain consumer trust in our products and in the quality and integrity of the user content and other information found on our platform, which we may not do successfully. We dedicate significant resources to these goals, primarily through our automated recommendation software, sting operations targeting the buying and selling of reviews, our consumer alerts program, coordination with consumer protection agencies and law enforcement, and, in certain egregious cases, taking legal action against business we believe to be engaged in deceptive activities. We also endeavor to remove content from our platform that violates our terms of service.

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Despite these efforts, we cannot guarantee that each of the 85.7 million reviews on our platform that had been recommended and that had not been removed as of December 31, 2016 is useful or reliable, or that consumers will trust the integrity of our content. For example, if our recommendation software does not recommend helpful content or recommends unhelpful content, consumers and businesses alike may stop or reduce their use of our platform and products. Some consumers and businesses have alternately expressed concern that our technology either recommends too many reviews, thereby recommending some reviews that may not be legitimate, or too few reviews, thereby not recommending some reviews that may be legitimate. If consumers do not believe our recommended reviews to be useful and reliable, they may seek other services to obtain the information for which they are looking, and may not return to our platform as often in the future, or at all. This would negatively impact our ability to retain and attract users and advertisers and the frequency with which they use our platform.

Consumers may also believe that the reviews, photos and other user content contributed by our Community Managers or other employees are influenced by our advertising relationships or are otherwise biased. Although we take steps to prevent this from occurring by, for example, identifying Community Managers as Yelp employees on their account profile pages and explaining their role on our platform, the designation does not appear on the page for each review contributed by the Community Manager and we may not be successful in our efforts to maintain consumer trust. Similarly, the actions of our partners may affect our brand if users do not have a positive experience on the Yelp Platform. If others misuse our brand or pass themselves off as being endorsed or affiliated with us, it could harm our reputation and our business could suffer. For example, we have encountered instances of reputation management companies falsely representing themselves as being affiliated with us when soliciting customers; this practice could be contributing to rumors that business owners can pay to manipulate reviews, rankings and ratings. Our website and mobile app also serve as a platform for expression by our users, and third parties or the public at large may also attribute the political or other sentiments expressed by users on our platform to us, which could harm our reputation.

In addition, negative publicity about our company, including our technology, sales practices, personnel, customer service, litigation, strategic plans or political activities could diminish confidence in our brand and the use of our products. Certain media outlets have previously reported allegations that we manipulate our reviews, rankings and ratings in favor of our advertisers and against non-advertisers. In order to demonstrate that our automated recommendation software applies in a nondiscriminatory manner to both advertisers and non-advertisers, we allow users to access reviews that are both recommended and not recommended by our software. We have also allowed businesses to comment publicly on reviews so that they can provide a response. Nevertheless, our reputation and brand, the traffic to our website and mobile app and our business may suffer if negative publicity about our company persists or if users otherwise perceive that our content is manipulated or biased. Allegations and complaints regarding our business practices, and any resulting negative publicity, may also result in increased regulatory scrutiny of our company. In addition to requiring management time and attention, any regulatory inquiry or investigation could itself result in further negative publicity regardless of its merit or outcome.

Maintaining and enhancing our brand may also require us to make substantial investments, and these investments may not be successful. For example, our trademarks are an important element of our brand. We have faced in the past, and may face in the future, oppositions from third parties to our applications to register key trademarks. If we are unsuccessful in defending against these oppositions, our trademark applications may be denied. Whether or not our trademark applications are denied, third parties may claim that our trademarks infringe their rights. As a result, we could be forced to pay significant settlement costs or cease the use of these trademarks and associated elements of our brand. Doing so could harm our brand recognition and adversely affect our business. If we fail to maintain and enhance our brand successfully, or if we incur excessive expenses in this effort, our business and financial results may be adversely affected.

If we fail to manage our growth effectively, our brand, results of operations and business could be harmed.

We have experienced rapid growth in our headcount and operations, including through our acquisitions of other businesses, such as Eat24 in February 2015, which places substantial demands on management and our operational infrastructure. Most of our employees have been with us for fewer than two years; to manage the expected growth of our operations, we will need to continue to increase the productivity of our current employees and hire, train and manage new employees. In particular, we intend to continue to make substantial investments in our engineering organization as well as our U.S. and Canadian sales, marketing and community management organizations. As a result, we must effectively integrate, develop and motivate a large number of new employees, including employees from any acquired businesses, while maintaining the beneficial aspects of our company culture.

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As our business matures, we make periodic changes and adjustments to our organization in response to various internal and external considerations, including market opportunities, the competitive landscape, new and enhanced products, acquisitions, sales performance, increases in headcount and cost levels. In some instances, these changes have resulted in a temporary lack of focus and reduced productivity, which may occur again in connection with any future changes to our organization and may negatively affect our results of operations. Similarly, any significant changes to the way we structure compensation of our sales organization may be disruptive and may affect our ability to generate revenue.

To manage our growth, we may need to improve our operational, financial and management systems and processes, which may require significant capital expenditures and allocation of valuable management and employee resources, as well as subject us to the risk of over-expanding our operating infrastructure. For example, it can be difficult to train thousands of sales employees across multiple offices according to the same business standards, practices and laws, and we have been the subject of lawsuits alleging that we have failed to do so. For example, we are the subject of a putative class action lawsuit alleging that our sales force does not properly disclose that calls may be monitored or recorded for quality assurance. However, if we fail to scale our operations successfully and increase productivity, the quality of our platform and efficiency of our operations could suffer, which could harm our brand, results of operations and business.

We make the consumer experience our highest priority. Our dedication to making decisions based primarily on the best interests of consumers may cause us to forgo short-term gains and advertising revenue.

We base many of our decisions on the best interests of the consumers who use our platform. In the past, we have forgone, and we may in the future forgo, certain expansion or revenue opportunities that we do not believe are in the best interests of consumers, even if such decisions negatively impact our results of operations in the short term. For example, we phased out our brand advertising products in part because demand in the brand advertising market has shifted toward products disruptive to the consumer experience, such as video ads. Our approach of putting consumers first may negatively impact our relationship with existing or prospective advertisers. For example, unless we believe that a review violates our terms of service, such as reviews that contain hate speech or bigotry, we will allow the review to remain on our platform, even if the business disputes its accuracy. Certain advertisers may therefore perceive us as an impediment to their success as a result of negative reviews and ratings. This practice could result in a loss of advertisers, which in turn could harm our results of operations. However, we believe that this approach has been essential to our success in attracting users and increasing the frequency with which they use our platform. As a result, we believe this approach has served the long-term interests of our company and our stockholders and will continue to do so in the future.

We rely on the performance of highly skilled personnel, and if we are unable to attract, retain and motivate well-qualified employees, our business could be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of our employees, including our senior management team, software engineers, marketing professionals and advertising sales staff. All of our officers and other U.S. employees are at-will employees, which means they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. Any changes in our senior management team in particular may be disruptive to our business. For example, in 2016 we appointed a new Chief Financial Officer, and our long-time Chief Operating Officer stepped down from his position. If our senior management team, including our Chief Financial Officer or any other new hires that we may make, fails to work together effectively or execute our plans and strategies on a timely basis, our business could be harmed.

Our future also depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Identifying, recruiting, training and integrating new hires will require significant time, expense and attention, and qualified individuals are in high demand; as a result, we may incur significant costs to attract them before we can validate their productivity. Volatility in the price of our common stock may make it more difficult or costly in the future to use equity compensation to motivate, incentivize and retain our employees. If we fail to manage our hiring needs effectively, our efficiency and ability to meet our forecasts, as well as employee morale, productivity and retention, could suffer, and our business and operating results could be adversely affected.

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Risks Related to Our Technology

Our business is dependent on the uninterrupted and proper operation of our technology and network infrastructure. Any significant disruption in our service could damage our reputation, result in a potential loss of users and engagement and adversely affect our results of operations.

It is important to our success that users in all geographies be able to access our platform at all times. We have previously experienced, and may experience in the future, service disruptions, outages and other performance problems. Such performance problems may be due to a variety of factors, including infrastructure changes, human or software errors and capacity constraints due to an overwhelming number of users accessing our platform simultaneously. Our products and services are highly technical and complex, and may contain errors or vulnerabilities that could result in unanticipated downtime for our platform and harm to our reputation and business. Users may also use our products in unanticipated ways that may cause a disruption in service for other users attempting to access our platform. We may encounter such difficulties more frequently as we acquire companies and incorporate their technologies into our service. It may also become increasingly difficult to maintain and improve the availability of our platform, especially during peak usage times, as our products become more complex and our user traffic increases.

In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. If our platform is unavailable when users attempt to access it or it does not load as quickly as they expect, users may seek other services to obtain the information for which they are looking, and may not return to our platform as often in the future, or at all. This would negatively impact our ability to attract users and advertisers and increase the frequency with which they use our platform. We expect to continue to make significant investments to maintain and improve the availability of our platform and to enable rapid releases of new features and products. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be harmed.

Our systems are also vulnerable to damage or interruption from catastrophic occurrences such as earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks and similar events. Our U.S. corporate offices and one of the facilities we lease to house our computer and telecommunications equipment are located in the San Francisco Bay Area, a region known for seismic activity. In addition, acts of terrorism, which may be targeted at metropolitan areas that have higher population densities than rural areas, could cause disruptions in our or our advertisers' businesses or the economy as a whole. We may not have sufficient protection or recovery plans in certain circumstances, such as natural disasters affecting the San Francisco Bay Area, and our business interruption insurance may be insufficient to compensate us for losses that may occur. Our disaster recovery program contemplates transitioning our platform and data to a backup center in the event of a catastrophe. Although this program is functional, if our primary data center shuts down, there will be a period of time that our services will remain shut down while the transition to the back-up data center takes place. During this time, our platform may be unavailable in whole or in part to our users.

If our security measures are compromised, or if our platform is subject to attacks that degrade or deny the ability of users to access our content, users may curtail or stop use of our platform.

Our platform involves the storage and transmission of user and business information, some of which may be private, and security breaches could expose us to a risk of loss of this information, which could result in potential liability and litigation. Computer viruses, break-ins, malware, phishing attacks, attempts to overload servers with denial-of-service or other attacks and similar disruptions from unauthorized use of computer systems have become more prevalent in our industry, have occurred on our systems in the past and are expected to occur periodically on our systems in the future. We may be a particularly compelling target for such attacks as a result of our brand recognition. User and business owner accounts and listing pages could be hacked, hijacked, altered or otherwise claimed or controlled by unauthorized persons. For example, we enable businesses to create free online accounts and claim the business listing pages for each of their business locations. Although we take steps to confirm that the person setting up the account is affiliated with the business, our verification systems could fail to confirm that such person is an authorized representative of the business, or mistakenly allow an unauthorized person to claim the business's listing page. In addition, we face risks associated with security breaches affecting our third-party partners and service providers. A security breach at any such third party could be perceived by consumers as a security breach of our systems and result in negative publicity, damage to our reputation and expose us to other losses.

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Although none of the disruptions we have experienced to date have had a material effect on our business, any future disruptions could lead to interruptions, delays or website shutdowns, causing loss of critical data or the unauthorized disclosure or use of personally identifiable or other confidential information. Even if we experience no significant shutdown or no critical data is lost, obtained or misused in connection with an attack, the occurrence of such attack or the perception that we are vulnerable to such attacks may harm our reputation, our ability to retain existing users and our ability to attract new users. Although we have developed systems and processes that are designed to protect our data and prevent data loss and other security breaches, the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently, often are not recognized until launched against a target or long after, and may originate from less regulated and more remote areas around the world. As a result, these preventative measures may not be adequate and we cannot assure you that they will provide absolute security.

Any or all of these issues could negatively impact our ability to attract new users, deter current users from returning to our platform, cause existing or potential advertisers to cancel their contracts or subject us to third-party lawsuits or other liabilities. For example, we work with a third-party vendor to process credit card payments by users and businesses, and are subject to payment card association operating rules. Compliance with applicable operating rules will not necessarily prevent illegal or improper use of our payment systems, or the theft, loss or misuse of payment information, however. If our security measures fail to prevent fraudulent credit card transactions and protect payment information adequately as a result of employee error, malfeasance or otherwise, or we fail to comply with the applicable operating rules, we could be liable to the users and businesses for their losses, as well as the vendor under our agreement with it, and be subject to fines and higher transaction fees. In addition, government authorities could also initiate legal or regulatory actions against us in connection with such incidents, which could cause us to incur significant expense and liability or result in orders or consent decrees forcing us to modify our business practices.

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

We use open source software in our products and will use open source software in the future. From time to time, we may face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software (which could include our proprietary source code), or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide warranties or controls on the origin of the software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business and operating results.

Failure to protect or enforce our intellectual property rights could harm our business and results of operations.

We regard the protection of our trade secrets, copyrights, trademarks, patent rights and domain names as critical to our success. In particular, we must maintain, protect and enhance the “Yelp” brand. We pursue the registration of our domain names, trademarks and service marks in the United States and in certain jurisdictions abroad. While we are pursuing a number of patent applications, we currently have only limited patent protection for our core business, which may make it more difficult to assert certain of our intellectual property rights. We strive to protect our intellectual property rights by relying on federal, state and common law rights, as well as contractual restrictions. We typically enter into confidentiality and invention assignment agreements with our employees and contractors, as well as confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. However, these contractual arrangements and the other steps we have taken to protect our intellectual property may not prevent the misappropriation or disclosure of our proprietary information or deter independent development of similar technologies by others.

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Effective trade secret, copyright, trademark, patent and domain name protection is expensive to develop and maintain, both in terms of initial and ongoing registration requirements and expenses and the costs of defending our rights. Seeking protection for our intellectual property, including trademarks and domain names, is an expensive process and may not be successful, and we may not do so in every location in which we operate. Similarly, the process of obtaining patent protection is expensive and time consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain. Litigation may become necessary to enforce our patent or other intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights claimed by others. For example, we may incur significant costs in enforcing our trademarks against those who attempt to imitate our “Yelp” brand. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business and operating results.

We may be unable to continue to use the domain names that we use in our business, or prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our brand or our trademarks or service marks.

We have registered domain names for the websites that we use in our business, such as Yelp.com. If we lose the ability to use a domain name, whether due to trademark claims, failure to renew the applicable registration or any other cause, we may be forced to market our products under a new domain name, which could cause us substantial harm or cause us to incur significant expense in order to purchase rights to the domain name in question. In addition, our competitors and others could attempt to capitalize on our brand recognition by using domain names similar to ours. Domain names similar to ours have been registered by others in the United States and elsewhere. We may be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to or otherwise decrease the value of our brand or our trademarks or service marks. Protecting and enforcing our rights in our domain names may require litigation, which could result in substantial costs and diversion of management’s attention.

Risks Related to Our Financial Statements and Tax Matters

We have incurred significant operating losses in the past, and we may not be able to generate sufficient revenue to maintain profitability. Our recent growth rate will likely not be sustainable, and a failure to maintain an adequate growth rate will adversely affect our business and results of operations.

Since our inception, we have incurred significant operating losses and, as of December 31, 2016, we had an accumulated deficit of approximately \$70.2 million. Although our revenues have grown rapidly in the last several years, increasing from \$12.1 million in 2008 to \$713.1 million in 2016, our revenue growth rate has declined in recent periods as a result of a variety of factors, including the maturation of our business and the gradual decline in the number of major geographic markets within the United States and Canada to which we have not already expanded. While our recently announced plans to focus our sales and marketing resources primarily on the United States and Canada may result in some cost savings, they also limit the markets from which we generate revenue and our ability to expand internationally in the future. We expect that the more immediate loss of revenue will be immaterial, but we cannot predict the impact of these plans on our long-term international prospects or the impact that a smaller international footprint may have on our brand and reputation.

We incurred net losses in the year ended December 31, 2015 and in the first quarter of 2016. As a result, you should not rely on the revenue growth of any prior quarterly or annual period, or the net income we realized in 2014, as an indication of our future performance. Historically, our costs have increased each year and we expect our costs to increase in future periods as we continue to expend substantial financial resources on:

- sales and marketing;
- our technology infrastructure;
- product and feature development;
- market development efforts;
- strategic opportunities, including commercial relationships and acquisitions; and
- general administration, including legal and accounting expenses related to being a public company.

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These investments may not result in increased revenue or growth in our business. Our costs may also increase as we hire additional employees, particularly as a result of the significant competition that we face to attract and retain technical talent. Our expenses may grow faster than our revenue and may be greater than we anticipate in a particular period or over time. If we are unable to maintain adequate revenue growth and to manage our expenses, we may continue to incur significant losses in the future and may not be able to maintain profitability.

We have a limited operating history in an evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

We have a limited operating history in an evolving industry that may not develop as expected, if at all. As a result, our historical operating results may not be indicative of our future operating results, making it difficult to assess our future prospects. You should consider our business and prospects in light of the risks and difficulties we may encounter in this rapidly evolving industry, which we may not be able to address successfully. These risks and difficulties include our ability to, among other things:

- increase the number of users of our website and mobile app and the number of reviews and other content on our platform;
- attract and retain new advertising clients, many of which may have limited or no online advertising experience;
- forecast revenue and adjusted EBITDA accurately, which is made more difficult by the large percentage of our revenue derived from performance-based advertising, as well as appropriately estimate and plan our expenses;
- continue to earn and preserve a reputation for providing meaningful and reliable reviews of local businesses;
- effectively monetize our mobile products as usage continues to migrate toward mobile devices;
- successfully compete with existing and future providers of other forms of offline and online advertising;
- successfully compete with other companies that are currently in, or may in the future enter, the business of providing information regarding local businesses;
- successfully manage our growth;
- successfully develop and deploy new features and products;
- manage and integrate successfully any acquisitions of businesses, solutions or technologies, such as Nowait;
- avoid interruptions or disruptions in our service or slower than expected load times;
- develop a scalable, high-performance technology infrastructure that can efficiently and reliably handle increased usage, as well as the deployment of new features and products;
- hire, integrate and retain talented sales and other personnel;
- effectively manage rapid growth in our sales force, other personnel and operations; and
- effectively identify, engage and manage third-party partners and service providers.

If the demand for information regarding local businesses does not develop as we expect, or if we fail to address the needs of this demand, our business will be harmed. We may not be able to address successfully these risks and difficulties or others, including those described elsewhere in these risk factors. Failure to address these risks and difficulties adequately could harm our business and cause our operating results to suffer.

We expect a number of factors to cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance.

Our operating results could vary significantly from period to period as a result of a variety of factors, many of which may be outside of our control. This volatility increases the difficulty in predicting our future performance and means comparing our operating results on a period-to-period basis may not be meaningful. In addition to the other risk factors discussed in this section, factors that may contribute to the volatility of our operating results include:

- changes in the products we offer, such as our phase out of brand advertising products;
- changes in our pricing policies and terms of contracts, whether initiated by us or as a result of competition;

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- changes in the markets in which we operate, such as the wind down of our international sales and marketing operations to focus on our core markets of the United States and Canada;
- cyclicalities and seasonality, which may become more pronounced as our growth rate slows;
- the effects of changes in search engine placement and prominence;
- the adoption of any laws or regulations that adversely affect the growth, popularity or use of the Internet, such as laws impacting Internet neutrality;
- the success of our sales and marketing efforts;
- costs associated with defending intellectual property infringement and other claims and related judgments or settlements;
- interruptions in service and any related impact on our reputation;
- changes in advertiser budgets or the market acceptance of online advertising solutions;
- changes in consumer behavior with respect to local businesses;
- changes in our tax rates or exposure to additional tax liabilities;
- the impact of macroeconomic conditions, including the resulting effect on consumer spending at local businesses and the level of advertising spending by local businesses; and
- the effects of natural or man-made catastrophic events.

Our reported financial results may be adversely affected by new accounting pronouncements or changes in existing accounting standards and practices.

We prepare our financial statements in conformity with accounting principles generally accepted in the U.S., or GAAP. These accounting principles are subject to interpretation or changes by the Financial Accounting Standards Board, or FASB, and the SEC. New accounting pronouncements and varying interpretations of accounting standards and practices have occurred in the past and are expected to occur in the future. New accounting pronouncements or a change in the interpretation of existing accounting standards or practices may have a significant effect on our reported financial results. In May 2014, FASB issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers," which will supersede existing revenue guidance under GAAP and will be effective for us for annual reporting periods beginning after December 15, 2017, including interim periods within that period. The new guidance requires companies to recognize revenue when they transfer promised goods or services to customers, in an amount that reflects the consideration that the company expects to be entitled to in exchange for such goods or services. We are still in the process of evaluating the impact of the new revenue standard. Refer to Note 2 of our consolidated financial statements for additional information on the new guidance and its potential impact on us.

Because we recognize most of the revenue from our advertising products over the term of an agreement, a significant downturn in our business may not be immediately reflected in our results of operations.

We recognize revenue from sales of our advertising products over the terms of the applicable agreements, which are generally three, six or 12 months. As a result, a significant portion of the revenue we report in each quarter is generated from agreements entered into during previous quarters. Consequently, a decline in new or renewed agreements in any one quarter may not significantly impact our revenue in that quarter but will negatively affect our revenue in future quarters. In addition, we may be unable to adjust our fixed costs in response to reduced revenue. Accordingly, the effect of significant declines in advertising sales may not be reflected in our short-term results of operations.

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If our goodwill or intangible assets become impaired, we may be required to record a significant charge to our income statement.

We have recorded a significant amount of goodwill related to our acquisitions to date, and a significant portion of the purchase price of any companies we acquire in the future may be allocated to acquired goodwill and other intangible assets. Under GAAP, we review our intangible assets for impairment when events or changes in circumstances indicate the carrying value of our goodwill and other intangible assets may not be recoverable. Goodwill is required to be tested for impairment at least annually. Factors that may be considered include declines in our stock price, market capitalization and future cash flow projections. If our acquisitions do not yield expected returns, our stock price declines or any other adverse change in market conditions occurs, a change to the estimation of fair value could result. Any such change could result in an impairment charge to our goodwill and intangible assets, particularly if such change impacts any of our critical assumptions or estimates, and may have a negative impact on our financial position and operating results.

We may require additional capital to support business growth, and such capital might not be available on acceptable terms, if at all.

We intend to continue to invest in our business and may require or otherwise seek additional funds to respond to business challenges, including the need to develop new features and products, enhance our existing services, improve our operating infrastructure and acquire complementary businesses and technologies. As a result, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of our common stock. Any future debt financing we secure could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and respond to business challenges could be significantly impaired, and our business may be harmed.

We may have exposure to greater than anticipated tax liabilities.

Our income tax obligations are based in part on our corporate operating structure and intercompany arrangements, including the manner in which we develop, value and use our intellectual property and the valuations of our intercompany transactions. For example, our corporate structure includes legal entities located in jurisdictions with income tax rates lower than the U.S. statutory tax rate. Our intercompany arrangements allocate income to such entities in accordance with arm's length principles and commensurate with functions performed, risks assumed and ownership of valuable corporate assets. We believe that income taxed in certain foreign jurisdictions at a lower rate relative to the U.S. statutory rate will have a beneficial impact on our worldwide effective tax rate.

However, significant judgment is required in evaluating our tax positions and determining our provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. For example, our effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by changes in foreign currency exchange rates or by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations.

In addition, the application of the tax laws of various jurisdictions, including the United States, to our international business activities is subject to interpretation and depends on our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing, or determine that the manner in which we operate our business does not achieve the intended tax consequences, which could increase our worldwide effective tax rate and harm our financial position and results of operations. As we operate in numerous taxing jurisdictions, the application of tax laws can also be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. It is not uncommon for taxing authorities in different countries to have conflicting views, for instance, with respect to, among other things, the manner in which the arm's-length standard is applied for transfer pricing purposes, or with respect to the valuation of intellectual property.

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Changes in tax laws or tax rulings, or the examination of our tax positions, could materially affect our financial position and results of operations.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. Our existing corporate structure and intercompany arrangements have been implemented in a manner we believe is in compliance with current prevailing tax laws. However, the tax benefits that we intend to eventually derive could be undermined due to changing tax laws. In particular, the current U.S. administration and key members of Congress have made public statements indicating that tax reform is a priority, resulting in uncertainty not only with respect to the future corporate tax rate, but also the U.S. tax consequences of income derived from income related to intellectual property earned overseas in low tax jurisdictions. Certain changes to U.S. tax laws, including limitations on the ability to defer U.S. taxation on earnings outside of the United States until those earnings are repatriated to the United States, as well as changes to U.S. tax laws that may be enacted in the future, could affect the tax treatment of our foreign earnings.

In addition, the taxing authorities in the United States and other jurisdictions where we do business regularly examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty. Should the IRS or other taxing authorities assess additional taxes as a result of examinations, we may be required to record charges to our operations, which could harm our business, operating results and financial condition.

Our business and results of operations may be harmed if we are deemed responsible for the collection and remittance of state sales taxes for Eat24's restaurants.

If we are deemed an agent for the restaurants in our Eat24 network under state tax law, we may be deemed responsible for collecting and remitting sales taxes directly to certain states. It is possible that one or more states could seek to impose sales, use or other tax collection obligations on us with regard to such food sales. These taxes may be applicable to past sales. A successful assertion that we should be collecting additional sales, use or other taxes or remitting such taxes directly to states could result in substantial tax liabilities for past sales and additional administrative expenses, which would harm our business and results of operations. In addition, we rely on the restaurants in our Eat24 network to provide us with the correct sales tax rates for each individual order. If such information proves incorrect, we may be liable for the under or over collection of sales tax from Eat24 customers.

We rely on data from both internal tools and third parties to calculate certain of our performance metrics. Real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We track certain performance metrics — including the number of unique devices accessing our mobile app in a given period, page views and calls and clicks for directions and map views — with internal tools, which are not independently verified by any third party. Our internal tools have a number of limitations and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including key metrics that we report. For example, our metrics may be affected by mobile applications that automatically contact our servers for regular updates with no discernible user action involved; this activity can cause our system to count the device associated with the app as an app unique device in a given period. If the internal tools we use to track these metrics over- or under-count performance or contain algorithm or other technical errors, the data we report may not be accurate. In addition, limitations or errors with respect to how we measure data may affect our understanding of certain details of our business, which could affect our longer-term strategies.

In addition, certain of our key metrics — the number of our desktop unique visitors and mobile website unique visitors — are calculated relying on data from third parties. While these numbers are based on what we believe to be reasonable calculations for the applicable periods of measurement, our third-party providers periodically encounter difficulties in providing accurate data for such metrics as a result of a variety of factors, including human and software errors. We expect these challenges to continue to occur, and potentially to increase as our traffic grows.

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There are also inherent challenges in measuring usage across our large user base. For example, because these metrics are based on users with unique cookies, an individual who accesses our website from multiple devices with different cookies may be counted as multiple unique visitors, and multiple individuals who access our website from a shared device with a single cookie may be counted as a single unique visitor. In addition, although we use technology designed to block low-quality traffic, such as robots, spiders and other software, we may not be able to prevent all such traffic, and such technology may have the effect of blocking some valid traffic. For these and other reasons, the calculations of our desktop unique visitors and mobile website unique visitors may not accurately reflect the number of people actually using our platform.

Our measures of traffic and other key metrics may differ from estimates published by third parties (other than those whose data we use to calculate our key metrics) or from similar metrics of our competitors. We are continually seeking to improve our ability to measure these key metrics, and regularly review our processes to assess potential improvements to their accuracy. However, if our users, advertisers, partners and stockholders do not perceive our metrics to be accurate representations, or if we discover material inaccuracies in our metrics, our reputation may be harmed.

Risks Related to Regulatory Compliance and Legal Matters

We are, and may be in the future, subject to disputes and assertions by third parties that we violate their rights. These disputes may be costly to defend and could harm our business and operating results.

We currently face, and we expect to face from time to time in the future, allegations that we have violated the rights of third parties, including patent, trademark, copyright and other intellectual property rights, and the rights of current and former employees, users and business owners. For example, various businesses have sued us alleging that we manipulate Yelp reviews in order to coerce them and other businesses to pay for Yelp advertising. The nature of our business also exposes us to claims relating to the information posted on our platform, including claims for defamation, libel, negligence and copyright or trademark infringement, among others. Businesses have in the past claimed, and may in the future claim, that we are responsible for the defamatory reviews posted by our users. We expect claims like these to continue, and potentially increase in proportion to the amount of content on our platform. In some instances, we may elect or be compelled to remove the content that is the subject of such claims, or may be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims. If we elect or are compelled to remove content from our platform, our products and services may become less useful to consumers and our traffic may decline, which would have a negative impact on our business.

We are also regularly exposed to claims based on allegations of infringement or other violations of intellectual property rights. Companies in the Internet, technology and media industries own large numbers of patent and other intellectual property rights, and frequently enter into litigation. Various “non-practicing entities” that own patents and other intellectual property rights also often aggressively attempt to assert their rights in order to extract value from technology companies. From time to time, we receive notice letters from patent holders alleging that certain of our products and services infringe their patent rights, and we are presently involved in numerous patent lawsuits, including lawsuits involving plaintiffs targeting multiple defendants in the same or similar suits. While we are pursuing a number of patent applications, we currently have only one issued patent, and the contractual restrictions and trade secrets that protect our proprietary technology provide only limited safeguards against infringement. This may make it more difficult to defend certain of our intellectual property rights, particularly related to our core business.

We expect other claims to be made against us in the future, and as we face increasing competition and gain an increasingly high profile, we expect the number of claims against us to accelerate. The results of litigation and claims to which we may be subject cannot be predicted with any certainty. Even if the claims are without merit, the costs associated with defending against them may be substantial in terms of time, money and management distraction. In particular, patent and other intellectual property litigation may be protracted and expensive, and the results may require us to stop offering certain features, purchase licenses or modify our products and features while we develop non-infringing substitutes, or otherwise involve significant settlement costs. The development of alternative non-infringing technology or practices could require significant effort and expense or may not be feasible. Even if claims do not result in litigation or are resolved in our favor without significant cash settlements, such matters, and the time and resources necessary to resolve them, could harm our business, results of operations and reputation.

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Our business is subject to complex and evolving U.S. and foreign regulations and other legal obligations related to privacy, data protection and other matters. Our actual or perceived failure to comply with such regulations and obligations could harm our business.

We are subject to a variety of laws in the United States and abroad that involve matters central to our business, including laws regarding privacy, data retention, distribution of user-generated content and consumer protection, among others. For example, because we receive, store and process personal information and other user data, including credit card information, we are subject to numerous federal, state and local laws around the world regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other user data. We are also subject to a variety of laws, regulations and guidelines that regulate the way we distinguish paid search results and other types of advertising from unpaid search results.

The application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate. For example, we rely on laws limiting the liability of providers of online services for activities of their users and other third parties. These laws are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement and other theories based on the nature and content of the materials searched, the ads posted or the content provided by users. It is difficult to predict how existing laws will be applied to our business, and if our business grows and evolves and our solutions are used in a greater number of countries, we will also become subject to laws and regulations in additional jurisdictions, which may be inconsistent with the laws of the jurisdictions to which we are currently subject. For example, the risk related to liability for third-party actions may be greater in certain jurisdictions outside the United States where our protection from such liability may be unclear.

It is also possible that the interpretation and application of various laws and regulations may conflict with other rules or our practices, such as industry standards to which we adhere, our privacy policies and our privacy-related obligations to third parties (including, in certain instances, voluntary third-party certification bodies). Similarly, our business could be adversely affected if new legislation or regulations are adopted that require us to change our current practices or the design of our platform, products or features. For example, regulatory frameworks for privacy issues are currently in flux worldwide, and are likely to remain so for the foreseeable future due to increased public scrutiny of the practices of companies offering online services with respect to personal information of their users. The U.S. government, including the White House, the Federal Trade Commission, the Department of Commerce and many state governments are reviewing the need for greater regulation of the collection, processing, storage and use of information about consumer behavior on the Internet, including regulation aimed at restricting certain targeted advertising practices. The European Commission recently approved a new safe harbor program, the E.U.-U.S. Privacy Shield, covering the transfer of personal data from the European Union to the United States, and a new general data protection regulation is expected to take effect in the European Union by 2018, each of which may be subject to varying interpretations and evolving practices, which would create uncertainty for us and possibly result in significantly greater compliance burdens for companies such as us with users and operations in Europe. Changes like these could increase our administrative costs and make it more difficult for consumers to use our platform, resulting in less traffic and revenue. Such changes could also make it more difficult for us to provide effective advertising tools to businesses on our platform, resulting in fewer advertisers and less revenue.

We believe that our policies and practices comply with applicable laws and regulations. However, if our belief proves incorrect, if these guidelines, laws or regulations or their interpretations change or new legislation or regulations are enacted, or if the third parties with whom we share user information fail to comply with such guidelines, laws, regulations or their contractual obligations to us, we may be forced to implement new measures to reduce our legal exposure. This may require us to expend substantial resources, delay development of new products or discontinue certain products or features, which would negatively impact our business. For example, if we fail to comply with our privacy-related obligations to users or third parties, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other user data, we may be compelled to provide additional disclosures to our users, obtain additional consents from our users before collecting or using their information or implement new safeguards to help our users manage our use of their information, among other changes. We may also face litigation, governmental enforcement actions or negative publicity, which could cause our users and advertisers to lose trust in us and have an adverse effect on our business. For example, from time to time we receive inquiries from government agencies regarding our business practices. Although the internal resources expended and expenses incurred in connection with such inquiries and their resolutions have not been material to date, any resulting negative publicity could adversely affect our reputation and brand. Responding to and resolving any future litigation, investigations, settlements or other regulatory actions may require significant time and resources, and could diminish confidence in and the use of our products.

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Domestic and certain foreign laws may be interpreted and enforced in ways that impose new obligations on us with respect to Yelp Deals, which may harm our business and results of operations.

Our Yelp Deals products may be deemed gift certificates, store gift cards, general-use prepaid cards or other vouchers, or “gift cards,” subject to, among other laws, the federal Credit Card Accountability Responsibility and Disclosure Act of 2009 (the “Credit CARD Act”) and similar state and foreign laws. Many of these laws include specific disclosure requirements and prohibitions or limitations on the use of expiration dates and the imposition of certain fees. Various companies that provide deal products similar to ours have been subject to allegations that their deal products are subject to and violate the Credit CARD Act and various state laws governing gift cards. Lawsuits have also been filed in other locations in which we sell or plan to sell our Yelp Deals, such as the Canadian province of Ontario, alleging similar violations of provincial legislation governing gift cards.

The application of various other laws and regulations to our products, and particularly our Yelp Deals and Gift Certificates, is uncertain. These include laws and regulations pertaining to unclaimed and abandoned property, partial redemption, refunds, revenue-sharing restrictions on certain trade groups and professions, sales and other local taxes and the sale of alcoholic beverages. In addition, we may become, or be determined to be, subject to federal, state or foreign laws regulating money transmitters or aimed at preventing money laundering or terrorist financing, including the Bank Secrecy Act, the USA PATRIOT Act and other similar future laws or regulations.

If we become subject to claims or are required to alter our business practices as a result of current or future laws and regulations, our revenue could decrease, our costs could increase and our business could otherwise be harmed. In addition, the costs and expenses associated with defending any actions related to such additional laws and regulations and any payments of related penalties, fines, judgments or settlements could harm our business.

The requirements of being a public company may strain our resources, divert management’s attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations has increased, and will likely continue to increase, our legal and financial compliance costs, make some activities more difficult, time-consuming or costly, and place significant strain on our personnel, systems and resources. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time. This could result in continuing uncertainty regarding compliance matters, higher administrative expenses and a diversion of management’s time and attention. Further, if our compliance efforts differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. Being a public company that is subject to these rules and regulations also makes it more expensive for us to obtain and retain director and officer liability insurance, and we may in the future be required to accept reduced coverage or incur substantially higher costs to obtain or retain adequate coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors and qualified executive officers.

Risks Related to Ownership of Our Common Stock

Our share price has been and will likely continue to be volatile.

The trading price of our common stock has been, and is likely to continue to be, highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. During 2016, our common stock’s daily closing price ranged from \$15.23 to \$42.16, and was \$33.47 on February 23, 2017. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this Annual Report, factors that may cause volatility in our share price include:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in projected operating and financial results;
- actual or anticipated changes in our growth rate relative to our competitors;

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- announcements of changes in strategy, such as the announcement of our plan to wind down our international sales and marketing operations to focus on our core U.S. and Canadian markets;
- announcements of technological innovations or new offerings by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- additions or departures of key personnel;
- actions of securities analysts who cover our company, such as publishing research or forecasts about our business (and our performance against such forecasts), changing the rating of our common stock or ceasing coverage of our company;
- investor sentiment with respect to our competitors, business partners and industry in general;
- reporting on our business by the financial media, including television, radio and press reports and blogs;
- fluctuations in the value of companies perceived by investors to be comparable to us;
- changes in the way we measure our key metrics;
- sales of our common stock;
- changes in laws or regulations applicable to our solutions;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares; and
- general economic and market conditions such as recessions or interest rate changes.

Furthermore, the stock markets have recently experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. For example, in August 2014, we and certain of our officers were sued in two similar putative class action lawsuits alleging violations of the federal securities laws for allegedly making materially false and misleading statements. We may be the target of additional litigation of this type in the future as well. Securities litigation against us could result in substantial costs and divert our management's time and attention from other business concerns, which could harm our business.

We do not intend to pay dividends for the foreseeable future, and as a result, our stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize future gains on their investments.

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

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

- authorize our board of directors to issue, without further action by the stockholders, up to 10,000,000 shares of undesignated preferred stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the Chair of our board of directors or our Chief Executive Officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, with directors in each class serving three-year staggered terms;

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- prohibit cumulative voting in the election of directors;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum; and
- require the approval of our board of directors or the holders of a supermajority of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder.

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

Sales of a substantial number of shares of our common stock in the public market, particularly sales by our directors, officers, employees and significant stockholders, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. As of December 31, 2016, we had 79,429,833 shares of common stock outstanding.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal executive offices in North America are currently located at 140 New Montgomery Street, San Francisco, California, where we lease office space pursuant to a lease agreement that expires in 2021. We lease additional office space in Palo Alto, California; San Francisco, California; Scottsdale, Arizona; Chicago, Illinois; New York, New York; and internationally in Dublin, Ireland; London, England; and Hamburg, Germany. We believe that our properties are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be available on commercially reasonable terms.

Item 3. Legal Proceedings.

In August 2014, two putative class action lawsuits alleging violations of federal securities laws were filed in the U.S. District Court for the Northern District of California, naming as defendants us and certain of our officers. The lawsuits allege violations of the Exchange Act by us and our officers for allegedly making materially false and misleading statements regarding our business and operations between October 29, 2013 and April 3, 2014. These cases were subsequently consolidated and, in January 2015, the plaintiffs filed a consolidated complaint seeking unspecified monetary damages and other relief. Following the court’s dismissal of the consolidated complaint on April 21, 2015, the plaintiffs filed a first amended complaint on May 21, 2015. On November 24, 2015, the court dismissed the first amended complaint with prejudice, and entered judgment in our favor on December 28, 2015. The plaintiffs have appealed this judgment to the U.S. Court of Appeals for the Ninth Circuit.

On April 23, 2015, a putative class action lawsuit was filed by former Eat24 employees in the Superior Court of California for San Francisco County, naming as defendants us and Eat24. The lawsuit asserts that we failed to permit meal and rest periods for certain current and former employees working as Eat24 customer support specialists, and alleges violations of the California Labor Code, applicable Industrial Welfare Commission Wage Orders and the California Business and Professions Code. The plaintiffs seek monetary damages in an unspecified amount and injunctive relief. On May 29, 2015, plaintiffs filed a first amended complaint asserting an additional cause of action for penalties under the Private Attorneys General Act. In January 2016, we reached a preliminary agreement to settle this matter, which the court preliminarily approved on June 27, 2016. The settlement received final court approval on December 5, 2016 and the \$550 thousand settlement amount was paid on February 10, 2017.

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On June 24, 2015, a former Eat24 sales employee filed a lawsuit, on behalf of herself and a putative class of current and former Eat24 sales employees, against Eat24 in the Superior Court of California for San Francisco County. The lawsuit alleges that Eat24 failed to pay required wages, including overtime wages, allow meal and rest periods and maintain proper records, and asserts causes of action under the California Labor Code, applicable Industrial Welfare Commission Wage Orders and the California Business and Professions Code. The plaintiff seeks monetary damages and penalties in unspecified amounts, as well as injunctive relief. On August 3, 2015, the plaintiff filed a first amended complaint asserting an additional cause of action for penalties under the Private Attorneys General Act. In January 2016, we reached a preliminary agreement to settle this matter for payments in the aggregate amount of up to approximately \$0.2 million, which the court preliminarily approved on August 29, 2016. The settlement received final court approval on February 1, 2017.

In addition, we are subject to legal proceedings arising in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently do not believe that the final outcome of any of these matters will have a material adverse effect on our business, financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.****Market Information**

Our common stock, par value \$0.000001 per share, is listed on the New York Stock Exchange LLC, or NYSE, under the symbol “YELP.” We previously had two classes of common stock outstanding — Class A common stock and Class B common stock — which converted into a single class of common stock on September 22, 2016. Prior to such date, our Class A common stock, par value \$0.000001 per share, was listed on the NYSE under the same symbol as our common stock. There was no public trading market for our Class B common stock, par value \$0.000001 per share.

The following table sets forth on a per-share basis the high and low intraday sales prices of (i) our Class A common stock through September 22, 2016 and (ii) our common stock thereafter, in each case as reported by the NYSE for the periods presented:

	2016		2015	
	High	Low	High	Low
First Quarter	\$ 28.55	\$ 14.53	\$ 57.70	\$ 42.10
Second Quarter	\$ 30.54	\$ 19.21	\$ 52.51	\$ 37.91
Third Quarter	\$ 41.94	\$ 28.68	\$ 43.49	\$ 20.50
Fourth Quarter	\$ 43.36	\$ 32.00	\$ 32.47	\$ 20.60

On February 23, 2017, the last reported sale price of our common stock was \$33.47.

Stockholders

As of the close of business on February 23, 2017, there were 51 stockholders of record of our common stock. The actual number of holders of our common stock is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

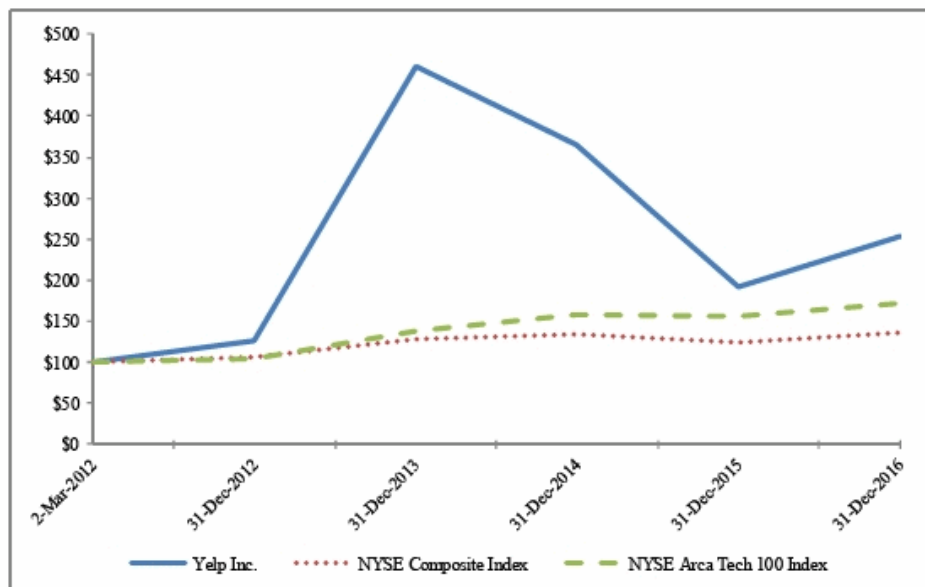
Dividend Policy

We have never declared or paid, and do not anticipate declaring or paying, any cash dividends on our capital stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors that our board of directors may deem relevant.

Performance Graph

We have presented below the cumulative total return to our stockholders during the period from March 2, 2012 (the date our common stock commenced trading on the NYSE) through December 31, 2016 in comparison to the NYSE Composite Index and NYSE Arca Tech 100 Index. All values assume a \$100 initial investment and data for the NYSE Composite Index and NYSE Arca Tech 100 Index assume reinvestment of dividends. The comparisons are based on historical data and are not indicative of, nor intended to forecast, the future performance of our common stock.

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Index	Period					
	3/2/2012	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Yelp Inc.	100	126	460	365	192	254
NYSE Composite Index	100	106	128	134	125	136
NYSE Arca Tech 100 Index	100	104	139	159	156	173

The information under “Performance Graph” is not deemed to be “soliciting material” or “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act, and is not to be incorporated by reference in any filing of Yelp under the Securities Act or the Exchange Act, whether made before or after the date of this Annual Report and irrespective of any general incorporation language in those filings.

Issuer Purchases of Equity Securities

No shares of our common stock were repurchased during the three months ended December 31, 2016.

Item 6. Selected Consolidated Financial and Other Data.

The following selected consolidated financial and other data should be read in conjunction with, and are qualified by reference to, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our audited consolidated financial statements and the accompanying notes included elsewhere in this Annual Report. The consolidated statements of operations data for the years ended December 31, 2016, 2015 and 2014 and the consolidated balance sheet data as of December 31, 2016 and 2015 are derived from the audited consolidated financial statements that are included elsewhere in this Annual Report. The consolidated statements of operations data for the years ended December 31, 2013 and 2012, as well as the consolidated balance sheet data as of December 31, 2014, 2013 and 2012, are derived from audited consolidated financial statements that are not included in this Annual Report. We have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of the results to be expected in any period in the future.

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Consolidated Statements of Operations Data:

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(in thousands, except per share amounts)				
Net revenue	\$ 713,069	\$ 549,711	\$ 377,536	\$ 232,988	\$ 137,567
Costs and expenses:					
Cost of revenue (exclusive of depreciation and amortization shown separately below) ⁽¹⁾	60,363	51,015	24,382	16,561	9,928
Sales and marketing ⁽¹⁾	382,854	301,764	201,050	131,970	85,915
Product development ⁽¹⁾	138,549	107,786	65,181	38,243	20,473
General and administrative ⁽¹⁾	97,481	80,866	58,274	42,907	31,531
Depreciation and amortization ⁽¹⁾	35,346	29,604	17,590	11,455	7,223
Restructuring and integration ⁽¹⁾	3,455	-	-	675	1,262
Total costs and expenses	718,048	571,035	366,477	241,811	156,332
Income (Loss) from operations	(4,979)	(21,324)	11,059	(8,823)	(18,765)
Other income (expense), net	1,694	386	221	(407)	(226)
Income (Loss) before income taxes	(3,285)	(20,938)	11,280	(9,230)	(18,991)
Benefit from (Provision for) income taxes	(1,385)	(11,962)	25,193	(838)	(122)
Net income (loss)	(4,670)	(32,900)	36,473	(10,068)	(19,113)
Accretion of redeemable convertible preferred stock	-	-	-	-	(32)
Net income (loss) attributable to common stockholders (Class A and B)	\$ (4,670)	\$ (32,900)	\$ 36,473	\$ (10,068)	\$ (19,145)
Net income (loss) per share attributable to common stockholders (Class A and B):					
Basic	\$ (0.06)	\$ (0.44)	\$ 0.51	\$ (0.15)	\$ (0.35)
Diluted	\$ (0.06)	\$ (0.44)	\$ 0.48	\$ (0.15)	\$ (0.35)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders (Class A and B):					
Basic	77,186	74,683	71,936	65,665	54,149
Diluted	77,186	74,683	76,712	65,665	54,149

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

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Cost of revenue	\$ 2,446	\$ 1,117	\$ 729	\$ 421	\$ 122
Sales and marketing	27,098	21,962	15,083	10,131	4,917
Product development	36,323	23,431	14,804	6,270	1,705
General and administrative	20,394	14,332	11,657	9,300	8,134
Restructuring and integration	-	-	-	555	-
Total stock-based compensation	\$ 86,261	\$ 60,842	\$ 42,273	\$ 26,677	\$ 14,878

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Consolidated Balance Sheet Data:

	As of December 31,				
	2016	2015	2014	2013	2012
	(dollars in thousands)				
Cash and cash equivalents	\$ 272,201	\$ 171,613	\$ 247,312	\$ 389,764	\$ 95,124
Property, equipment and software, net	92,440	80,467	62,761	30,666	14,799
Working capital ⁽¹⁾	500,780	393,505	386,785	391,844	91,218
Total assets	885,206	755,427	629,650	515,977	187,696
Total stockholders' equity	807,186	693,620	588,150	486,483	165,662

(1) Working capital comprises of total current assets less total current liabilities

Other Financial and Operational Data:

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Reviews ⁽¹⁾	121,022	95,210	71,232	52,757	35,959
Desktop Unique Visitors ⁽²⁾	73,466	74,607	77,628	77,713	62,336
Mobile Web Unique Visitors ⁽³⁾	65,351	65,860	57,770	42,292	23,972
App Unique Devices ⁽⁴⁾	24,073	20,006	14,541	10,613	9,178
Claimed Local Business Locations ⁽⁵⁾	3,363	2,648	2,029	1,488	994
Advertising and Subscription Accounts ⁽⁶⁾	138	111	84	54	31
Adjusted EBITDA ⁽⁷⁾	\$ 120,083	\$ 69,122	\$ 70,922	\$ 29,429	\$ 4,598

- (1) Represents the cumulative number of reviews submitted to Yelp since inception, as of the period end, including reviews that were not recommended or that had been removed from our platform. We define a review as each individually written assessment submitted by a user who has registered by creating a public profile on our platform. For more information, including information regarding reviews that are not recommended and removed reviews, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Reviews.*”
- (2) Represents the average number of desktop unique visitors for the last three months of the period, calculated as the number of “users,” as measured by Google Analytics, who visited our non-mobile optimized website at least once in a given month, averaged over the three-month period. For more information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Traffic.*”
- (3) Represents the average number of mobile website unique visitors for the last three months of the period, calculated as the number of “users,” as measured by Google Analytics, who visited our mobile-optimized website at least once in a given month, averaged over the three-month period. For more information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Traffic.*”
- (4) Represents the average number of unique mobile devices using our mobile app for the last three months of the period, calculated as the number of unique mobile devices that used our mobile app in a given month, averaged over the three month period. For more information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Traffic.*”
- (5) Represents the cumulative number of business locations that had been claimed on Yelp worldwide since 2008, as of the period end. We define a claimed local business location as each business address for which a business representative has visited our website and claimed the free business listing page for the business located at that address. For more information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Claimed Local Business Locations.*”
- (6) Represents the number of business accounts from which we recognized advertising and subscription revenue during the last three months of the period. For more information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Advertising and Subscription Accounts.*”

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- (7) Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss), adjusted to exclude: provision (benefit) for income taxes, other income (expense), net, depreciation and amortization, stock-based compensation expense, and restructuring and integration costs. We believe that adjusted EBITDA provides useful information to investors for understanding and evaluating our operating results in the same manner as our management and our board of directors. This non-GAAP information is not necessarily comparable to non-GAAP information of other companies, and should not be viewed as a substitute for, or superior to, net income (loss) prepared in accordance with GAAP as a measure of our profitability. Users of this financial information should consider the types of events and transactions for which adjustments have been made. For more information about adjusted EBITDA, as well as a reconciliation of this non-GAAP financial measure to net income (loss), see “*Management’s Discussion and Analysis of Financial Condition and Results of Operation—Non-GAAP Financial Measures—Adjusted EBITDA.*”

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Annual Report. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs, and involve risks and uncertainties. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those discussed in the section titled “Risk Factors” included under Part I, Item 1A and elsewhere in this Annual Report. See “Special Note Regarding Forward-Looking Statements” in this Annual Report.

Overview

Yelp connects people with great local businesses by bringing “word of mouth” online and providing a platform for businesses and consumers to engage and transact. Our platform provides value to consumers and businesses alike by connecting consumers with great local businesses at the critical moment when they are deciding where to spend their money. Each day, millions of consumers use our platform to find and interact with local businesses, which in turn use our free and paid services to help them engage with consumers. The Yelp Platform, which allows consumers and businesses to transact directly on Yelp, provides consumers with a continuous experience from discovery to completion of transactions and local businesses with an additional point of consumer engagement.

We derive substantially all of our revenue from the sale of advertising products. In the year ended December 31, 2016, our net revenue was \$713.1 million, which represented an increase of 30% from the year ended December 31, 2015, and we recorded a net loss of \$4.7 million and adjusted EBITDA of \$120.1 million. In the year ended December 31, 2015, our net revenue was \$549.7 million, which represented an increase of 46% from the year ended December 31, 2014, and we recorded a net loss of \$32.9 million and adjusted EBITDA of \$69.1 million.

Our success is primarily the result of significant investment in our communities, employees, content, brand and technology. We believe that continued investment in our business provides our largest opportunity for future growth and plan to continue to invest for long-term growth in our key strategies:

- *Network Effect.* We plan to invest in marketing and product development aimed at both attracting more, and increasing the engagement of, consumers as we look to leverage our brand and benefit from network dynamics in Yelp communities. In addition to continuing our efforts to raise brand awareness, we plan to allocate a greater proportion of our advertising budget to performance advertising, with the objective of growing our communities, among other goals. We also plan to continue to invest in our mobile platform, where we find our most engaged users, and in our transaction capabilities, which we believe will driver further consumer engagement. Together with our continued focus on making our content widely available and developing innovative features, while maintaining a great user experience, we believe these investments will attract new consumers as well as increase the number of visits and searches per user.

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- *Enhance Monetization.* Our core strength is our advertising business in the United States and Canada. In the fourth quarter of 2016, we carried out a significant reduction in our sales and marketing activities outside the United States and Canada, where we believe the long-term return on continued investment to be lower than alternative opportunities for the business within our core markets. We plan to continue to invest in initiatives to enhance our opportunities in the United States and Canada, including aggressively growing our sales force in order to reach more businesses; however, we will also broaden our sales strategy by developing new and evolving sales channels, such as self-serve advertising and partnerships with marketing agencies and resellers, and deepening our relationships with existing customers. In addition, we will continue the expansion of the Yelp Platform to drive transaction volume, new business owner products and comprehensive tools to measure the effectiveness of our products, as well as our local business outreach.

We expect to continue to invest in capital expenditures in 2017 to support the growth of our business, primarily to increase our office space, upgrade our technology and infrastructure to improve the ability of our platform to handle the projected increase in usage, and enable the release of new features and solutions. As a result of this investment philosophy, we expect that our operating expenses will continue to increase for the foreseeable future.

Factors Affecting Our Performance

Traffic and User Engagement. Changes in consumer traffic, as well as the quality and quantity of contributed content, has affected and will continue to affect our revenue and financial performance. Traffic to our platform determines the number of ads we are able to show, affects the value of those ads to businesses and influences the content creation that drives further traffic; as a result, our ability to grow our business depends on our ability to increase traffic on our platform. Because we rely on Internet search engines to drive traffic to our platform, a significant portion of our traffic can be affected by a number of factors, many of which are not in our direct control. Changes in a search engine's ranking algorithms, methodologies or design layouts may result in links to our website not being prominent enough to drive traffic to our website and mobile app.

For example, Google has previously made changes to its algorithms and methodologies that may be contributing to the slowing of our traffic growth rate, particularly in our international markets where we have less content and more competitors. We believe this headwind on our ability to achieve prominent display of our content in international unpaid search results disrupted the network effect we expected in our international markets based on what we experienced domestically, whereby increases in content led to increases in traffic. This was a contributing factor to our decision to wind down our international sales and marketing operations. Google also announced that, beginning in the fourth quarter of 2015, the rankings of sites showing certain types of app install interstitials could be penalized on its mobile search results pages. While we believe the type of interstitial we currently use will not be penalized, the parameters of Google's policy may change from time to time, be poorly defined and be inconsistently interpreted. For example, in January 2017, Google broadened the categories of interstitials that may be penalized. As a result, Google may unexpectedly penalize our app install interstitials, which may cause links to our mobile website to be featured less prominently in Google's mobile search results page, and traffic to both our mobile website and mobile app may be harmed as a result. We cannot predict the long-term impact of these changes.

We also anticipate that our traffic growth will continue to slow over time, and potentially decrease in certain periods, as our business matures and we achieve higher penetration rates. As our traffic growth rate slows, our success will become increasingly dependent on our ability to increase levels of user engagement on our platform. This dependence may increase as the portion of our revenue derived from performance-based advertising increases. If user engagement decreases, our advertisers may stop or reduce the amount of advertising on our platform and our results of operations would be harmed. In addition, we also expect the cyclicity and seasonality in our business to become more pronounced as our growth rate slows, including weaker traffic in the fourth quarter of the year.

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Increasing Mobile Usage. The number of people who access information about local businesses through mobile devices has increased dramatically over the past few years and is expected to continue to increase. Although many consumers access our platform both on their mobile devices and through personal computers, we have seen substantial growth in mobile usage. We anticipate that growth in use of our mobile platform will be the driver of our growth for the foreseeable future and that usage through personal computers will continue to decline worldwide. While we currently deliver advertising on our mobile platform, the mobile market remains a new and evolving market with which we have limited experience. Our continued success depends on, among other things, our efforts to innovate and introduce enhanced mobile products and features. If our efforts to develop compelling mobile advertising products are not successful, advertisers may stop or reduce their advertising with us. At the same time, we must balance advertiser demands against our commitment to prioritizing the quality of user experience over short-term monetization. If we are not able to balance these competing considerations successfully, we may not be able to generate meaningful revenue from our mobile products despite the expected growth in mobile usage, which would adversely impact our financial performance.

Ability to Attract and Retain Advertisers. Our revenue growth is driven by our ability to attract and retain local business that purchase our advertising products. Our largest sales and marketing expenses consist of the costs associated with acquiring advertisers. We spent a majority of our sales and marketing expense for 2016 on initiatives related to advertiser acquisition and expect to continue to expend significant amounts to attract additional advertisers. At the same time, our advertising agreements increasingly provide for performance-based cost-per-click payment terms, which may make it more difficult to forecast advertising revenue accurately. In addition, our advertisers typically do not have long-term obligations to purchase our products, and their decisions to renew depend on the degree of satisfaction with our products as well as a number of factors that are outside of our control, including their ability to continue their operations and spending levels. The small and medium-sized businesses on which we heavily rely often have limited advertising budgets and may be disproportionately affected by economic downturns. As a result, a worsening economic outlook would likely cause businesses to decrease investments in advertising, which could adversely affect our revenue.

Investment in Growth. We have invested aggressively in the growth of our platform and intend to continue to invest to support this growth as we expand the Yelp Platform, grow our communities and local business base, hire additional employees and further develop our technology. We also plan to invest in product development as we continue to innovate and introduce new advertising and e-commerce products, explore new platforms and distribution channels and develop partner arrangements that provide incremental value to our advertisers and business partners to encourage them to increase their advertising budgets allocated to our platform. We expect that these investments will increase our operating expenses, and that any increase in revenue resulting from product innovations will likely trail the increase in expenses. For example, in 2015, we launched our first television and digital advertising campaign to increase consumer awareness of our brand; while we believe these marketing efforts will increase traffic in the longer term, we do not expect the effect to be immediate. We plan to continue investing in various advertising channels in 2017.

Community Development. Our long-term growth depends on our ability to successfully develop Yelp communities. It can take years for our platform to achieve a critical mass of consumers and reviews to drive meaningful traction of our advertising products and to begin generating revenue in a particular community. As a result, we may continue to generate losses in new communities for an extended period, and different communities can be expected to grow at different rates and generate varying levels of revenue. As with most businesses, we expect our revenue growth to slow as our business matures over time. Advertising revenue for the oldest cohort of Yelp communities in the United States, which launched in 2005-2006, grew at 30% in 2016 compared to 2015. This is lower than the growth rate of advertising revenue for the 2007-2008 cohort, which grew 37% over the same period. We believe this is indicative of continued revenue growth, but slowing revenue growth for older communities.

In the fourth quarter of 2016, we wound down our international sales and marketing operations, including our international community management team, and reallocated the associated resources primarily to our U.S. and Canadian markets. As a result, our continued growth depends on our ability to further develop our U.S. and Canadian communities and operations. However, we have already entered many of the largest cities in the United States and Canada, and launching additional communities may not yield results similar to those of our existing communities. As a result, we continue to believe that development of our existing communities currently provides the greatest opportunity for growth, and plan to focus our community development efforts on existing communities in 2017.

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Acquisitions. As part of our business strategy, we may determine to expand our product offerings and grow our business through the acquisition of complementary businesses or technologies. For example, in February 2017, we acquired Nowait, a restaurant technology company with the industry’s leading waitlist system and seating tool. This will help drive Yelp’s daily engagement in the key restaurant vertical. Our acquisitions will affect our future financial results due to factors such as the amortization of acquired intangible assets.

Key Metrics

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions. Unless otherwise stated, these metrics do not include metrics for Yelp Eat24 or Yelp Reservations, or from our business owner products.

Reviews

Number of reviews represents the cumulative number of reviews submitted to Yelp since inception, as of the period end, including reviews that were not recommended or had been removed from our platform. In addition to the text of the review, each review includes a rating of one to five stars. We include reviews that are not recommended and that have been removed because all of them are either currently accessible on our platform or were accessible at some point in time, providing information that may be useful to users to evaluate businesses and individual reviewers. Because our automated recommendation software continually reassesses which reviews to recommend based on new information that becomes available, the “recommended” or “not recommended” status of reviews may change over time. Reviews that are not recommended or that have been removed do not factor into a business’s overall star rating. By clicking on a link on a reviewed business’s page on our website, users can access the reviews that are not currently recommended for the business, as well as the star rating and other information about reviews that were removed for violation of our terms of service.

As of December 31, 2016, approximately 112.6 million reviews were available on business listing pages, including approximately 26.9 million reviews that were not recommended, after 8.4 million reviews had been removed from our platform, either by us for violation of our terms of service or by the users who contributed them. The following table presents the number of cumulative reviews as of the dates indicated:

	As of December 31,		
	2016	2015	2014
	(in thousands)		
Reviews	121,022	95,210	71,232

Traffic

Traffic to our website and mobile app has three components: visitors to our non-mobile optimized website (our “desktop website”), visitors to our mobile-optimized website (our “mobile website”) and mobile devices accessing our mobile app. We use the following metrics to measure each of these traffic streams:

Desktop and Mobile Website Unique Visitors. We calculate desktop unique visitors as the number of “users,” as measured by Google Analytics, who have visited our desktop website at least once in a given month, averaged over a given three-month period. Similarly, we calculate mobile website unique visitors as the number of “users” who have visited our mobile website at least once in a given month, averaged over a given three-month period.

Google Analytics, a product from Google Inc. that provides digital marketing intelligence, measures “users” based on unique cookie identifiers. Because the numbers of desktop unique visitors and mobile website unique visitors are therefore based on unique cookies, an individual who accesses our desktop website or mobile website from multiple devices with different cookies may be counted as multiple desktop unique visitors or mobile website unique visitors, as applicable, and multiple individuals who access our desktop website or mobile website from a shared device with a single cookie may be counted as a single desktop unique visitor or mobile website unique visitor.

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App Unique Devices. We calculate app unique devices as the number of unique mobile devices using our mobile app in a given month, averaged over a given three-month period. Under this method of calculation, an individual who accesses our mobile app from multiple mobile devices will be counted as multiple app unique devices. Multiple individuals who access our mobile app from a shared device will be counted as a single app unique device.

The following table presents our traffic for the periods indicated:

	Three Months Ended December 31,		
	2016	2015	2014
	(in thousands)		
Desktop Unique Visitors	73,466	74,607	77,628
Mobile Web Unique Visitors	65,351	65,860	57,770
App Unique Devices	24,073	20,006	14,541

We anticipate that our mobile traffic will be the driver of our growth for the foreseeable future and that usage of our desktop website will continue to decline worldwide.

Claimed Local Business Locations

The number of claimed local business locations represents the cumulative number of business locations that have been claimed on Yelp worldwide since 2008, as of a given date. We define a claimed local business location as each business address for which a business representative has visited our website and claimed the free business listing page for the business located at that address. The following table presents the number of cumulative claimed local business locations as of the dates presented:

	As of December 31,		
	2016	2015	2014
	(in thousands)		
Claimed Local Business Locations	3,363	2,648	2,029

Advertising and Subscription Accounts

Advertising and subscription accounts, which we previously referred to as local advertising accounts, consist of business accounts from which we recognized (a) advertising revenue (excluding business accounts that purchased advertising solely through our partners) and (b) revenue from Yelp Reservations subscriptions in a given three-month period. The following table presents the number of advertising and subscription accounts during the periods presented:

	Three Months Ended December 31,		
	2016	2015	2014
	(in thousands)		
Advertising and Subscription Accounts	138	111	84

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Non-GAAP Financial Measures

Our consolidated financial statements are prepared in accordance with GAAP. However, we have also disclosed below adjusted EBITDA and non-GAAP net income, which are non-GAAP financial measures. We have included adjusted EBITDA and non-GAAP net income because they are key measures used by our management and board of directors to understand and evaluate our operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating adjusted EBITDA and non-GAAP net income can provide a useful measure for period-to-period comparisons of our primary business operations. Accordingly, we believe that adjusted EBITDA and non-GAAP net income provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Adjusted EBITDA and non-GAAP net income have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. In particular, adjusted EBITDA and non-GAAP net income should not be viewed as substitutes for, or superior to, net income (loss) prepared in accordance with GAAP as a measure of profitability or liquidity. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA and non-GAAP net income do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA and non-GAAP net income do not consider the potentially dilutive impact of equity-based compensation;
- adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate adjusted EBITDA and non-GAAP net income differently, which reduces their usefulness as comparative measures.

Because of these limitations, you should consider adjusted EBITDA and non-GAAP net income alongside other financial performance measures, including various cash flow metrics, net income (loss) and our other GAAP results. The tables below present reconciliations of adjusted EBITDA and non-GAAP net income to net income (loss), the most directly comparable GAAP financial measure in each case, for each of the periods indicated.

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Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss), adjusted to exclude: provision for (benefit from) income taxes; other income (expense), net; depreciation and amortization; stock-based compensation expense; and restructuring and integration costs. Adjusted EBITDA for the year ended December 31, 2016 was \$120.1 million. The following is a reconciliation of adjusted EBITDA to net income (loss):

	Year Ended December 31,				
	2016	2015	2014	2013	2012
(in thousands)					
Reconciliation of Adjusted EBITDA to GAAP Net Income (Loss):					
Net income (loss)	\$ (4,670)	\$ (32,900)	\$ 36,473	\$ (10,068)	\$ (19,113)
(Benefit from) Provision for income taxes	1,385	11,962	(25,193)	838	122
Other (income) expense, net	(1,694)	(386)	(221)	407	226
Depreciation and amortization	35,346	29,604	17,590	11,455	7,223
Stock-based compensation	86,261	60,842	42,273	26,122	14,878
Restructuring and integration costs ⁽¹⁾	3,455	-	-	675	1,262
Adjusted EBITDA	<u>\$ 120,083</u>	<u>\$ 69,122</u>	<u>\$ 70,922</u>	<u>\$ 29,429</u>	<u>\$ 4,598</u>

(1) Restructuring and integration includes \$0.6 million in stock-based compensation expense for the year ended December 31, 2013.

Non-GAAP Net Income

Non-GAAP net income is a non-GAAP financial measure that we calculate as net income (loss), adjusted to exclude: stock-based compensation expense; amortization of intangibles; restructuring and integration costs; and the tax effect of stock-based compensation, amortization of intangibles, restructuring and integration costs and valuation allowance. Non-GAAP net income for the year ended December 31, 2016 was \$59.4 million. The following is a reconciliation of non-GAAP net income to net income (loss):

	Year Ended December 31,	
	2016	
(in thousands)		
Reconciliation of Non-GAAP Net Income to GAAP Net Income (Loss):		
Net income (loss)	\$	(4,670)
Stock-based compensation		86,261
Amortization of intangible assets		6,805
Restructuring and integration costs		3,455
Tax adjustments ⁽¹⁾		(32,411)
Non-GAAP net income	<u>\$</u>	<u>59,440</u>

(1) Includes tax effects of stock-based compensation, amortization of intangibles, restructuring and integration, and valuation allowance.

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Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates and assumptions are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from those estimates.

We believe that the assumptions and estimates associated with revenue recognition, website and internal-use software development costs, business combinations, income taxes and stock-based compensation expense have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates. For further information on these and our other significant accounting policies, see Note 2 of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

Results of Operations

The following tables set forth our results of operations for the periods indicated as a percentage of net revenue for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Year Ended December 31,		
	2016	2015	2014
	(as a percentage of net revenue)		
Consolidated Statements of Operations Data:			
Net revenue by product:			
Advertising	90%	86%	89%
Transactions	9	8	1
Brand advertising	-	6	9
Other services	1	-	1
Total net revenue	100%	100%	100%
Costs and expenses:			
Cost of revenue (exclusive of depreciation and amortization shown separately below)	8%	9%	6%
Sales and marketing	55	55	54
Product development	19	20	17
General and administrative	14	15	15
Depreciation and amortization	5	5	5
Restructuring and integration cost	-	-	-
Total costs and expenses	101	104	97
Income (Loss) from operations	(1)	(4)	3
Other income (expense), net	-	-	-
Income (Loss) before income taxes	(1)	(4)	3
Benefit from (Provision for) income taxes	-	(2)	7
Net income (loss)	(1%)	(6%)	10%

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Years Ended December 31, 2016, 2015 and 2014

Net Revenue

We generate revenue from our advertising products, transactions, other services and, through the end of 2015, brand advertising.

Advertising. We generate advertising revenue from our advertising programs, which consist of enhanced listing pages and performance and impression-based advertising in search results and elsewhere on our website and mobile app. Advertising revenue also includes revenue generated from resale of our advertising products by certain partners and monetization of remnant advertising inventory through third-party ad networks.

Transactions. We generate revenue from various transactions with consumers, including through Yelp Eat24, Platform transactions and the sale of Yelp Deals and Gift Certificates. Yelp Eat24 generates revenue through arrangements with restaurants, in which restaurants pay a commission percentage fee on orders placed through the Yelp Eat24 platform. We record revenue associated with Yelp Eat24's transactions on a net basis. Our Platform partnerships are revenue-sharing arrangements that provide consumers with the ability to complete food delivery transactions, order flowers and book spa and salon appointments, among others, through third parties directly on Yelp. We earn a fee on our Platform partnerships for acting as an agent for these transactions, which we record on a net basis and include in revenue upon completion of a transaction. Yelp Deals allow merchants to promote themselves and offer discounted goods and services on a real-time basis to consumers directly on our website and mobile app. We earn a fee on Yelp Deals for acting as an agent in these transactions, which we record on a net basis and include in revenue upon a consumer's purchase of a deal. Gift Certificates allow merchants to sell full-priced gift certificates directly to consumers through their business listing pages. We earn a fee based on the amount of the Gift Certificate sold, which we record on a net basis and include in revenue upon a consumer's purchase of the Gift Certificate.

Brand Advertising. Through the end of 2015, we generated revenue from brand advertising through the sale of display advertisements and brand sponsorships to national brands. We phased out these products to focus on our core strength of local advertising.

Other Services. We generate revenue through our Yelp Reservations product, licensing payments for access to Yelp data through our Yelp Knowledge program and other non-advertising related partnerships.

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The following table provides a breakdown of our net revenue for the periods indicated.

	Year Ended December 31,			2015 to	2014 to
	2016	2015	2014	2016 %	2015 %
	(dollars in thousands)			Change	Change
Net revenue by product:					
Advertising	\$ 645,241	\$ 471,416	\$ 335,450	37%	41%
Transactions	62,495	43,854	5,247	43	736
Brand advertising	-	31,012	34,482	(100)	(10)
Other services	5,333	3,429	2,357	56	45
Total net revenue	\$ 713,069	\$ 549,711	\$ 377,536	30%	46%
Percentage of total net revenue by product:					
Advertising	90%	86%	89%		
Transactions	9	8	1		
Brand advertising	-	6	9		
Other services	1	-	1		
Total net revenue	100%	100%	100%		

During 2016, 2015 and 2014, we focused on revenue growth related to our local advertiser customer base. Total net revenue increased \$163.4 million, or 30%, in 2016 compared to 2015, and \$172.2 million, or 46%, in 2015 compared to 2014.

Advertising revenue increased \$173.8 million, or 37%, in 2016 compared to 2015, and \$136.0 million, or 41% in 2015 compared to 2014. The increase in both periods was primarily due to a significant increase in the number of customers purchasing advertising plans as we expanded our sales force to reach more businesses. The growth in both periods was driven primarily by purchases of cost-per-click advertising. In both 2016 and 2015, a majority of ad clicks were delivered on mobile.

Our transactions revenue increased \$18.6 million, or 43%, in 2016 compared to 2015, and \$38.6 million, or 736%, in 2015 compared to 2014. The increase in both periods was primarily the result of increased transactions from Yelp Eat24, which we acquired in February 2015.

As of the beginning of 2016, we no longer offer brand advertising products. As a result, we generated no brand advertising revenue in 2016, a decrease of \$31.0 million from 2015. Our brand revenue decreased \$3.5 million, or 10%, in 2015 compared to 2014, primarily due to a decrease in the number of brand advertisers and our phase out of our brand advertising products.

Our other services revenue increased \$1.9 million, or 56%, in 2016 compared to 2015, and \$1.1 million, or 45%, in 2015 compared to 2014. The increases in both years were primarily due to increases in revenue from Yelp Reservations.

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Cost of Revenue

Our cost of revenue consists primarily of web hosting costs and credit card processing fees, as well as salaries, benefits and stock-based compensation expense for our infrastructure teams related to the operation of our website and mobile app. It also includes costs associated with video production for our local advertisers as well as confirmation and delivery services associated with Yelp Eat24. We expect cost of revenue to increase in 2017 at a similar rate to 2016.

	Year Ended December 31,			2015 to	2014 to
	2016	2015	2014	2016 %	2015 %
	(dollars in thousands)			Change	Change
Cost of revenue	\$ 60,363	\$ 51,015	\$ 24,382	18%	109%
Percentage of net revenue	8%	9%	6%		

Cost of revenue increased \$9.3 million, or 18%, in 2016 compared to 2015, and \$26.6 million, or 109%, in 2015 compared to 2014. The increases in 2016 and 2015 were primarily attributable to increases of \$6.9 million and \$9.1 million, respectively, in merchant fees related to credit card transactions due to growth in advertising and transactions revenue, particularly as a result of our acquisition of Eat24 in the three months ended March 31, 2015. Set up and creative design costs, consisting primarily of video production costs, increased by \$1.2 million and \$2.4 million in 2016 and 2015, respectively, due to greater demand by businesses for video on their business listing pages. External website hosting, and the salaries and related expenses of the internal personnel that support the website infrastructure increased \$1.0 million and \$12.2 million in 2016 and 2015, respectively, resulting from an increase in the number of visitors to our website and transactions completed in our website compared to the prior years, as well as increased headcount for personnel supporting the website infrastructure. In 2016, those increases were partially offset by improved pricing from key website hosting vendors achieved during 2016. Cost of revenue also increased by \$0.2 million and \$2.9 million in 2016 and 2015, respectively, as a result of third-party food delivery related costs associated with Yelp Eat24.

Sales and Marketing

Our sales and marketing expenses primarily consist of salaries (including employer payroll taxes), benefits, travel expense and incentive compensation expense, including stock-based compensation expense, for our sales and marketing employees. In addition, sales and marketing expenses include business and consumer acquisition marketing, community management, branding and advertising costs, as well as allocated facilities, insurance, business taxes and other supporting overhead costs. Historically, we have focused on organic and viral growth driven by the community development efforts of our community management team, which is responsible for growing and fostering local communities, as well as coordinating events to raise awareness of our brand. As a result, we historically have incurred relatively low sales and marketing expenses to increase consumer awareness of Yelp. While community development continues to be our primary marketing strategy, we launched our first advertising campaign in 2014 and launched additional campaigns in each year since then. We plan to continue investing in various advertising channels in 2017.

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In the fourth quarter of 2016, we significantly reduced our sales and marketing activities in markets outside of the United States and Canada. Nevertheless, we expect our sales and marketing expenses to increase as we expand our communities, increase the number of advertising and subscription accounts and continue to build our brand in the United States and Canada. The majority of these expenses will be related to hiring sales employees and Community Managers, as well as costs incurred with various third-party media outlets and other advertising channels. We expect sales and marketing expenses to increase in 2017 at or slightly above the rate at which revenue increases in 2017, and to be our largest expense for the foreseeable future.

	Year Ended December 31,			2015 to	2014 to
	2016	2015	2014	2016 %	2015 %
	(dollars in thousands)			Change	Change
Sales and marketing	\$ 382,854	\$ 301,764	\$ 201,050	27%	50%
Percentage of net revenue	55%	55%	54%		

Sales and marketing expenses increased \$81.1 million, or 27%, in 2016 compared to 2015, and \$100.7 million, or 50%, in 2015 compared 2014. The increases in 2016 and 2015 were primarily attributable to \$48.5 million and \$57.1 million, respectively, in additional salaries, benefits, travel and other related expenses resulting from increased headcount, including increases in stock-based compensation expense of \$5.1 million and \$6.9 million, respectively, as we expanded our sales organization to take advantage of the market opportunity created by increased recognition of the value of our advertising products and increased use of our free online business accounts. As a result of ongoing marketing campaigns, marketing and advertising costs increased by \$14.8 million and \$23.8 million in 2016 and 2015, respectively. As a result of our increases in net revenue, our commission expenses increased by \$7.8 million and \$2.7 million in 2016 and 2015, respectively. In addition, we experienced increases in facilities, insurance, business taxes and other related allocations of \$10.0 million and \$17.1 million in 2016 and 2015, respectively.

Product Development

Our product development expenses primarily consist of salaries (including employer payroll taxes), various benefits, travel expense and stock-based compensation expense for our engineers, product management and information technology personnel. Product development expenses also include outside services and consulting, allocated facilities, insurance, business taxes and other supporting overhead costs. We believe that continued investment in features, software development tools and code modification is important to attaining our strategic objectives and, as a result, we expect product development expenses to increase for the foreseeable future, though at a slower rate in 2017 than in 2016.

	Year Ended December 31,			2015 to	2014 to
	2016	2015	2014	2016 %	2015 %
	(dollars in thousands)			Change	Change
Product development	\$ 138,549	\$ 107,786	\$ 65,181	29%	65%
Percentage of net revenue	19%	20%	17%		

Product development expenses increased \$30.8 million, or 29%, in 2016 compared to 2015, and \$42.6 million, or 65%, in 2015 compared to 2014. The increases in 2016 and 2015 were primarily attributable to \$27.9 million and \$35.2 million, respectively, in additional salaries, benefits, travel and related expenses associated with an increase in headcount, including increases in stock-based compensation expense (net of capitalized stock-based compensation expense) of \$12.9 million and \$8.6 million, respectively. In addition, we experienced increases in facilities, insurance, business taxes and other related allocations of \$5.0 million and \$5.8 million in 2016 and 2015, respectively, as a result of the increases in headcount. In 2016, these increases were partially offset by a decrease in consulting costs of \$2.1 million due to decreased reliance on outside consultants. In 2015, the use of outside consultants increased by \$1.6 million.

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General and Administrative

Our general and administrative expenses primarily consist of salaries (including employer payroll taxes), various benefits, travel expense and stock-based compensation expense for our executive, finance, user operations, legal, human resources and other administrative employees. Our general and administrative expenses also include outside consulting, legal and accounting services, as well as facilities, insurance, business taxes and other supporting overhead costs not allocated to other departments. We expect our general and administrative expenses to increase for the foreseeable future as we continue to expand our business, but at a slower rate than revenue growth in 2017.

	Year Ended December 31,			2015 to	2014 to
	2016	2015	2014	2016 %	2015 %
	(dollars in thousands)			Change	Change
General and administrative	\$ 97,481	\$ 80,866	\$ 58,274	21%	39%
Percentage of net revenue	14%	15%	15%		

General and administrative expenses increased \$16.6 million, or 21%, in 2016 compared to 2015, and \$22.6 million, or 39%, in 2015 compared to 2014. The increases in 2016 and 2015 were primarily attributable to \$12.1 million and \$11.7 million, respectively, in additional salaries, benefits, travel and related expenses associated with an increase in headcount, including increases in stock-based compensation expense of \$6.1 million and \$2.6 million, respectively. We also experienced increases in facilities, insurance, business taxes and other related allocations of \$1.5 million and \$2.3 million in 2016 and 2015, respectively, as a result of the increases in headcount. Bad debt expense increased by \$5.6 million and \$3.9 million, respectively, primarily as a result of continued growth in advertising revenue. In 2016, these increases were partially offset by a decrease in consulting costs of \$2.6 million due to decreased reliance on outside consultants. In 2015, use of outside consultants increased by \$4.7 million as we invested in our systems and support for the growth of the business.

Depreciation and Amortization

Depreciation and amortization expenses primarily consist of depreciation on computer equipment, software, leasehold improvements, capitalized website and software development costs and amortization of purchased intangible assets. We expect depreciation and amortization expenses to increase for the foreseeable future as we continue to expand our technology infrastructure, and at or slightly below the rate revenue increases in 2017.

	Year Ended December 31,			2015 to	2014 to
	2016	2015	2014	2016 %	2015 %
	(dollars in thousands)			Change	Change
Depreciation and amortization	\$ 35,346	\$ 29,604	\$ 17,590	19%	68%
Percentage of net revenue	5%	5%	5%		

Depreciation and amortization expenses increased \$5.7 million, or 19%, in 2016 compared to 2015, and \$12.0 million, or 68%, in 2015 compared to 2014. These increases were primarily the result of our investments in expanding our technology infrastructure and capital assets to support our increase in headcount across the organization. Depreciation and amortization expenses related to our fixed assets and capitalized website and software development costs increased \$5.5 million and \$8.0 million in 2016 and 2015, respectively. In addition, amortization related to our intangibles increased by \$0.2 million and \$4.0 million in 2016 and 2015, respectively. The 2015 increase was primarily due to the intangibles acquired in the Eat24 acquisition.

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Restructuring and Integration

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Restructuring and integration	\$ 3,455	\$ —	\$ —

On November 2, 2016, we announced plans to significantly reduce sales and marketing activities in markets outside of the United States and Canada. We incurred \$3.5 million in restructuring costs associated with this plan for the year ended December 31, 2016, of which \$2.0 million had been paid by December 31, 2016. We expect to pay the remaining \$1.5 million during the year ending December 31, 2017.

The restructuring costs primarily related to severance costs for affected employees. No goodwill, intangible assets or other long lived assets have been determined to be impaired. The restructuring plan was substantially completed by the year ending December 31, 2016, with approximately \$0.2 million expected to be incurred during the year ended December 31, 2017.

Other Income, Net

Other income, net consists primarily of the interest income earned on our cash, cash equivalents and marketable securities, and foreign exchange gains and losses.

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Interest income, net	\$ 1,724	\$ 622	\$ 375
Transaction loss on foreign exchange	(175)	(687)	(121)
Other non-operating income (loss), net	145	451	(33)
Other income, net	<u>\$ 1,694</u>	<u>\$ 386</u>	<u>\$ 221</u>

In 2016, other income, net increased by \$1.3 million, primarily driven by an increase in interest income earned on marketable investments.

In 2015, other income, net increased by \$0.2 million, driven by an increase in interest income related to marketable securities. This was offset by increased foreign exchange losses, due to unfavorable foreign exchange rate movements during 2015. The increase in other non-operating income is primarily due to the release of cash in escrow relating to our acquisition of Qype GmbH, a German review site, in 2012.

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Benefit from (Provision for) Income Taxes

Benefit from (provision for) income taxes consists of federal and state income taxes in the United States and income taxes in certain foreign jurisdictions, deferred income taxes reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, generation of income tax credits, and the realization of net operating loss carryforwards.

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Benefit from (Provision for) taxes	\$ (1,385)	\$ (11,962)	\$ 25,193

In 2016, we recognized tax expense of \$1.4 million that primarily consisted of the recording of a valuation allowance on certain foreign deferred tax assets as a result of winding down of sales and marketing activities outside of the United States and Canada. Income tax expense decreased \$10.6 million in 2016 compared to 2015 primarily due to the valuation allowance recorded in 2015 against certain deferred tax assets. Income tax expense increased \$37.2 million in 2015 compared to 2014 primarily due to the valuation allowance recorded in 2015 against certain deferred tax assets and release of valuation allowance in 2014.

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Quarterly Results of Operations and Other Data

The following tables set forth our unaudited quarterly consolidated statements of operations data and our consolidated statements of operations data as a percentage of net revenue for each of the eight quarters in the period ended December 31, 2016. We also present other financial and operational data and a reconciliation of net income (loss) to adjusted EBITDA. We have prepared this quarterly data on a consistent basis with the audited consolidated financial statements included in this Annual Report. In the opinion of management, the quarterly financial information reflects all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data. This information should be read in conjunction with the audited financial statements and related notes included elsewhere in this Annual Report. The results of historical periods are not necessarily indicative of the results of operations for any future period.

	Quarter Ended							
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	March 31, 2015
(dollars in thousands, except per share data)								
Consolidated Statements of Operations Data:								
Net revenue by product ⁽¹⁾								
Advertising	\$ 176,547	\$ 168,950	\$ 156,697	\$ 143,047	\$ 131,698	\$ 121,864	\$ 113,525	\$ 104,329
Transactions	16,568	15,910	15,518	14,499	13,971	11,973	11,304	6,606
Brand advertising	-	-	-	-	7,104	8,978	8,303	6,627
Other services	1,681	1,372	1,213	1,067	958	744	781	946
Total net revenue	\$ 194,796	\$ 186,232	\$ 173,428	\$ 158,613	\$ 153,731	\$ 143,559	\$ 133,913	\$ 118,508
Costs and expenses:								
Cost of revenue (exclusive of depreciation and amortization shown separately below) ⁽²⁾								
Sales and marketing ⁽²⁾	\$ 93,550	\$ 99,274	\$ 94,402	\$ 95,628	\$ 87,535	\$ 82,949	\$ 68,014	\$ 63,266
Product development ⁽²⁾	36,860	36,369	33,098	32,222	28,970	28,511	26,345	23,960
General and administrative ⁽²⁾	27,372	24,876	23,464	21,769	20,659	20,990	19,280	19,937
Depreciation and amortization	9,434	9,159	8,564	8,189	7,980	7,562	7,167	6,895
Restructuring and integration	3,455	-	-	-	-	-	-	-
Total costs and expenses	\$ 186,275	\$ 184,272	\$ 174,615	\$ 172,886	\$ 160,144	\$ 154,271	\$ 133,863	\$ 122,757
Income (Loss) from operations	\$ 8,521	\$ 1,960	\$ (1,187)	\$ (14,273)	\$ (6,413)	\$ (10,712)	\$ 50	\$ (4,249)
Other income (expense), net	742	327	367	258	40	(545)	329	562
Income (Loss) before income taxes	\$ 9,263	\$ 2,287	\$ (820)	\$ (14,015)	\$ (6,373)	\$ (11,257)	\$ 379	\$ (3,687)
Benefit from (Provision for) income taxes	(1,000)	(217)	1,269	(1,437)	(15,856)	3,175	(1,684)	2,403
Net income (loss) attributable to common stockholders (Class A and B)	\$ 8,263	\$ 2,070	\$ 449	\$ (15,452)	\$ (22,229)	\$ (8,082)	\$ (1,305)	\$ (1,284)
Net income (loss) per share attributable to common stockholders (Class A and B):								
Basic	\$ 0.10	\$ 0.03	\$ 0.01	\$ (0.20)	\$ (0.29)	\$ (0.11)	\$ (0.02)	\$ (0.02)
Diluted	\$ 0.10	\$ 0.02	\$ 0.01	\$ (0.20)	\$ (0.29)	\$ (0.11)	\$ (0.02)	\$ (0.02)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders (Class A and B):								
Basic	78,851	77,521	76,467	75,884	75,372	75,019	74,631	73,684
Diluted	84,364	82,917	79,280	75,884	75,372	75,019	74,631	73,684

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- (1) For purposes of comparison, the following table presents the Company's net revenue by product line for the periods indicated (in thousands) based on the revenue categories presented in our SEC filings prior to this Annual Report. Refer to "Business — Our Products" for more information on the change to our revenue classifications.

	Quarter Ended							
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
(dollars in thousands)								
Net revenue by product								
Local	\$ 171,128	\$ 163,571	\$ 151,879	\$ 138,116	\$ 125,852	\$ 115,932	\$ 107,882	\$ 98,570
Transactions	16,568	15,910	15,518	14,499	13,971	11,973	11,304	6,606
Brand advertising	-	-	-	-	7,104	8,978	8,303	6,627
Other services	7,100	6,751	6,031	5,998	6,804	6,676	6,424	6,705
Total net revenue	\$ 194,796	\$ 186,232	\$ 173,428	\$ 158,613	\$ 153,731	\$ 143,559	\$ 133,913	\$ 118,508

- (2) Includes non-cash stock-based compensation expense as follows:

	Quarter Ended							
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
(dollars in thousands)								
Stock-based compensation								
Cost of revenue	\$ 874	\$ 764	\$ 407	\$ 401	\$ 336	\$ 435	\$ 222	\$ 124
Sales and marketing	6,722	7,191	6,843	6,342	5,803	5,568	5,654	4,937
Product development	10,595	9,284	8,413	8,030	6,314	5,947	6,065	5,105
General and administrative	5,673	5,321	5,063	4,337	3,519	3,733	3,575	3,505
Total stock-based compensation	\$ 23,864	\$ 22,560	\$ 20,726	\$ 19,110	\$ 15,972	\$ 15,683	\$ 15,516	\$ 13,671

The following table presents other financial and operational data:

	Quarter Ended							
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
(dollars in thousands)								
Other Financial and Operational Data⁽¹⁾:								
Reviews	121,022	115,259	108,251	101,564	95,210	89,635	83,102	77,346
Desktop Unique Visitors	73,466	77,162	73,406	77,433	74,607	78,901	79,175	79,543
Mobile Web Unique Visitors	65,351	72,040	69,327	68,551	65,860	69,117	64,715	62,923
App Unique Devices	24,073	24,900	23,010	21,186	20,006	20,121	18,097	16,039
Claimed Local Business Locations	3,363	3,192	3,010	2,834	2,648	2,503	2,349	2,193
Advertising and Subscription Accounts	138	135	128	121	111	104	97	90
Adjusted EBITDA	\$ 45,274	\$ 33,679	\$ 28,103	\$ 13,026	\$ 17,539	\$ 12,533	\$ 22,733	\$ 16,317

- (1) For information on how we define these operational and other metrics, see "—Key Metrics."

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The following table presents a reconciliation of adjusted EBITDA to net income (loss).

	Quarter Ended							
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
(dollars in thousands)								
Reconciliation of adjusted EBITDA to net income (loss):								
Net income (loss)	\$ 8,263	\$ 2,070	\$ 449	\$ (15,452)	\$ (22,229)	\$ (8,082)	\$ (1,305)	\$ (1,284)
(Benefit from) Provision for income taxes	1,000	217	(1,269)	1,437	15,856	(3,175)	1,684	(2,403)
Other (income) expense, net	(742)	(327)	(367)	(258)	(40)	545	(329)	(562)
Depreciation and amortization	9,434	9,159	8,564	8,189	7,980	7,562	7,167	6,895
Stock-based compensation	23,864	22,560	20,726	19,110	15,972	15,683	15,516	13,671
Restructuring & Integration	3,455	-	-	-	-	-	-	-
Adjusted EBITDA	\$ 45,274	\$ 33,679	\$ 28,103	\$ 13,026	\$ 17,539	\$ 12,533	\$ 22,733	\$ 16,317

Liquidity and Capital Resources

As of December 31, 2016, we had cash and cash equivalents of \$272.2 million. Cash and cash equivalents consist of both cash and money market funds. Our cash held internationally as of December 31, 2016 was \$8.1 million. We did not have any outstanding bank loans or credit facilities in place as of December 31, 2016. Our investment portfolio is comprised of highly rated marketable securities, and our investment policy limits the amount of credit exposure to any one issuer. The policy generally requires securities to be investment grade (i.e. rated 'A' or higher by bond rating firms) with the objective of minimizing the potential risk of principal loss. To date, we have been able to finance our operations and our acquisitions through proceeds from private and public financings, including our initial public offering in March 2012, our follow-on offering in October 2013, cash generated from operations and, to a lesser extent, cash provided by the exercise of employee stock options and purchases under the ESPP.

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Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth under “*Risk Factors*” in this Annual Report. We believe that our existing cash and cash equivalents, together with any cash generated from operations, will be sufficient to meet our working capital requirements and anticipated purchases of property and equipment for at least the next 12 months. However, this estimate is based on a number of assumptions that may prove to be wrong and we could exhaust our available cash and cash equivalents earlier than presently anticipated. We may require or otherwise seek additional funds in the next 12 months to respond to business challenges, including the need to develop new features and products or enhance existing services, improve our operating infrastructure or acquire complementary businesses and technologies, and, accordingly, we may need to engage in equity or debt financings to secure additional funds.

Amounts deposited with third-party financial institutions exceed the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insurance limits, as applicable. These cash and cash equivalents could be impacted if the underlying financial institutions fail or are subjected to other adverse conditions in the financial markets. To date, we have experienced no loss or lack of access to our cash and cash equivalents; however, we can provide no assurances that access to our invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Year Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Consolidated Statements of Cash Flows Data:			
Purchases of property, equipment and software	\$ (22,994)	\$ (31,127)	\$ (29,054)
Depreciation and amortization	35,346	29,604	17,590
Cash provided by operating activities	126,900	57,362	57,932
Cash used in investing activities	(55,572)	(158,682)	(228,674)
Cash provided by financing activities	29,522	26,442	29,549

Operating Activities. We generated \$126.9 million of cash in operating activities in the year ended December 31, 2016, primarily resulting from our net loss of \$4.7 million, which included non-cash depreciation and amortization expenses of \$35.3 million, non-cash stock-based compensation expense of \$86.3 million and non-cash provision for doubtful accounts and sales returns of \$17.3 million. In addition, significant changes in our operating assets and liabilities resulted from the following:

- increase in accounts receivable of \$31.6 million due to an increase in billings for advertising plans, as well as the timing of payments from these customers;

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- increase in accounts payable, accrued expenses and other liabilities of \$15.3 million, primarily driven by an increase in restaurant revenue share liability, accrued vacation and employee-related expenses, and the timing of invoices and payments to the vendors, particularly marketing-related vendors; and
- decrease in prepaids and other assets of \$5.7 million, primarily due to the collection of non-trade receivables

We generated \$57.4 million of cash in operating activities in the year ended December 31, 2015, primarily resulting from our net loss of \$32.9 million, which included non-cash depreciation and amortization expenses of \$29.6 million, non-cash stock-based compensation expense of \$60.8 million, non-cash provision for doubtful accounts of \$16.8 million and a \$20.3 million expense related to a valuation allowance recorded against certain domestic and foreign deferred tax assets. In addition, significant changes in our operating assets and liabilities resulted from the following:

- increase in accounts receivable of \$25.3 million due to an increase in billings for advertising plans, as well as the timing of payments from these customers;
- increase in accounts payable, accrued expenses and other liabilities of \$15.9 million related to the growth in our business, increase in restaurant revenue share liability, accrued vacation and employee-related expenses, and the timing of invoices and payments to vendors; and
- increase in prepaids and other assets of \$22.7 million relating to an increase in prepayments (primarily for marketing and business licenses) and deferred tax benefits.

We generated \$57.9 million of cash in operating activities in the year ended December 31, 2014, primarily resulting from our net income of \$36.5 million, which included non-cash depreciation and amortization expenses of \$17.6 million, non-cash stock-based compensation expense of \$42.3 million, non-cash provision for doubtful accounts of \$7.2 million and a \$28.2 million increase related to our release of valuation allowance previously recorded against certain domestic and foreign deferred tax assets. In addition, significant changes in our operating assets and liabilities resulted from the following:

- increase in accounts receivable of \$21.3 million due to an increase in billings for advertising plans and brand advertising campaigns, as well as the timing of payments from these customers;
- increase in accounts payable, accrued expenses and other liabilities of \$8.9 million relating to the growth in our business and the increase in accrued vacation and employee-related expenses, accrued cost of sales, deferred rent for new facilities, and timing of invoices and payments to vendors; and
- increase in prepaids and other assets of \$4.0 million relating to the increase in prepaid payroll bonuses, prepaid cost of sales and amounts due from others.

Investing Activities. Our primary investing activities in the year ended December 31, 2016 consisted of purchases of marketable securities, purchases of property and equipment to support the ongoing build out of leasehold improvements for our new facilities in San Francisco and other locations, the purchase of technology hardware to support our growth in headcount and software to support website and mobile app development, website operations and our corporate infrastructure. Purchases of property, equipment and software may vary from period to period due to the timing of the expansion of our offices, operations and website and internal-use software and development. We expect our investment in property and equipment, leaseholds and the development of software in 2017 to grow modestly from 2016 levels.

We used \$55.6 million of cash in investing activities during the year ended December 31, 2016. Cash used in investing activities primarily related to purchases of marketable securities of \$275.0 million, an increase in expenditures related to website and internally developed software of \$14.2 million, purchases of property, equipment and software of \$23.0 million to support the growth in our business, our investment of \$8.0 million in the preferred stock of Nowait and purchases of intangible data licenses of \$0.2 million. In addition, as part of our lease agreements for additional office space, we were obligated to deliver additional letters of credit, which resulted in an increase of \$0.8 million in restricted cash. Cash used in investing was offset by \$265.5 million of maturities of investment securities held-to-maturity.

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We have subleased certain office facilities under operating lease agreements that expire in 2021. The terms of these lease agreements provide for rental receipts on a graduated basis. We recognize sublease rentals on a straight-line basis over the lease periods reflected as a reduction in rental expense. As of December 31, 2016, our future minimum rental receipts to be received under non-cancelable subleases were \$8.3 million.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of business. These risks include primarily interest rate, foreign exchange risks and inflation.

Interest Rate Fluctuation

The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk.

Our cash and cash equivalents consist of cash and money market funds. We do not have any long-term borrowings. Because our cash and cash equivalents have a relatively short maturity, their fair value is relatively insensitive to interest rate changes. We believe a hypothetical 10% increase in the interest rates as of December 31, 2016 would not have a material impact on our cash and cash equivalents portfolio.

Our marketable securities are comprised of fixed-rate debt securities issued by U.S. corporations, U.S. government agencies and the U.S. Treasury; as such, their fair value may be affected by fluctuations in interest rates in the broader economy. As we have both the ability and intent to hold these securities to maturity, such fluctuations would have no impact on our results of operations.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, principally in the British pound sterling, Canadian dollar and the Euro. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. Although we have experienced and will continue to experience fluctuations in net income (loss) as a result of transaction gains (losses), net related to revaluing certain cash balances, trade accounts receivable balances and intercompany balances that are denominated in currencies other than the U.S. dollar, we believe a hypothetical 10% strengthening/(weakening) of the U.S. dollar against the British pound sterling, Canadian dollar or Euro, either alone or in combination with each other, would not have a material impact on our results of operations. In the event our foreign sales and expenses increase as a proportion of our overall sales and expenses, our operating results may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. At this time, we do not enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk, though we may in the future. It is difficult to predict the impact hedging activities would have on our results of operations.

Inflation Risk

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

Item 8. Financial Statements and Supplementary Data.

Our financial statements and the report of our independent registered public accounting firm are included in this Annual Report beginning on page F-1. The index to our financial statements is included in Part IV, Item 15 below.

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

None.

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Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2016. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2016, our disclosure controls and procedures were effective at the reasonable assurance level.

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Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management evaluated the effectiveness of our internal control over financial reporting based on the framework set forth in “*Internal Control—Integrated Framework (2013)*” issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2016. Our management reviewed the results of this evaluation with the audit committee of our board of directors.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report and, as part of the audit, has issued a report on the effectiveness of our internal control over financial reporting as of December 31, 2016, which is included below.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Yelp Inc.
San Francisco, California

We have audited the internal control over financial reporting of Yelp Inc. and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2016 of the Company and our report dated March 1, 2017 expressed an unqualified opinion on those financial statements.

DELOITTE & TOUCHE LLP
San Francisco, California
March 1, 2017

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Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information required by this item regarding directors and director nominees, executive officers, the board of directors and its committees, and certain corporate governance matters is incorporated by reference to the information set forth under the captions “Proposal No. 1—Election of Directors,” “Information Regarding the Board of Directors and Corporate Governance” and “Executive Officers” in the definitive proxy statement for our 2017 Annual Meeting of Stockholders, or the 2017 Proxy Statement. Information required by this item regarding compliance with Section 16(a) of the Exchange Act is incorporated by reference to the information set forth under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” in our 2017 Proxy Statement.

We have adopted a written code of business conduct and ethics that applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer and principal accounting officer. The code of business conduct and ethics is available on our corporate website at www.yelp-ir.com under the section entitled “Corporate Governance.” If we make any substantive amendments to our code of business conduct and ethics or grant any of our directors or executive officers any waiver, including any implicit waiver, from a provision of our code of business conduct and ethics, we will disclose the nature of the amendment or waiver on our website or in a Current Report on Form 8-K.

Item 11. Executive Compensation.

Information required by this item regarding executive compensation is incorporated by reference to the information set forth under the captions “Executive Compensation,” “Director Compensation” and “Information Regarding the Board of Directors and Corporate Governance” in our 2017 Proxy Statement.

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

Information required by this item regarding security ownership of certain beneficial owners and management is incorporated by reference to the information set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” in our 2017 Proxy Statement. Information required by this item regarding securities authorized for issuance under our equity compensation plans is incorporated by reference to the information set forth under the caption “Equity Compensation Plan Information” in our 2017 Proxy Statement.

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

Information required by this item regarding certain relationships and related transactions is incorporated by reference to the information set forth under the caption “Transactions with Related Persons” in our 2017 Proxy Statement. Information required by this item regarding director independence is incorporated by reference to the information set forth under the caption “Information Regarding the Board of Directors and Corporate Governance” in our 2017 Proxy Statement.

Item 14. Principal Accounting Fees and Services.

Information required by this item regarding principal accounting fees and services is incorporated by reference to the information set forth under the caption “Proposal No. 2—Ratification of Selection of Independent Registered Public Accounting Firm” in our 2017 Proxy Statement.

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PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report:

1. *Financial Statements.* Our consolidated financial statements and the Report of Independent Registered Public Accounting Firm are included herein on the pages indicated:

[Report of Independent Registered Public Accounting Firm](#)

[F-1](#)

[Consolidated Balance Sheets](#)

[F-2](#)

[Consolidated Statements of Operations](#)

[F-3](#)

[Consolidated Statements of Comprehensive Income \(Loss\)](#)

[F-4](#)

[Consolidated Statements of Stockholders' Equity](#)

[F-5](#)

[Consolidated Statements of Cash Flows](#)

[F-6](#)

[Notes to Consolidated Financial Statements](#)

[F-7](#)

2. *Financial Statement Schedules.* None. All financial statement schedules are omitted because they are not applicable, not required under the instructions, or the requested information is included in the consolidated financial statements or notes thereto.
3. *Exhibits.* A list of exhibits filed with this report or incorporated herein by reference is found in the Exhibit Index immediately following the signature page of this Annual Report.

Item 16. Form 10-K Summary.

None.

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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.

Date: March 1, 2017

Yelp Inc.

/s/ Charles Baker
Charles Baker
Chief Financial Officer
(Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Charles Baker and Laurence Wilson, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and either of them, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jeremy Stoppelman</u> Jeremy Stoppelman	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	March 1, 2017
<u>/s/ Charles Baker</u> Charles Baker	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	March 1, 2017
<u>/s/ Diane Irvine</u> Diane Irvine	Chairperson	March 1, 2017
<u>/s/ Fred Anderson</u> Fred Anderson	Director	March 1, 2017
<u>/s/ Geoff Donaker</u> Geoff Donaker	Director	March 1, 2017
<u>/s/ Peter Fenton</u> Peter Fenton	Director	March 1, 2017
<u>/s/ Robert Gibbs</u> Robert Gibbs	Director	March 1, 2017
<u>/s/ Jeremy Levine</u> Jeremy Levine	Director	March 1, 2017
<u>/s/ Mariam Naficy</u> Mariam Naficy	Director	March 1, 2017

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EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Share Purchase Agreement, dated October 23, 2012, by and among Yelp Inc., Yelp Ireland Ltd., Qype GmbH and the shareholders of Qype GmbH.	8-K	001-35444	99.1	10/24/2012	
2.2	Agreement and Plan of Merger, dated July 18, 2013, by and among Yelp Inc., Ranger Merger Corp., Ranger Merger LLC, SeatMe, Inc. and Alexander Kvamme, as Stockholders' Agent.	8-K	001-35444	99.1	7/24/2013	
2.3	Agreement and Plan of Merger, dated February 9, 2015, by and among Yelp Inc., Eat24Hours.com, Inc., Kale Acquisition Corp., Quinoa Acquisition LLC, the Stockholders of Eat24Hours.com, Inc. and Nadav Sharon, as Stockholders' Agent.	8-K	001-35444	99.1	2/10/2015	
3.1	Certificate of Retirement.	8-A/A	001-35444	3.1	9/23/2016	
3.2	Amended and Restated Certificate of Incorporation of Yelp Inc.	8-A/A	001-35444	3.2	9/23/2016	
3.3	Amended and Restated Bylaws of Yelp Inc.	S-1/A	333-178030	3.4	2/3/2012	
4.1	Reference is made to Exhibits 3.1, 3.2 and 3.3.					
4.2	Form of Common Stock Certificate.	8-A/A	001-35444	4.1	9/23/2016	
10.1*	Amended and Restated 2005 Equity Incentive Plan.	S-1	333-178030	10.2	11/17/2011	
10.2*	Forms of Option Agreement and Option Grant Notice under Amended and Restated 2005 Equity Incentive Plan.	S-1	333-178030	10.3	11/17/2011	
10.3*	2011 Equity Incentive Plan.	S-1	333-178030	10.4	2/3/2012	
10.4*	Forms of Option Agreement and Option Grant Notice under 2011 Equity Incentive Plan.	S-1	333-178030	10.5	2/3/2012	
10.5*	2012 Equity Incentive Plan, as amended.	8-K	001-35444	10.1	9/23/2016	
10.6*	Forms of Option Agreement and Grant Notice and RSU Agreement and Grant Notice under 2012 Equity Incentive Plan.	S-1/A	333-178030	10.17	2/3/2012	
10.7*	2012 Employee Stock Purchase Plan, as amended.	8-K	001-35444	10.2	9/23/2016	
10.8*	Executive Severance Benefit Plan.	S-1/A	333-178030	10.19	2/3/2012	
10.9*	Form of Indemnification Agreement made by and between Yelp Inc. and each of its directors and executive officers.	S-1	333-178030	10.6	2/3/2012	
10.10*	Offer Letter, by and between Yelp Inc. and Jeremy Stoppelman, dated February 3, 2012.	S-1/A	333-178030	10.15	2/3/2012	
10.11*	Employment Offer Letter, dated April 15, 2016, between Yelp Inc. and Charles Baker.	8-K	001-35444	10.1	4/18/2016	
10.12*	Amended and Restated Offer Letter, by and between Yelp Inc. and Jed Nachman, dated February 3, 2012.	S-1/A	333-178030	10.9	2/3/2012	

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Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.13*	Letter Agreement, dated May 22, 2014, by and between Joseph Nachman and Yelp Inc.	8-K	001-35444	99.1	5/28/2014	
10.14*	Amended and Restated Offer Letter, by and between Yelp Inc. and Laurence Wilson, dated February 3, 2012.	S-1/A	333-178030	10.10	2/3/2012	
10.15*	Offer Letter Agreement, dated March 27, 2007, by and between Yelp Inc. and Michael Stoppelman.					X
10.16*	Transition Agreement, dated February 17, 2017, by and between Yelp Inc. and Michael Stoppelman	8-K	001-35444	10.1	2/17/2017	
10.17*	Amended and Restated Offer letter, by and between Yelp Inc. and Geoff Donaker, dated February 3, 2012.	S-1/A	333-178030	10.7	2/3/2012	
10.18*	Transition Agreement, dated August 8, 2016, by and between Yelp Inc. and Geoff Donaker.	8-K	001-35444	10.1	8/9/2016	
10.19*	Amended and Restated Offer Letter, by and between Yelp Inc. and Rob Krolik, dated February 3, 2012.	S-1/A	333-178030	10.8	2/3/2012	
10.20*	Transition Agreement, dated February 4, 2016, by and between Yelp Inc. and Rob Krolik	8-K	001-35444	10.1	2/8/2016	
10.21*	Form of Restricted Stock Unit Agreement and Notice.	8-K	001-35444	10.2	2/8/2016	
10.22*	Compensation Information for Registrant's Executive Officers.	8-K	001-35444		2/17/2017	
10.23	Amended and Restated Lease, dated April 1, 2015, by and between Stockdale Galleria Project Owner, LLC and Yelp Inc.; First Amendment to Lease, dated July 30, 2015; Second Amendment to Lease, dated April 22, 2016; Third Amendment to Lease, dated July 22, 2016.					X
10.24	License Agreement between Harrison 160, LLC, as Licensor, and MRL Ventures Inc., as Licensee, dated as of April 6, 2004; Addendums through November 10, 2011.	S-1/A	333-178030	10.14	2/3/2012	
10.25	Office Lease, dated May 9, 2012, by and between Yelp Inc. and Stockbridge 138 New Montgomery LLC, as amended.					X
10.26	Lease, dated July 31, 2014, by and between Yelp Inc. and 11 Madison Avenue LLC.	8-K	001-35444	10.1	8/6/2014	
21.1	Subsidiaries of Yelp Inc.					X
23.1	Consent of Independent Registered Public Accounting Firm.					X
24.1	Power of Attorney (included on signature page).					X
31.1	Certification pursuant to Rule 13a-14(a)/15d-14(a).					X
31.2	Certification pursuant to Rule 13a-14(a)/15d-14(a).					X
32.1†	Certifications of Chief Executive Officer and Chief Financial Officer.					X
101.INS#	XBRL Instance Document.					X
101.SCH#	XBRL Taxonomy Extension Schema Document.					X

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Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
101.CAL#	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF#	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB#	XBRL Taxonomy Extension Labels Linkbase Document.					X
101.PRE#	XBRL Taxonomy Extension Presentation Linkbase Document.					X

* Indicates management contract or compensatory plan or arrangement.

† The certifications attached as Exhibit 32.1 accompany this Annual Report on Form 10-K, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Yelp Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Yelp Inc.
San Francisco, California

We have audited the accompanying consolidated balance sheets of Yelp Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Yelp Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

DELOITTE & TOUCHE LLP
San Francisco, California
March 1, 2017

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Yelp Inc.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 272,201	\$ 171,613
Short-term marketable securities	207,332	199,214
Accounts receivable (net of allowance for doubtful accounts of \$4,992 and \$3,208 at December 31, 2016 and December 31, 2015, respectively)	68,725	52,755
Prepaid expenses and other current assets	12,921	19,700
Total current assets	561,179	443,282
Property, equipment and software, net	92,440	80,467
Goodwill	170,667	172,197
Intangibles, net	32,611	39,294
Restricted cash	17,317	16,486
Other non-current assets	10,992	3,701
Total assets	\$ 885,206	\$ 755,427
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,003	\$ 3,388
Accrued liabilities	55,082	43,458
Deferred revenue	3,314	2,931
Total current liabilities	60,399	49,777
Long-term liabilities	17,621	12,030
Total liabilities	78,020	61,807
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, \$0.000001 par value — 200,000,000 and 500,000,000 shares authorized, 79,429,833 and 75,982,802 shares issued and outstanding at December 31, 2016 and December 31, 2015, respectively	-	-
Additional paid-in capital	892,983	774,022
Accumulated other comprehensive loss	(15,576)	(13,519)
Accumulated deficit	(70,221)	(66,883)
Total stockholders' equity	807,186	693,620
Total liabilities and stockholders' equity	\$ 885,206	\$ 755,427

See notes to consolidated financial statements.

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Yelp Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2016	2015	2014
Net revenue	\$ 713,069	\$ 549,711	\$ 377,536
Costs and expenses:			
Cost of revenue (exclusive of depreciation and amortization shown separately below)	60,363	51,015	24,382
Sales and marketing	382,854	301,764	201,050
Product development	138,549	107,786	65,181
General and administrative	97,481	80,866	58,274
Depreciation and amortization	35,346	29,604	17,590
Restructuring and integration	3,455	-	-
Total costs and expenses	718,048	571,035	366,477
Income (Loss) from operations	(4,979)	(21,324)	11,059
Other income, net	1,694	386	221
Income (Loss) before income taxes	(3,285)	(20,938)	11,280
Benefit from (Provision for) income taxes	(1,385)	(11,962)	25,193
Net income (loss) attributable to common stockholders (Class A and B)	\$ (4,670)	\$ (32,900)	\$ 36,473
Net income (loss) per share attributable to common stockholders (Class A and B)			
Basic	\$ (0.06)	\$ (0.44)	\$ 0.51
Diluted	\$ (0.06)	\$ (0.44)	\$ 0.48
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders (Class A and B) ⁽¹⁾			
Basic	77,186	74,683	71,936
Diluted	77,186	74,683	76,712

(1) The structure of the Company's common stock changed in the year ended December 31, 2016. Refer to Note 14 for details.

See notes to consolidated financial statements.

Yelp Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2016	2015	2014
Net income (loss)	\$ (4,670)	\$ (32,900)	\$ 36,473
Other comprehensive loss:			
Foreign currency translation adjustments	(2,057)	(7,910)	(8,795)
Other comprehensive loss	(2,057)	(7,910)	(8,795)
Comprehensive income (loss)	\$ (6,727)	\$ (40,810)	\$ 27,678

See notes to consolidated financial statements

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Yelp Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016
(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance—December 31, 2013	70,874,493	\$ -	\$ 553,753	\$ 3,186	\$ (70,456)	\$ 486,483
Issuance of common stock upon exercises of employee stock options	1,679,654	-	20,164	-	-	20,164
Issuance of common stock upon release of restricted stock units (RSUs)	90,656	-	-	-	-	-
Issuance of common stock for employee stock purchase plan	279,538	-	8,869	-	-	8,869
Stock-based compensation (inclusive of capitalized stock-based compensation)	-	-	44,520	-	-	44,520
Repurchase of common stock from employees	(18,628)	-	(1,318)	-	-	(1,318)
Issuance of common stock in connection with acquisition of SeatMe, Inc.	14,869	-	-	-	-	-
Excess tax benefit from share-based award activity	-	-	1,754	-	-	1,754
Foreign currency translation adjustment	-	-	-	(8,795)	-	(8,795)
Net income	-	-	-	-	36,473	36,473
Balance—December 31, 2014	72,920,582	-	627,742	(5,609)	(33,983)	588,150
Issuance of common stock upon exercises of employee stock options	935,143	-	12,255	-	-	12,255
Issuance of common stock upon release of restricted stock units (RSUs)	422,981	-	-	-	-	-
Issuance of common stock for employee stock purchase plan	312,697	-	8,911	-	-	8,911
Stock-based compensation (inclusive of capitalized stock-based compensation)	-	-	63,887	-	-	63,887
Repurchase of common stock from employees	(12,022)	-	(482)	-	-	(482)
Issuance of common stock in connection with acquisition of SeatMe, Inc.	577	-	-	-	-	-
Issuance of common stock in connection with acquisition of Eat24Hours.com, Inc.	1,402,844	-	59,158	-	-	59,158
Excess tax benefit from share-based award activity	-	-	2,551	-	-	2,551
Foreign currency translation adjustment	-	-	-	(7,910)	-	(7,910)
Net loss	-	-	-	-	(32,900)	(32,900)
Balance—December 31, 2015	75,982,802	-	774,022	(13,519)	(66,883)	693,620
Cumulative effect adjustment upon adoption of ASU 2016-09 ⁽¹⁾	-	-	(1,163)	-	1,332	169
Issuance of common stock upon exercises of employee stock options	1,290,836	-	20,599	-	-	20,599
Issuance of common stock upon release of restricted stock units (RSUs)	1,814,138	-	-	-	-	-
Issuance of common stock for employee stock purchase plan	342,057	-	8,923	-	-	8,923
Stock-based compensation (inclusive of capitalized stock-based compensation)	-	-	90,602	-	-	90,602
Foreign currency translation adjustment	-	-	-	(2,057)	-	(2,057)
Net loss	-	-	-	-	(4,670)	(4,670)
Balance—December 31, 2016	79,429,833	\$ -	\$ 892,983	\$ (15,576)	\$ (70,221)	\$ 807,186

(1) Adopted on a modified retrospective basis; refer to significant accounting policies in Note 2 for details regarding this adoption.

See notes to consolidated financial statements.

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Yelp Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2016	2015	2014
OPERATING ACTIVITIES:			
Net loss	\$ (4,670)	\$ (32,900)	\$ (36,473)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	35,346	29,604	17,590
Provision for doubtful accounts and sales returns	17,261	16,788	7,238
Stock-based compensation	86,261	60,842	42,273
Recording (release) of valuation allowance	1,351	20,341	(28,197)
Loss on disposal of assets	277	213	4
Premium amortization, net, on marketable securities	1,348	1,190	349
Excess tax benefit from stock-based award activity	-	(6,583)	(1,834)
Realized gain on investments	-	(4)	-
Changes in operating assets and liabilities:			
Accounts receivable	(31,624)	(25,279)	(21,291)
Prepaid expenses and other assets	5,687	(22,703)	(4,011)
Accounts payable, accrued expenses and other liabilities	15,278	15,894	(8,927)
Deferred revenue	385	(41)	411
Net cash provided by operating activities	126,900	57,362	57,932
INVESTING ACTIVITIES:			
Purchases of marketable securities	(274,965)	(246,160)	(210,459)
Maturities of marketable securities	265,500	202,870	53,002
Purchase of cost-method investment	(8,000)	-	-
Acquisition, net of cash received	-	(73,422)	(14,340)
Purchases of property, equipment and software	(22,994)	(31,127)	(29,054)
Proceeds from sale of property, equipment and software	88	134	14
Capitalized website and software development costs	(14,191)	(11,734)	(11,349)
Purchases of intangible assets	(179)	(647)	(1,724)
Changes in restricted cash	(831)	1,404	(14,764)
Net cash used in investing activities	(55,572)	(158,682)	(228,674)
FINANCING ACTIVITIES:			
Proceeds from issuance of common stock for employee stock-based plans	29,522	21,166	29,033
Excess tax benefit from share-based award activity	-	6,583	1,834
Repurchase of common stock	-	(482)	(1,318)
Contingent consideration payment	-	(825)	-
Net cash provided by financing activities	29,522	26,442	29,549
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(262)	(821)	(1,259)
CHANGE IN CASH AND CASH EQUIVALENTS			
	100,588	(75,699)	(142,452)
CASH AND CASH EQUIVALENTS—Beginning of period			
	171,613	247,312	389,764
CASH AND CASH EQUIVALENTS—End of period			
	\$ 272,201	\$ 171,613	\$ 247,312
SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:			
Cash paid for income taxes, net of refunds	\$ 813	\$ 352	\$ 1,972
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Purchases of property, equipment and software recorded in accounts payable and accrued liabilities	\$ 989	\$ 2,233	\$ 6,543
Goodwill measurement period adjustment	146	(255)	-
Contingent consideration related to acquisitions	-	-	(835)
Issuance of common stock in connection with acquisition	-	59,158	-

See notes to consolidated financial statements.

Yelp Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Yelp Inc. was incorporated in Delaware on September 3, 2004. Except where specifically noted or the context otherwise requires, the use of terms such as the “Company” and “Yelp” in these Notes to Consolidated Financial Statements refers to Yelp Inc. and its subsidiaries.

Yelp connects people with great local businesses by bringing “word of mouth” online and providing a platform for businesses and consumers to engage and transact. Yelp’s platform is transforming the way people discover local businesses; every day, millions of consumers visit its website or use its mobile app to find great local businesses to meet their everyday needs. Businesses of all sizes use the Yelp platform to engage with consumers at the critical moment when they are deciding where to spend their money.

The Company consists of Yelp Inc. and 15 wholly-owned entities. Yelp UK Ltd was incorporated on December 1, 2008, Darwin Social Marketing Inc. was incorporated on February 24, 2009, Yelp Ireland Limited was incorporated on May 31, 2010, Yelp Ireland Holding Company Limited was incorporated on June 16, 2010, Yelp France SAS was incorporated on July 8, 2010, Yelp Italia S.r.l. was incorporated on June 27, 2011, Yelp Australia Pty. Ltd was incorporated on August 9, 2011, Yelp Spain, S.L. was incorporated on May 4, 2012, Yelp Singapore PTE Ltd was incorporated on June 15, 2012, Yelp Brazil Serviços de Marketing Ltda. was incorporated on May 29, 2013, Yelp Japan, G.K. was incorporated on September 20, 2013 and Darwin Sweden AB was incorporated on September 4, 2014. Yelp GmbH (formerly Qype GmbH) and Qype SARL (collectively, “Qype”) were acquired on October 23, 2012. Eat24, LLC (the successor to Eat24Hours.com, Inc.) (“Eat24”) was acquired on February 9, 2015 (see Note 5). The financial results of these subsidiaries are included within the consolidated financial statements of the Company presented herein.

Basis of Presentation—The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All intercompany balances and transactions have been eliminated in consolidation.

Certain Significant Risks and Uncertainties—The Company operates in a dynamic industry and, accordingly, can be affected by a variety of factors. For example, the Company’s management believes that changes in any of the following areas could have a significant negative impact on the Company in terms of its future financial position, results of operations or cash flows: rates of revenue growth; traffic to the Company’s websites and mobile applications and the number of reviews and advertisers they attract; reliance on search engines and the placement and prominence in results rankings; the quality and reliability of reviews; scaling and adaptation of existing technology and network infrastructure; management of the Company’s growth; expansion of Yelp communities; protection of the Company’s brand, reputation and intellectual property; industry competition; qualified employees and key personnel; intellectual property infringement and other claims; and changes in government regulation affecting the Company’s business, among other things.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates—The preparation of the Company’s consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. These estimates are based on information available as of the date of the consolidated financial statements; therefore, actual results could differ from management’s estimates.

Foreign Currency Translation—The consolidated financial statements of the Company’s foreign subsidiaries are measured using the local currency as the functional currency. Assets and liabilities of foreign subsidiaries are translated at exchange rates in effect as of the balance sheet date. Revenues and expenses are translated at average exchange rates in effect during the year. Translation adjustments are recorded within accumulated other comprehensive loss, a separate component of stockholders’ equity.

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Cash and Cash Equivalents—The Company considers all highly liquid investments, such as treasury bills, commercial paper, certificates of deposit and money market instruments with maturities of three months or less at the time of acquisition to be cash equivalents. Cash and cash equivalents primarily consist of amounts held in interest-bearing money market funds that were readily convertible to cash. The fair value of cash and cash equivalents approximates their carrying value.

Marketable Securities—The Company determines the classification of its marketable securities at the time of purchase and re-evaluates these determinations at each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost and are periodically assessed for other-than-temporary impairment. Amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity, and is included in interest income. Held-to-maturity securities with less than one year to maturity are included in short-term marketable securities. All other held-to-maturity securities are classified as long-term securities.

Concentrations of Credit Risk—Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company places its cash and cash equivalents with major financial institutions, which management assesses to be of high credit quality, in order to limit the exposure of each investment.

Credit risk with respect to accounts receivable is dispersed due to the Company's large number of customers. In addition, the Company's credit risk is mitigated by the relatively short collection period. Collateral is not required for accounts receivable. The Company maintains an allowance for doubtful accounts receivable balances. The allowance is based upon historical loss patterns, the number of days that billings are past due and an evaluation of the potential risk of loss associated with delinquent accounts. When new information becomes available to indicate that the estimate provided for the allowance was incorrect, an adjustment, which is considered a change in the estimate, is made. The carrying value of accounts receivable approximates their fair value.

As of December 31, 2016, 2015 and 2014, there were no customers that accounted for more than 10% of total accounts receivable.

The following table presents the changes in the allowance for doubtful accounts (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Allowance for doubtful accounts:			
Balance, beginning of period	\$ 3,208	\$ 1,627	\$ 810
Add: bad debt expense	15,913	10,271	6,369
Less: write-offs, net of recoveries	(14,129)	(8,690)	(5,552)
Balance, end of period	\$ 4,992	\$ 3,208	\$ 1,627

Property, Equipment and Software—Property, equipment and software are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are approximately three to five years. Leasehold improvements are amortized over the shorter of the lease term or 10 years.

Website and Internal-Use Software Development Costs—Costs related to website and internal-use software are primarily related to the Company's website, including support systems. The Company capitalizes its costs to develop software when preliminary development efforts are successfully completed, management has authorized and committed project funding and it is probable that the project will be completed and the software will be used as intended. Such costs are amortized on a straight-line basis over the estimated useful life of the related asset, which is generally three years. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred. Costs incurred for enhancements that are expected to result in additional material functionality are capitalized and amortized over the estimated useful life of the upgrades.

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The Company capitalized \$19.2 million, \$14.7 million and \$13.9 million in website and internal-use software costs during the years ended December 31, 2016, 2015 and 2014, respectively, which are included in property, equipment and software, net on the consolidated balance sheets. Amortization expense related to website and internal-use software was \$12.3 million, \$8.4 million and \$4.6 million for the years ended December 31, 2016, 2015 and 2014, respectively.

The Company wrote off \$0.1 million, \$0.1 million and \$0.0 million of website and internal-use software costs in the years ended December 31, 2016, 2015 and 2014, respectively. The retirements were related to obsolete projects no longer supported by the Company. The loss on disposition of the projects has been included in depreciation and amortization expense in the Company's consolidated statements of operations.

Business Combinations—The Company accounts for acquisitions of entities that include inputs and processes and have the ability to create outputs as business combinations. The Company allocates the purchase price of the acquisition to the 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 integration costs are expensed as incurred. During the measurement period, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. After the measurement period, which could be up to one year after the transaction date, subsequent adjustments are recorded to the Company's consolidated statements of operations.

Goodwill—Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. The carrying amount of goodwill is reviewed at least annually, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. The Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of its single reporting operating unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test under the authoritative guidance issued by the Financial Accounting Standards Board ("FASB"). If the Company determines that it is more likely than not that its fair value is less than the carrying amount, or opts not to perform a qualitative assessment, then the two-step goodwill impairment test will be performed. The first step, identifying a potential impairment, compares the fair value of the reporting unit with its carrying amount. If the carrying amount exceeds its fair value, the second step will be performed; otherwise, no further step is required. The second step, measuring the impairment loss, compares the implied fair value of the goodwill with the carrying amount of the goodwill. Any excess of the goodwill carrying amount over the applied fair value is recognized as an impairment loss, and the carrying value of goodwill is written down to fair value. No impairment charges have been recorded to date.

Intangible Assets—Intangible assets include acquired intangible assets identified through business combinations, which are carried at fair value less accumulated amortization, and purchased intangible assets, which are carried at cost less accumulated amortization. Amortization is recorded over the estimated useful lives of the assets, generally two years to 12 years. The Company reviews amortizable intangible assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Determination of recoverability is based on the lowest level of identifiable estimated undiscounted cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss is based on the excess of the carrying value of the asset over its fair value. No impairment charges have been recorded to date.

Cost-Method Investments—Nonmarketable equity investments, that the Company has determined do not meet the criteria for accounting under the equity method of accounting, are accounted for using the cost method of accounting and classified as "Other non-current assets" on the consolidated balance sheets. Under the cost method, investments are carried at cost and are adjusted only for other-than-temporary declines in fair value, certain distributions and additional investments. The carrying amount of investments is reviewed if events or changes in circumstances indicate that the carrying value may not be recoverable.

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Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed of—The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Revenue Recognition—The Company generates revenue from its advertising products, transactions, other services and, through the end of 2015, brand advertising. The Company recognizes revenue when all of the following conditions are met: there is persuasive evidence of an arrangement, service has been provided to the customer, the amount to be paid by the customer is fixed or determinable, and collection is reasonably assured. Payments received in advance of services being rendered are recorded as deferred revenue and recognized over the requisite service period.

Advertising. The Company generates advertising revenue primarily through the display of advertising products on its website and mobile app. These arrangements are evidenced by either written or electronic acceptance of an agreement that stipulates the types of advertising to be delivered, the timing and pricing. Performance-based advertising placements are priced on a cost-per-click basis through an auction, while impression-based ads are delivered pursuant to fixed monthly fee advertising plans. The Company recognizes revenue from the delivery of performance-based ads in the period of delivery and from the delivery of impression-based ads ratably over the service period, in each case net of customer discounts. The Company also generates advertising revenue through indirect sales of advertising products, such as through reseller agreements that allow partners to sell Yelp Branded Profiles to their clients and the monetization of remnant advertising inventory through third-party ad networks.

Transactions. The Company generates transactions revenue from Yelp Eat24, revenue-sharing partner arrangements and the sale of vouchers through the Company's "Yelp Deals" and "Gift Certificates." Yelp Eat24 generates revenue through arrangements with restaurants, in which restaurants pay a commission percentage fee on orders placed through the Yelp Eat24 platform. The Company records revenue associated with Yelp Eat24 transactions on a net basis. Yelp Platform partnerships provide consumers with the ability to complete food delivery and other transactions through third parties directly on Yelp. The Company earns a fee on Platform partnerships for acting as an agent for these transactions, which it records on a net basis and include in revenue upon completion of a transaction. Yelp Deals allow merchants to promote themselves and offer discounted goods and services on a real-time basis to consumers directly on the Company's website and mobile app. The Company earns a fee on Yelp Deals for acting as an agent in these transactions, which are recorded on a net basis and included in revenue upon sale of the deal. The Company records a sales allowance for potential Yelp Deals refunds based on the Company's estimate of future refunds. Gift Certificates allow merchants to sell full-priced gift certificates directly to consumers through their business listing pages. The Company earns a fee based on the amount of the Gift Certificate sold, which it records on a net basis and includes in revenue upon a consumer's purchase of the Gift Certificate.

Brand Advertising. Through the end of 2015, the Company generated brand advertising revenue through the sale of graphic and text display advertisements on its website. The Company recognized revenue from the sale of impression-based advertisements on its online network in the period in which the advertisements ("impressions") were delivered, net of customer discounts. The Company also generated brand revenue from fixed-price brand sponsorships that were recognized ratably over the service period. The arrangements were evidenced by insertion orders or contracts that stipulate the types of advertising delivered and the pricing.

Other Services. The Company generates other revenue through subscription services, such as sales of monthly subscriptions to its Yelp Reservations product, licensing payments for access to Yelp data and other non-advertising, non-transaction partnerships. Subscription revenues are recognized ratably over the contract terms beginning on the commencement date of each contract, which is the date the service is made available to customers.

Multiple Element Arrangements. The Company enters into arrangements with its customers to sell advertising packages that include different media placements or ad services that are delivered at the same time, or within close proximity of one another.

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The Company allocates arrangement consideration in multiple-deliverable arrangements at the inception of the arrangement to all deliverables or those packages in which all components of the package are delivered at the same time, based on the relative selling price method in accordance with the selling price hierarchy, which includes: (1) vendor-specific objective evidence (“VSOE”), if available; (2) third-party evidence (“TPE”), if VSOE is not available; and (3) best estimate of selling price (“BESP”), if neither VSOE nor TPE is available.

VSOE—The Company determines VSOE based on its historical pricing and discounting practices for the specific product or service when sold separately. In determining VSOE, the Company requires that a substantial majority of the standalone selling prices for these services fall within a reasonably narrow price range; however, the Company has not historically sold a large volume of advertising products on a standalone basis. As a result, the Company has not been able to establish VSOE for any of its advertising products.

TPE—When VSOE cannot be established for deliverables in multiple element arrangements, the Company applies judgment with respect to whether it can establish a selling price based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. Generally, the Company’s go-to-market strategy differs from that of its peers and its offerings contain a significant level of differentiation such that the comparable pricing of services cannot be obtained. Furthermore, the Company is unable to reliably determine what similar competitor services’ selling prices are on a standalone basis. As a result, the Company has not been able to establish selling price based on TPE.

BESP—When it is unable to establish selling price using VSOE or TPE, the Company uses BESP in its allocation of arrangement consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the service were sold on a standalone basis. BESP is generally used to allocate the selling price to deliverables in the Company’s multiple element arrangements. The Company determines BESP for deliverables by considering multiple factors including, but not limited to, prices it charges for similar offerings, market conditions, competitive landscape and pricing practices. The Company limits the amount of allocable arrangement consideration to amounts that are fixed or determinable and that are not contingent on future performance or future deliverables. The Company will regularly review BESP. Changes in assumptions or judgments or changes to elements in the arrangement could cause a material increase or decrease in the amount of revenue that the Company reports in a particular period.

The Company recognizes the relative fair value of the media placements or ad services as they are delivered assuming all other revenue recognition criteria are met.

Cost of Revenue—The Company’s cost of revenue primarily consists of credit card processing fees, web hosting, salaries, benefits and stock-based compensation expense for its infrastructure teams related to operating the Company’s website and mobile app. It also includes food delivery related costs as well as creative design for brand advertising and video production expenses. All costs are expensed when incurred.

Stock-Based Compensation—The Company accounts for stock-based employee compensation plans under the fair value recognition and measurement provisions in accordance with applicable accounting standards, which require all stock-based payments to employees, including grants of stock options, restricted stock awards, restricted stock units and issuances under its 2012 Employee Stock Purchase Plan, as amended (“ESPP”), to be measured based on the grant-date fair value of the awards.

Prior to January 1, 2016, stock-based compensation expense was recorded net of estimated forfeitures in the Company’s consolidated statements of income (loss) and, accordingly, was recorded for only those stock-based awards that the Company expected to vest. The Company estimated the forfeiture rate based on historical forfeitures of equity awards and adjusted the rate to reflect changes in facts and circumstances, if any. The Company revised its estimated forfeiture rate if actual forfeitures differed from its initial estimates.

Effective as of January 1, 2016, the Company adopted a change in accounting policy in accordance with Accounting Standards Update 2016-09, “Compensation—Stock Compensation (Topic 718)” (“ASU 2016-09”) to account for forfeitures as they occur. The change was applied on a modified retrospective basis with a cumulative effect adjustment to retained earnings of \$1.1 million (which reduced the accumulated deficit) as of January 1, 2016. No prior periods were recast as a result of this change in accounting policy.

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Advertising Expenses—Advertising costs are expensed in the period in which the advertising takes place. Costs of producing advertising are expensed in the period in which production takes place. Total advertising expenses incurred were \$46.9 million, \$30.9 million and \$8.1 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Comprehensive Income (Loss)—Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss), which includes certain changes in equity that are excluded from net income (loss). Specifically, it includes foreign currency translation adjustments.

Income Taxes—The Company records income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, generally all expected future events other than enactments or changes in the tax law or rates are considered. Valuation allowances are provided to reduce deferred tax assets to the amount that is more likely than not to be realized.

The Company operates in various tax jurisdictions and is subject to audit by various tax authorities. The Company provides for tax contingencies whenever it is deemed probable that a tax asset has been impaired or a tax liability has been incurred for events such as tax claims or changes in tax laws. Tax contingencies are based upon their technical merits, relative tax law and the specific facts and circumstances as of each reporting period. Changes in facts and circumstances could result in material changes to the amounts recorded for such tax contingencies.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Effective as of January 1, 2016, the Company early adopted a change in accounting policy in accordance with ASU 2016-09, which eliminated the requirement that excess tax benefits be realized as a reduction in current taxes payable before the associated tax benefit could be recognized as an increase in paid in capital. Under ASU 2016-09, these previously unrecognized deferred tax assets were recognized on a modified retrospective basis as of January 1, 2016, the start of the year in which the Company early adopted ASU 2016-09. The U.S. federal and state net operating losses and credits recognized as of January 1, 2016, as described above, have been offset by a valuation allowance. As a result, only the Ireland net operating losses resulted in a cumulative-effect adjustment to retained earnings of \$0.2 million (which reduced the accumulated deficit) as of January 1, 2016. Additionally, ASU 2016-09 addresses the presentation of excess tax benefits and employee taxes paid on the statement of cash flows. The Company is now required to present excess tax benefits as an operating activity in the same manner as other cash flows related to income taxes on the statement of cash flows rather than as a financing activity. The Company adopted this change prospectively.

Employee Benefit Plan—The Company sponsors a qualified 401(k) defined contribution plan covering eligible employees. Participants may contribute a portion of their annual compensation up to a maximum annual amount set by the Internal Revenue Service ("IRS"). Employer contributions under this plan were \$3.8 million, \$2.9 million and \$1.9 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Recent Accounting Pronouncements Not Yet Effective—In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09 "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)," and requires entities to recognize revenue when they transfer promised goods or services to customers, in an amount that reflects the consideration that the entity expects to be entitled to in exchange for such goods or services. As currently issued and amended, ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, though early adoption is permitted for annual reporting periods beginning after December 15, 2016. In December 2016, the FASB issued guidance on Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers.

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The new revenue standard may be applied retrospectively to each prior period presented "*full retrospective*", or retrospectively with the cumulative effect recognized as of the date of adoption- "*modified retrospective*". The Company expects the requirement to defer incremental contract acquisition costs and recognize them over the contract period or expected customer life will result in the recognition of a deferred charge on our balance sheets. The Company is currently in the process of evaluating the impact of the adoption of ASU 2014-09 and the related implementation guidance on its consolidated financial statements.

In January 2016, FASB issued Accounting Standards Update 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)" ("ASU 2016-01"). The new standard provides guidance for the recognition, measurement, presentation and disclosure of financial instruments. This guidance is effective for annual and interim periods beginning after December 15, 2017 and early adoption is not permitted. The Company is currently evaluating the impact of the adoption of ASU 2016-01 on its consolidated financial statements.

In February 2016, FASB issued Accounting Standards Update No. 2016-02, "Leases" ("ASU 2016-02"). The new guidance generally requires an entity to recognize on its balance sheet operating and financing lease liabilities and corresponding right-of-use assets. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The new standard requires a modified retrospective transition for existing leases to each prior reporting period presented. The Company is currently evaluating the impact of the adoption of ASU 2016-02 on its consolidated financial statements.

In August 2016, FASB issued Accounting Standards Update No. 2016-15, "Statement of Cash Flows (Subtopic 230)" ("ASU 2016-15"). The new guidance provides clarity around the cash flow classification for specific issues in an effort to reduce the current and potential future diversity in practice. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2017 and early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2016-15 on its consolidated financial statements.

In November 2016, FASB issued Accounting Standards Update No. 2016-18, "Statement of Cash Flows (Subtopic 230)" ("ASU 2016-18"). The new guidance requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2017 and early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2016-18 on its consolidated financial statements.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's investments in money market accounts are recorded as cash equivalents at fair value in the consolidated financial statements. All other financial instruments are classified as held-to-maturity investments and, accordingly, are recorded at amortized cost; however, the Company is required to determine the fair value of these investments on a recurring basis to identify any potential impairment. The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value in the following hierarchy:

Level 1—Observable inputs, such as quoted prices in active markets,

Level 2—Inputs other than quoted prices in active markets that are observable either directly or indirectly, or

Level 3—Unobservable inputs in which there are little or no market data, which require the Company to develop its own assumptions.

This hierarchy requires the Company to use observable market data, when available, to minimize the use of unobservable inputs when determining fair value. The Company's money market funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted prices in active markets. The Company's commercial paper, corporate bonds, agency bonds and agency discount notes are classified within Level 2 of the fair value hierarchy because they have been valued using inputs other than quoted prices in active markets that are observable directly or indirectly.

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The following table represents the Company's financial instruments measured at fair value as of December 31, 2016 and December 31, 2015 (in thousands):

	December 31, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash Equivalents:								
Money market funds	\$ 152,423	\$ -	\$ -	\$ 152,423	\$ 86,660	\$ -	\$ -	\$ 86,660
Agency bonds	-	-	-	-	-	4,999	-	4,999
Marketable Securities:								
Commercial paper	-	45,894	-	45,894	-	36,981	-	36,981
Corporate bonds	-	9,006	-	9,006	-	18,024	-	18,024
Agency bonds	-	152,394	-	152,394	-	132,102	-	132,102
Agency discount notes	-	-	-	-	-	11,986	-	11,986
Total cash equivalents and marketable securities	\$ 152,423	\$ 207,294	\$ -	\$ 359,717	\$ 86,660	\$ 204,092	\$ -	\$ 290,752

4. MARKETABLE SECURITIES

The amortized cost, gross unrealized gains and losses, and fair value of securities held-to-maturity, all of which mature within one year, as of December 31, 2016 and December 31, 2015 were as follows (in thousands):

	As of December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term marketable securities:				
Commercial paper	\$ 45,894	\$ -	\$ -	\$ 45,894
Corporate bonds	9,009	-	(3)	9,006
Agency bonds	152,429	18	(53)	152,394
Total marketable securities	\$ 207,332	\$ 18	\$ (56)	\$ 207,294
As of December 31, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term marketable securities:				
Commercial paper	\$ 36,981	\$ -	\$ -	\$ 36,981
Corporate bonds	18,027	2	(5)	18,024
Agency bonds	132,224	-	(122)	132,102
Agency discount notes	11,982	4	-	11,986
Total marketable securities	\$ 199,214	\$ 6	\$ (127)	\$ 199,093

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The following tables present gross unrealized losses and fair values for those securities that were in an unrealized loss position as of December 31, 2016 and December 31, 2015, aggregated by investment category and the length of time that the individual securities have been in a continuous loss position (in thousands):

	As of December 31, 2016					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	\$ 8,006	\$ (3)	\$ -	\$ -	\$ 8,006	\$ (3)
Agency bonds	92,018	(53)	-	-	92,018	(53)
Total	\$ 100,024	\$ (56)	\$ -	\$ -	\$ 100,024	\$ (56)

	As of December 31, 2015					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	\$ 10,021	\$ (5)	\$ -	\$ -	\$ 10,021	\$ (5)
Agency bonds	127,102	(122)	-	-	127,102	(122)
Total	\$ 137,123	\$ (127)	\$ -	\$ -	\$ 137,123	\$ (127)

The Company periodically reviews its investment portfolio for other-than-temporary impairment. The Company considers such factors as the duration, severity and reason for the decline in value, and the potential recovery period. The Company also considers whether it is more likely than not that it will be required to sell the securities before the recovery of their amortized cost basis, and whether the amortized cost basis cannot be recovered as a result of credit losses. During the three months and year ended December 31, 2016, the Company did not recognize any other-than-temporary impairment loss.

5. ACQUISITIONS

2015 Acquisition

On February 9, 2015, the Company acquired Eat24Hours.com, Inc. In connection with the acquisition, all of the outstanding capital stock of Eat24 was converted into the right to receive an aggregate of approximately \$75.0 million in cash, less certain transaction expenses, and 1,402,844 shares of Yelp Class A common stock with an aggregate fair value of approximately \$59.2 million, as determined on the basis of the closing market price of the Company's Class A common stock on the acquisition date. Of the total consideration paid in connection with the acquisition, \$16.5 million in cash and 308,626 shares were initially held in escrow to secure indemnification obligations. The balance remaining in the escrow fund was \$3.4 million in cash as of December 31, 2016. The key purpose underlying the acquisition was to obtain an online food ordering solution to drive daily engagement in the Company's key restaurant vertical.

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The acquisition was accounted for as a business combination in accordance with Accounting Standards Codification Topic 805, “Business Combinations” (“ASC 805”), with the results of Eat24’s operations included in the Company’s consolidated financial statements from February 9, 2015. The initial purchase price allocation was as follows (in thousands):

	February 9, 2015
Fair value of purchase consideration:	
Cash:	
Distributed to Eat24 stockholders	\$ 56,624
Held in escrow account	16,500
Payable on behalf of Eat24 stockholders	1,876
Total cash	75,000
Class A common stock:	
Distributed to Eat24 stockholders	46,143
Held in escrow account	13,015
Total purchase consideration	<u>\$ 134,158</u>
Fair value of net assets acquired:	
Cash and cash equivalents	\$ 1,578
Intangibles	39,600
Goodwill	110,927
Other assets	6,031
Total assets acquired	158,136
Deferred tax liability	(15,207)
Other liabilities	(8,771)
Total liabilities assumed	<u>(23,978)</u>
Net assets acquired	<u>\$ 134,158</u>

Estimated useful lives and the amount assigned to each class of intangible assets acquired are as follows:

Intangible Asset Type	Amount Assigned	Useful Life
Restaurant relationships	\$ 17,400	12.0 years
Developed technology	\$ 7,400	5.0 years
User relationships	\$ 12,000	7.0 years
Trade name	\$ 2,800	4.0 years
Weighted average		<u>8.6 years</u>

The intangible assets are being amortized on a straight-line basis, which reflects the pattern in which the economic benefits of the intangible assets are being utilized. The goodwill results from the Company’s opportunity to drive daily engagement in its restaurant vertical and potentially expand Eat24’s offering to the U.S. restaurants listed on the Company’s platform. None of the goodwill is deductible for tax purposes.

The Company recorded no acquisition-related costs for the year ended December 31, 2016 and \$0.2 million in acquisition-related costs in the year ended December 31, 2015, which were included in the general and administrative expense in the accompanying consolidated statements of operations.

The consolidated statements of operations for the year ended December 31, 2015 include \$39.2 million of revenue attributable to Eat24.

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2014 Acquisitions

In October 2014, the Company, through its wholly-owned subsidiary, Yelp Ireland Ltd., acquired all of the outstanding equity interests in Cityvox SAS. Also in October 2014, the Company, through its wholly-owned subsidiaries Yelp Ireland Ltd. and Qype GmbH, acquired the assets comprising the business conducted under the name Restaurant Kritik from Kabukiman Ltd. The aggregate purchase price of these businesses was \$15.3 million, net of \$0.1 million cash acquired; the purchase price did not include stock in either transaction. Each of these acquisitions has been accounted for as a business combination in accordance with ASC 805, under the acquisition method. Accordingly, the aggregate purchase price is allocated to the tangible and intangible assets acquired and the liabilities assumed based on their respective fair values on the acquisition dates, and is subject to adjustment based on the purchase price adjustment provisions contained in the acquisition agreements. The results of operations of the acquired companies have been included in the Company's consolidated financial statements from the respective acquisition dates. Net revenues, earnings since the acquisition and pro forma results of operations for these acquisitions have not been presented because they are not material to the consolidated results of operations, either individually or in the aggregate. During the three months ended December 31, 2014, the Company recorded acquisition-related transaction costs of \$0.6 million, which were included in general and administrative expense.

Under the Restaurant Kritik asset purchase agreement, the Company agreed to pay an additional €0.8 million (\$0.9 million at the acquisition date) in consideration if the migration of Restaurant Kritik's content to Yelp was completed within one year of the acquisition date. The estimated fair value of the contingent consideration was approximately \$0.8 million as of the acquisition date and the Company paid \$0.8 million in the three months ended December 31, 2015 in satisfaction of this liability.

The following table presents the aggregate purchase price allocations of these individually immaterial acquisitions recorded in the Company's consolidated balance sheets of their acquisition dates (in thousands):

Net tangible assets	\$ (277)
Goodwill	13,995
Intangible assets	1,546
Total purchase price (excluding contingent consideration)	15,264
Contingent consideration	826
Total purchase price	<u>\$ 16,090</u>

Estimated useful lives as of the acquisition dates of the intangible assets acquired are as follows:

<u>Intangible Type</u>	<u>Useful Life</u>
Content	5.0 years
Developed technology	0.5 years
Trade name	2.0 years
Weighted average	4.3 years

The intangible assets are being amortized on a straight-line basis, which reflects the pattern in which the economic benefits of the intangible assets are being utilized. The goodwill represents the excess value over both tangible and intangible assets acquired. The goodwill in these transactions is primarily attributable to traffic and the opportunity for expansion. None of the goodwill is deductible for tax purposes.

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6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2016 and 2015 consisted of the following (in thousands):

	December 31, 2016	December 31, 2015
Cash and cash equivalents		
Cash	\$ 119,778	\$ 79,954
Money market funds	152,423	91,659
Total cash and cash equivalents	<u>\$ 272,201</u>	<u>\$ 171,613</u>

The lease agreements for certain of the Company's offices require the Company to maintain letters of credit issued to the landlords of each facility. Each letter of credit is subject to renewal annually until the applicable lease expires and is collateralized by restricted cash. As of December 31, 2016 and 2015, the Company had letters of credit totaling \$17.3 million and \$16.5 million, respectively, related to such leases, which are classified as restricted cash.

7. PROPERTY, EQUIPMENT AND SOFTWARE, NET

Property, equipment and software, net as of December 31, 2016 and 2015 consisted of the following (in thousands):

	December 31, 2016	December 31, 2015
Computer equipment	\$ 28,551	\$ 26,004
Software	1,079	1,213
Capitalized website and internal-use software development costs	61,515	42,320
Furniture and fixtures	14,162	10,771
Leasehold improvements	60,101	47,552
Telecommunication	3,457	2,970
Total	<u>168,865</u>	<u>130,830</u>
Less accumulated depreciation	(76,425)	(50,363)
Property, equipment and software, net	<u>\$ 92,440</u>	<u>\$ 80,467</u>

Depreciation expense for the years ended December 31, 2016, 2015 and 2014 was approximately \$28.5 million, \$23.0 million and \$14.3 million, respectively.

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8. GOODWILL AND INTANGIBLE ASSETS

The Company's goodwill is the result of its acquisitions of other businesses, and represents the excess of purchase consideration over the fair value of assets and liabilities acquired. The Company performed its annual goodwill impairment analysis during the three months ended September 30, 2016 and concluded that goodwill was not impaired, as the fair value of each reporting unit exceeded its carrying value.

Goodwill as of December 31, 2016 and 2015, and changes in the carrying amount of goodwill during the years ended December 31, 2016 and 2015, were as follows (in thousands):

Balance as of December 31, 2014	\$ 67,307
Goodwill measurement period adjustment	(255)
Goodwill acquired	110,927
Effect of currency translation	(5,782)
Balance as of December 31, 2015	\$ 172,197
Goodwill measurement period adjustment	146
Effect of currency translation	(1,676)
Balance as of December 31, 2016	\$ 170,667

Intangible assets at December 31, 2016 and 2015 consisted of the following (dollars in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Life
December 31, 2016				
Restaurant and user relationships	\$ 29,400	\$ (5,981)	\$ 23,419	8.2 years
Developed technology	9,280	(4,122)	5,158	3.1 years
Content	3,674	(2,581)	1,093	2.0 years
Trade name and other	3,338	(1,861)	1,477	2.1 years
Domains and data licenses	2,804	(1,340)	1,464	3.0 years
Advertiser relationships	1,549	(1,549)	-	0.0 years
Total	<u>\$ 50,045</u>	<u>\$ (17,434)</u>	<u>\$ 32,611</u>	
December 31, 2015:				
Restaurant and user relationships	\$ 29,400	\$ (2,817)	\$ 26,583	9.1 years
Developed technology	9,295	(2,441)	6,854	4.1 years
Content	3,922	(2,066)	1,856	2.7 years
Trade name and other	3,350	(1,139)	2,211	3.1 years
Domains and data licenses	2,625	(835)	1,790	3.9 years
Advertiser relationships	1,708	(1,708)	-	0.0 years
Total	<u>\$ 50,300</u>	<u>\$ (11,006)</u>	<u>\$ 39,294</u>	

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Amortization expense for the years ended December 31, 2016, 2015 and 2014 was \$6.8 million, \$6.5 million and \$2.4 million, respectively.

As of December 31, 2016, the estimated future amortization of purchased intangible assets for (i) each of the succeeding five years and (ii) thereafter is as follows (in thousands):

Year Ending December 31,	Amount
2017	\$ 6,763
2018	6,280
2019	5,399
2020	3,406
2021	3,166
Thereafter	7,597
Total amortization	\$ 32,611

9. OTHER NON-CURRENT ASSETS

Other non-current assets as of December 31, 2016 and 2015 consisted of the following (in thousands):

	December 31, 2016	December 31, 2015
Cost-method investments	\$ 8,000	\$ -
Other	2,992	3,701
Total	\$ 10,992	\$ 3,701

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Cost-method investments represent the Company's investment in the preferred stock of Nowait, Inc. a mobile platform that allows restaurants to manage their waitlists, which was completed on July 15, 2016. The remaining other non-current assets are primarily deferred tax assets.

10. ACCRUED LIABILITIES

Accrued liabilities as of December 31, 2016 and 2015 consisted of the following (in thousands):

	December 31, 2016	December 31, 2015
Restaurant revenue share liability	\$ 17,372	\$ 12,654
Accrued employee vacation	6,196	4,662
Accrued income, payroll and other taxes	5,456	3,451
Accrued marketing	4,633	2,144
Accrued employee benefits and other employee expenses	4,337	3,631
Accrued bonuses and commissions	3,079	4,546
Accrued facilities and related	2,427	1,928
Accrued consulting	1,824	1,763
Deferred rent	1,655	786
Employee stock purchase plan liability	1,059	817
Merchant revenue share liability	980	1,212
Fixed asset purchase commitments	723	1,318
Other accrued expenses	5,341	4,546
Total	<u>\$ 55,082</u>	<u>\$ 43,458</u>

11. LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2016 and 2015 consisted of the following (in thousands):

	December 31, 2016	December 31, 2015
Deferred rent	\$ 16,896	\$ 11,324
Other long-term liabilities	725	706
Total	<u>\$ 17,621</u>	<u>\$ 12,030</u>

12. OTHER INCOME (EXPENSE), NET

Other income (expense), net for the years ended December 31, 2016, 2015 and 2014 consisted of the following (in thousands):

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Interest income, net	\$ 1,724	\$ 622	\$ 375
Transaction loss on foreign exchange	(175)	(687)	(121)
Other non-operating income (loss), net	145	451	(33)
Other income, net	<u>\$ 1,694</u>	<u>\$ 386</u>	<u>\$ 221</u>

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13. COMMITMENTS AND CONTINGENCIES

Office Facility Leases—The Company leases its office facilities under operating lease agreements that expire from 2017 to 2025. Certain lease agreements provide for rental payments on a graduated basis. The Company recognizes rent expense on a straight-line basis over the lease period. Rental expense was \$36.8 million, \$30.9 million and \$14.6 million for the years ended December 31, 2016, 2015 and 2014, respectively.

The Company's minimum payments under noncancelable operating leases for equipment and office space having initial terms in excess of one year were as follows as of December 31, 2016 (in thousands):

Year Ending December 31,	Operating Leases
2017	\$ 42,321
2018	44,355
2019	44,449
2020	45,892
2021	38,095
Thereafter	92,401
Total minimum lease payments	\$ 307,513

The Company has subleased certain office facilities under operating lease agreements that expire in 2021. The Company recognizes sublease rentals as a reduction in rental expense on a straight-line basis over the lease period. Sublease rental income was \$2.0 million, \$1.4 million, and zero for the years ended December 31, 2016, 2015, and 2014, respectively. The Company expects future sublease rental receipts of \$8.3 million between 2017 and 2021.

Legal Proceedings—The Company is subject to legal proceedings arising in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, the Company currently does not believe that the final outcome of any of these matters will have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

In August 2014, two putative class action lawsuits alleging violations of federal securities laws were filed in the U.S. District Court for the Northern District of California, naming as defendants the Company and certain of its officers. The lawsuits allege violations of the Exchange Act by the Company and certain of its officers for allegedly making materially false and misleading statements regarding the Company's business and operations between October 29, 2013 and April 3, 2014. These cases were subsequently consolidated and, in January 2015, the plaintiffs filed a consolidated complaint seeking unspecified monetary damages and other relief. Following the court's dismissal of the consolidated complaint on April 21, 2015, the plaintiffs filed a first amended complaint on May 21, 2015. On November 24, 2015, the court dismissed the first amended complaint with prejudice, and entered judgment in the Company's favor on December 28, 2015. The plaintiffs have appealed this decision to the U.S. Court of Appeals for the Ninth Circuit.

On April 23, 2015, a putative class action lawsuit was filed by former Eat24 employees in the Superior Court of California for San Francisco County, naming as defendants the Company and Eat24. The lawsuit asserts that the defendants failed to permit meal and rest periods for certain current and former employees working as Eat24 customer support specialists, and alleges violations of the California Labor Code, applicable Industrial Welfare Commission Wage Orders and the California Business and Professions Code. The plaintiffs seek monetary damages in an unspecified amount and injunctive relief. On May 29, 2015, plaintiffs filed a first amended complaint asserting an additional cause of action for penalties under the Private Attorneys General Act. In January 2016, the Company reached a preliminary agreement to settle this matter, which the court preliminarily approved on June 27, 2016. The settlement received final court approval on December 5, 2016 and the \$550 thousand settlement amount was paid on February 10, 2017.

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On June 24, 2015, a former Eat24 sales employee filed a lawsuit, on behalf of herself and a putative class of current and former Eat24 sales employees, against Eat24 in the Superior Court of California for San Francisco County. The lawsuit alleges that Eat24 failed to pay required wages, including overtime wages, allow meal and rest periods and maintain proper records, and asserts causes of action under the California Labor Code, applicable Industrial Welfare Commission Wage Orders and the California Business and Professions Code. The plaintiff seeks monetary damages and penalties in unspecified amounts, as well as injunctive relief. On August 3, 2015, the plaintiff filed a first amended complaint asserting an additional cause of action for penalties under the Private Attorneys General Act. In January 2016, the Company reached a preliminary agreement to settle this matter for payments in the aggregate amount of up to approximately \$0.2 million, which the court preliminarily approved on August 29, 2016. The settlement received final court approval on February 1, 2017.

Based on the settlement agreements reached in connection with the two lawsuits by former Eat24 employees described above, the Company recognized a liability for each of the proposed settlement amounts as part of its accrued liabilities as of December 31, 2016. In February 2016, \$1.1 million was released to the Company from the escrow fund established in connection with the acquisition of Eat24, to fund such settlement amounts and related legal expenses.

Indemnification Agreements—In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company to, among other things, indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees.

While the outcome of claims cannot be predicted with certainty, the Company does not believe that the outcome of any claims under the indemnification arrangements will have a material effect on the Company's financial position, results of operations or cash flows.

Payroll Tax Audit—In June 2015, the IRS began a payroll tax audit of the Company for 2014 and 2013. The Company has assessed the estimated range of such loss and, as of December 31, 2016, a liability of \$0.5 million has been recorded. The Company expects the audits and any related assessments to be finalized in 2017.

14. STOCKHOLDERS' EQUITY

Elimination of Dual-Class Common Stock Structure

On September 22, 2016, all outstanding shares of the Company's Class A common stock and Class B common stock automatically converted into a single class of common stock (the "Conversion") pursuant to the terms of the Company's Amended and Restated Certificate of Incorporation. On September 23, 2016, the Company filed a certificate with the Secretary of State of the State of Delaware effecting the retirement and cancellation of the Class A common stock and Class B common stock. This certificate of retirement had the additional effect of eliminating the authorized Class A and Class B shares, thereby reducing the Company's total number of authorized shares of common stock from 500,000,000 to 200,000,000.

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The following table presents the number of shares authorized and issued and outstanding as of the dates indicated:

	<u>December 31, 2016</u>		<u>December 31, 2015</u>	
	<u>Shares Authorized</u>	<u>Shares Issued and Outstanding</u>	<u>Shares Authorized</u>	<u>Shares Issued and Outstanding</u>
Stockholders' equity:				
Class A common stock, \$0.000001 par value	—	—	200,000,000	66,535,156
Class B common stock, \$0.000001 par value	—	—	100,000,000	9,447,646
Common stock, \$0.000001 par value	200,000,000	79,429,833	200,000,000	—
Undesignated Preferred Stock	10,000,000	—	10,000,000	—

Common Stock Reserved for Future Issuance

As of December 31, 2016, the Company had reserved shares of common stock for future issuances in connection with the following:

Options outstanding	8,018,941
Restricted stock units and awards outstanding	7,090,465
Available for future stock option and restricted stock units and awards grants	2,787,277
Available for future ESPP offerings	1,303,913
Total reserved for future issuance	<u>19,200,596</u>

Equity Incentive Plans

The Company has outstanding awards under three equity incentive plans: the Amended and Restated 2005 Equity Incentive Plan (the "2005 Plan"), the 2011 Equity Incentive Plan (the "2011 Plan") and the 2012 Equity Incentive Plan, as amended (the "2012 Plan"). In July 2011, the Company adopted the 2011 Plan, terminated the 2005 Plan and provided that no further stock awards were to be granted under the 2005 Plan. All outstanding stock awards under the 2005 Plan continue to be governed by their existing terms. Upon the effectiveness of the underwriting agreement in connection with the Company's initial public offering ("IPO"), the Company terminated the 2011 Plan and all shares that were reserved under the 2011 Plan but not issued were assumed by the 2012 Plan. No further awards will be granted pursuant to the 2011 Plan. All outstanding stock awards under the 2011 Plan continue to be governed by their existing terms. Under the 2012 Plan, the Company has the ability to issue incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock units ("RSUs"), restricted stock awards ("RSAs"), performance units and performance shares. Additionally, the 2012 Plan provides for the grant of performance cash awards to employees, directors and consultants.

Stock Options

Stock options granted under the 2012 Plan are granted at a price per share not less than the fair value of a share of the Company's common stock at date of grant. Options granted to date generally vest over a four-year period, on one of three schedules: (a) 25% vesting at the end of one year and the remaining shares vesting monthly thereafter; (b) 10% vesting over the first year, 20% vesting over the second year, 30% vesting over the third year and 40% vesting over the fourth year; or (c) ratably on a monthly basis. Options granted are generally exercisable for up to 10 years. The Company issues new shares when stock options are exercised.

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A summary of stock option activity for the year ended December 31, 2016 is as follows:

	<u>Options Outstanding</u>		<u>Weighted-Average Contractual Term (in years)</u>	<u>Aggregate Intrinsic Value (in thousands)</u>
	<u>Number of Shares</u>	<u>Weighted-Average Exercise Price</u>		
Outstanding - December 31, 2015	8,206,356	\$ 20.93	6.44	\$ 92,454
Granted	1,341,250	23.58		
Exercised	(1,290,205)	15.95		
Canceled	(238,460)	36.59		
Outstanding - December 31, 2016	8,018,941	\$ 21.71	6.10	\$ 147,673
Options vested and exercisable as of December 31, 2016	6,292,994	\$ 19.18	5.44	\$ 128,488

Aggregate intrinsic value represents the difference between the closing price of the Company's common stock and the exercise price of outstanding, in-the-money options. The total intrinsic value of options exercised was approximately \$23.23 million, \$26.2 million and \$108.7 million for the years ended December 31, 2016, 2015 and 2014, respectively.

The weighted-average grant date fair value of options granted was \$10.16, \$22.48 and \$41.84 per share for the years ended December 31, 2016, 2015 and 2014, respectively.

As of December 31, 2016, total unrecognized compensation costs related to unvested stock options was approximately \$21 million, which is expected to be recognized over a weighted-average time period of 2.2 years.

The following table summarizes information about outstanding and vested stock options as of December 31, 2016:

<u>Exercise Price Range</u>	<u>Options Outstanding</u>			<u>Options Vested and Exercisable</u>	
	<u>Number of Options Outstanding</u>	<u>Weighted-Average Remaining Life (Years)</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
\$1.00 - \$6.92	88,816	2.86	\$ 4.48	84,649	\$ 4.45
\$7.16	2,196,634	4.01	7.16	2,196,634	7.16
\$8.16 - \$18.85	803,343	5.65	15.43	728,696	15.04
\$18.91 - \$21.13	733,521	9.06	20.53	280,551	20.55
\$21.18	1,533,803	6.10	21.18	1,437,801	21.18
\$21.24 - \$26.03	936,234	6.95	24.01	606,256	25.02
\$26.89 - \$45.50	890,637	7.08	31.49	565,519	32.46
\$47.79 - \$78.18	818,028	7.73	56.18	382,097	60.02
\$82.42	9,025	7.33	79.06	4,488	79.21
\$94.42	8,900	7.16	94.42	6,303	94.42
Total	8,018,941	6.10	\$ 21.71	6,292,994	\$ 19.18

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RSUs and RSAs

The cost of RSUs and RSAs is determined using the fair value of the Company's common stock on the date of grant. RSUs and RSAs generally vest over a four-year period, on one of three schedules: (a) 25% vesting at the end of one year and the remaining vesting quarterly or annually thereafter; (b) 10% vesting over the first year, 20% vesting over the second year, 30% vesting over the third year and 40% vesting over the fourth year; or (c) ratably on a quarterly basis.

A summary of RSU and RSA activity for the year ended December 31, 2016 is as follows:

	Restricted Stock Units		Restricted Stock Awards	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested--December 31, 2015	4,093,204	\$ 39.45	312	\$ 11.68
Granted	5,879,390	28.51	-	-
Released	(1,813,712)	35.29	(312)	11.68
Canceled	(1,068,417)	32.92	-	-
Unvested--December 31, 2016	7,090,465	\$ 32.43	0	\$ -

As of December 31, 2016, the Company had approximately \$208.8 million of unrecognized stock-based compensation expense related to RSUs and RSAs, which is expected to be recognized over the remaining weighted-average vesting period of approximately 3.0 years.

Employee Stock Purchase Plan

The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations, during designated offering periods. At the end of each offering period that began prior to December 1, 2014, employees were able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last day of the offering period. At the end of each offering period that began December 1, 2014 or later, employees are able to purchase shares at 85% of the fair market value of the Company's common stock on the last day of the offering period.

During the year ended December 31, 2016, employees purchased 342,057 shares at a weighted-average purchase price of \$26.12 per share. The Company recognized \$1.5 million of stock-based compensation expense related to the ESPP in the year ended December 31, 2016.

Stock-Based Compensation

The fair value of options granted to employees is estimated on the grant date using the Black-Scholes-Merton option valuation model. This valuation model for stock-based compensation expense requires the Company to make assumptions and judgments about the variables used in the calculation, including the expected term (weighted-average period of time that the options granted are expected to be outstanding), the volatility in the fair market value of the Company's common stock, a risk-free interest rate, and expected dividends. No compensation cost is recorded for options that do not vest. The Company uses the simplified calculation of expected life and volatility is based on an average of the historical volatilities of the common stock of several entities with characteristics similar to those of the Company. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option.

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The Company uses the straight-line method for expense attribution. For the years ended December 31, 2016, 2015 and 2014, the weighted-average assumptions are as follows:

	Year Ended December 31,		
	2016	2015	2014
Dividend yield	-	-	-
Annual risk-free rate	1.53%	1.78%	2.07%
Expected volatility	44.00%	49.27%	57.56%
Expected term (years)	5.84	6.11	6.17

The following table summarizes the effects of stock-based compensation expense related to stock-based awards in the consolidated statements of operations during the periods presented (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Cost of Revenue	\$ 2,446	\$ 1,117	\$ 729
Sales and marketing	27,098	21,962	15,083
Product Development	36,323	23,431	14,804
General and administrative	20,394	14,332	11,657
Restructuring and integration	-	-	-
Total stock-based compensation in income (loss) before incomes taxes	86,261	60,842	42,273
Benefit from income taxes	(643)	(402)	(15,064)
Total stock-based compensation in income (loss)	\$ 85,618	\$ 60,440	\$ 27,209

During the years ended December 31, 2016, 2015 and 2014, the Company capitalized \$4.5 million, \$3.0 million and \$2.3 million, respectively, of stock-based compensation expense as website development costs.

15. NET INCOME (LOSS) PER SHARE

Basic and diluted net income (loss) per share attributable to common stockholders for periods prior to the Conversion are presented in conformity with the “two-class method” required for participating securities. Prior to the Conversion, shares of Class A and Class B common stock were the only outstanding equity in the Company. The rights of the holders of Class A and Class B common stock were identical, except with respect to voting and conversion. Each share of Class A common stock was entitled to one vote per share and each share of Class B common stock was entitled to ten votes per share. Shares of Class B common stock were convertible into Class A common stock at any time at the option of the stockholder, and were automatically converted upon sale or transfer to Class A common stock, subject to certain limited exceptions, and in connection with certain other conversion events.

Under the two-class method, basic net income (loss) per share is computed using the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed using the weighted-average number of shares of common stock and, if dilutive, potential shares of common stock outstanding during the period. The Company’s potential shares of common stock consist of the incremental shares of common stock issuable upon the exercise of stock options, shares issuable upon the vesting of RSUs and, to a lesser extent, unvested shares subject to RSAs and purchases related to the ESPP. The dilutive effect of these potential shares of common stock is reflected in diluted earnings per share by application of the treasury stock method. The computation of the diluted net income (loss) per share of Class A common stock assumes the conversion of Class B common stock, while the diluted net income (loss) per share of Class B common stock does not assume the conversion of Class B common stock.

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The undistributed earnings are allocated based on the contractual participation rights of the Class A and Class B common stock as if the earnings for the year have been distributed. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis. Further, as the conversion of Class B common stock is assumed in the computation of the diluted net income (loss) per share of Class A common stock, the undistributed earnings are equal to net income (loss) for that computation.

On September 22, 2016, the Company's Class A and Class B common stock converted into a single class of common stock. Because shares of Class A and Class B common stock were outstanding for a portion of the year ended December 31, 2016, the Company has disclosed earnings per common share for both classes of common stock for the current period. Basic and diluted net income (loss) per share attributable to common stockholders for periods after the conversion will be presented based on the number of shares of common stock outstanding.

The following table presents the calculation of basic and diluted net income (loss) per share (in thousands, except per share data):

	Year Ended December 31,					
	2016		2015		2014	
	Class A	Class B	Class A	Class B	Class A	Class B
Basic net income (loss) per share attributable to common stockholders:						
Numerator:						
Net income (loss)	\$ (4,296)	\$ (374)	\$ (28,694)	\$ (4,206)	\$ 31,178	\$ 5,295
Allocation of undistributed earnings	\$ (4,296)	\$ (374)	\$ (28,694)	\$ (4,206)	\$ 31,178	\$ 5,295
Denominator:						
Weighted-average shares outstanding	70,997	6,189	65,135	9,548	61,492	10,444
Basic net income (loss) per share attributable to common stockholders:	\$ (0.06)	\$ (0.06)	\$ (0.44)	\$ (0.44)	\$ 0.51	\$ 0.51
Diluted net income (loss) per share attributable to common stockholders:						
Numerator:						
Allocation of undistributed earnings for basic calculations	\$ (4,296)	\$ (374)	\$ (28,694)	\$ (4,206)	\$ 31,178	\$ 5,295
Reallocation of undistributed earnings as a result of conversion from Class B to Class A shares	(374)	-	(4,206)	-	5,295	-
Reallocation of undistributed earnings to Class B shares			-	-	-	911
Allocation of undistributed earnings	\$ (4,670)	\$ (374)	\$ (32,900)	\$ (4,206)	\$ 36,473	\$ 6,206
Denominator:						
Number of shares used in basic calculation	70,997	6,189	65,135	9,548	61,492	10,444
Weighted-average effect of dilutive securities						
Conversion of Class B to Class A common shares outstanding	6,189	-	9,548	-	10,444	-
Stock options	-	-	-	-	4,377	2,584
Other dilutive securities	-	-	-	-	399	25
Number of shares used in diluted calculation	77,186	6,189	74,683	9,548	76,712	13,053
Diluted net income (loss) per share attributable to common stockholders:	\$ (0.06)	\$ (0.06)	\$ (0.44)	\$ (0.44)	\$ 0.48	\$ 0.48

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The following weighted-average stock-based instruments were excluded from the calculation of diluted net income (loss) per share because their effect would have been anti-dilutive for the periods presented (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Stock options	2,082	8,206	71
Restricted stock units and awards	2,090	4,095	
Contingently issuable shares	-	309	

16. INCOME TAXES

The Company accounts for income taxes in accordance with authoritative guidance, which requires the use of the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based upon the difference between the consolidated financial statement carrying amounts and the tax basis of assets and liabilities and are measured using the enacted tax rate expected to apply to taxable income in the years in which the differences are expected to be reversed.

The following table presents domestic and foreign components of income (loss) before income taxes for the periods presented (in thousands):

	2016	2015	2014
United States	\$ 1,679	\$ (18,604)	\$ 13,083
Foreign	(4,964)	(2,334)	(1,803)
Total	\$ (3,285)	\$ (20,938)	\$ 11,280

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The income tax provision is composed of the following (in thousands):

	2016	2015	2014
Current:			
Federal	\$ -	\$ (10)	\$ -
State	35	370	704
Foreign	86	1,010	1,322
	<u>\$ 121</u>	<u>\$ 1,370</u>	<u>\$ 2,026</u>
Deferred:			
Federal	\$ 106	\$ 3,505	\$ (14,806)
State	13	6,245	(7,613)
Foreign	1,145	842	(4,800)
	<u>1,264</u>	<u>10,592</u>	<u>(27,219)</u>
Total provision for (benefit from) income taxes	<u>\$ 1,385</u>	<u>\$ 11,962</u>	<u>\$ (25,193)</u>

The following table presents a reconciliation of the statutory federal rate and the Company's effective tax rate for the periods presented:

	2016	2015	2014
Tax benefit at federal statutory rate	35.00%	35.00%	35.00%
State-net of federal effect	21.41	5.32	3.63
Foreign rate differential	(1.54)	(10.03)	(2.17)
Stock-based compensation	10.50	(3.60)	12.76
Acquisition costs	-	(0.38)	-
Meals & Entertainment	(13.84)	(2.63)	3.75
Tax credits	163.87	14.30	(23.37)
Change in valuation allowance	(189.19)	(96.18)	(248.14)
Change in tax rate	(0.12)	(0.73)	(4.72)
Benefit for tax only asset	-	4.99	-
Non-deductible expenses	(6.16)	(1.58)	1.36
Prior year deferred true-ups	(11.81)	(0.57)	-
Expiration of deferred benefit	(50.76)	-	-
Other	0.47	(1.00)	(1.44)
Effective Tax Rate	<u>(42.17)%</u>	<u>(57.09)%</u>	<u>(223.34)%</u>

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that all or some portion of deferred tax assets will not be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

As of December 31, 2016 and 2015, based on the available objective evidence, management believes it is more likely than not that its domestic deferred tax assets will not be realized. Accordingly, management has applied a full valuation allowance against its domestic net deferred tax assets.

The effective tax rate in 2016 reflects a \$1.4 million expense associated with establishing a valuation allowance against certain foreign deferred tax assets as a result of the winding down of sales and marketing activities outside of the United States and Canada. At the end of 2016, the Company could not assert at the required more-likely-than-not level of certainty, that some of its foreign operations would generate sufficient taxable income to realize all of its deferred tax assets after considering the relative impact of all evidence, positive and negative. In making its evaluation, the Company considered recent changes in foreign operations as a significant piece of negative evidence. As a result, the Company established a valuation allowance against some of its foreign deferred tax assets in the year ended December 31, 2016.

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Deferred income taxes reflect the net tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table presents the significant components of the Company's deferred tax assets and liabilities for the periods presented (in thousands):

	2016	2015
Deferred tax assets:		
Reserves and others	\$ 13,382	\$ 8,656
Stock-based compensation	29,402	26,236
Contribution carryforward	11	1,782
Net operating loss carryforward	64,478	7,048
Tax credit carryforward	17,185	8,985
Gross deferred tax assets	124,458	52,707
Valuation allowance	(92,191)	(20,542)
Total deferred tax assets	32,267	32,165
Deferred tax liabilities:		
Depreciation and amortization	(30,140)	(28,896)
Total deferred tax liabilities	(30,140)	(28,896)
Net deferred tax assets (liabilities)	\$ 2,127	\$ 3,269

At December 31, 2016, the Company had federal and state net operating loss carryforwards of approximately \$154.9 million and \$132.9 million, respectively, expiring beginning in 2024 and 2017, respectively. The Company also had cumulative trading losses of \$10.1 million and of \$7.2 million at December 31, 2016 in Ireland and Germany respectively, which may be carried forward indefinitely against profits in the respective jurisdictions. At December 31, 2016, the Company had federal research credit carryforwards of approximately \$8.6 million that expire beginning in 2024, and California research credit carryforwards of approximately \$8.0 million that do not expire. At December 31, 2016, the Company also had \$5.2 million of California Enterprise Zone credit, expiring beginning in 2024.

Utilization of net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization. The Company does not expect any previous ownership changes, as defined under Section 382 and 383 of the Internal Revenue Code, to result in a limitation that will reduce the total amount of net operating loss carryforwards and credits that can be utilized. Further, foreign loss carryforwards may be subject to limitations under the applicable laws of the taxing jurisdictions due to ownership change limitations.

Effective as of January 1, 2016, the Company early adopted a change in accounting policy in accordance with ASU 2016-09, which eliminated the requirement that excess tax benefits be realized as a reduction in current taxes payable before the associated tax benefit could be recognized as an increase in paid in capital. Under ASU 2016-09, these previously unrecognized deferred tax assets were recognized on a modified retrospective basis as of January 1, 2016, the start of the year in which the Company early adopted ASU 2016-09. Approximately \$164.1 million of federal net operating losses, \$125.7 million of state net operating losses, \$1.4 million of Ireland net operating losses, \$1.3 million of federal research and development tax credits and \$0.1 million of state Enterprise Zone credits are related to tax stock option deductions in excess of book deductions and are not included in the balance shown above as of December 31, 2015. The U.S. federal and state net operating losses and credits recognized as of January 1, 2016, as described above, have been offset by a valuation allowance. As a result, only the Ireland net operating losses resulted in a cumulative-effect adjustment to retained earnings of \$0.2 million (which reduced the accumulated deficit) as of January 1, 2016. Additionally, ASU 2016-09 addresses the presentation of excess tax benefits and employee taxes paid on the statement of cash flows. The Company is now required to present excess tax benefits as an operating activity in the same manner as other cash flows related to income taxes on the statement of cash flows rather than as a financing activity. The Company adopted this change prospectively.

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It is the intention of the Company to reinvest the earnings from Darwin Social Marketing Inc., Yelp UK Ltd. and Yelp Ireland Holding Company Limited and its subsidiaries. The Company does not provide for U.S. income taxes of foreign subsidiaries as such earnings are to be reinvested indefinitely. As of December 31, 2016, the Company estimates \$2.6 million of cumulative earnings upon which U.S. income taxes have not been provided. Determination of the amount of unrecognized deferred tax liability with respect to such earnings is not practicable. The additional taxes on the earnings of foreign subsidiaries, if remitted, would be partially offset by U.S. tax credits for foreign taxes already paid.

As of December 31, 2016, 2015 and 2014, the Company had \$10.3 million, \$5.0 million and \$3.3 million, respectively, of unrecognized tax benefits. A reconciliation of the beginning and ending amount of unrecognized benefits is as follows (in thousands):

	2016	2015	2014
Balance at the beginning of the year	\$ 5,049	\$ 3,276	\$ 1,774
Increase (Decrease) based on tax positions related to the prior year	1,381	(31)	69
Increase based on tax positions related to the current year	4,131	1,804	1,433
Lapse of statute of limitations	(221)	-	-
Balance at the end of the year	\$ 10,340	\$ 5,049	\$ 3,276

As of December 31, 2016, the Company had \$0.8 million of unrecognized tax benefits that, if recognized, would affect the effective tax rate. The Company's policy is to record interest and penalties related to unrecognized tax benefits as income tax expense. During each of the years ended December 31, 2016, 2015 and 2014, the Company had an immaterial amount related to the accrual of interest and penalties.

In addition, the Company is subject to the continuous examination of its income tax returns by the IRS and other tax authorities. The Company's federal and state income tax returns for fiscal years subsequent to 2003 remain open to examination. In the Company's most significant foreign jurisdictions — Ireland, United Kingdom and Germany — the tax years subsequent to 2010 remain open to examination. The Company regularly assesses the likelihood of adverse outcomes resulting from examinations to determine the adequacy of its provision for income taxes, and monitors the progress of ongoing discussions with tax authorities and the impact, if any, of the expected expiration of the statute of limitations in various taxing jurisdictions. The Company believes that an adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs. Although the timing of the resolution or closure of audits is not certain, the Company believes that it is reasonably possible that its unrecognized tax benefits could be reduced by an immaterial amount over the 12 months following December 31, 2016.

17. RELATED PARTY TRANSACTIONS

The Company does not have any significant related party transactions.

18. INFORMATION ABOUT REVENUE AND GEOGRAPHIC AREAS

The Company considers operating segments to be components of the Company in which separate financial information is available that is evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker for the Company is the chief executive officer. The chief executive officer reviews financial information presented on a consolidated basis, accompanied by information about revenue by product line and geographic region for purposes of allocating resources and evaluating financial performance.

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The Company has one business activity and there are no segment managers who are held accountable for operations, operating results or plans for levels or components below the consolidated unit level. Accordingly, the Company has determined that it has a single operating and reporting segment. Revenue by geography is based on the billing address of the customer.

Net Revenue

Prior to this annual report, the Company classified revenue from its “local” products — consisting of business listing and advertising products that are sold directly to businesses and Yelp Reservations — as local revenue, and revenue generated through partner arrangements, including resale of advertising products by certain partners, and monetization of remnant advertising inventory through third-party ad networks as other services revenue.

The Company now classifies revenue from all of its business listing and advertising products, including advertising sold by partners, as advertising revenue. As a result, revenue generated through ad resales and monetization of remnant advertising inventory through third-party ad networks is now classified as advertising revenue rather than other services revenue, and revenue from Yelp Reservations, a subscription service, is recognized as other services revenue. All disclosures relating to revenue by product have been updated to this revised classification for all periods presented.

The following table presents the Company’s net revenue by product line for the periods presented (in thousands), reflecting the changes to its revenue categories described above:

	Year Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Net revenue by product:			
Advertising	\$ 645,241	\$ 471,416	\$ 335,450
Transactions	62,495	43,854	5,247
Brand advertising	-	31,012	34,482
Other services	5,333	3,429	2,357
Total net revenue	<u>\$ 713,069</u>	<u>\$ 549,711</u>	<u>\$ 377,536</u>

For purposes of comparison, the following table presents the Company’s net revenue by product line for the periods presented (in thousands) based on the revenue categories in effect prior to the three months ended December 31, 2016:

	Year Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Net revenue by product:			
Local	\$ 624,694	\$ 448,236	\$ 319,137
Transactions	62,495	43,854	5,247
Brand advertising	-	31,012	34,482
Other services	25,880	26,609	18,670
Total net revenue	<u>\$ 713,069</u>	<u>\$ 549,711</u>	<u>\$ 377,536</u>

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During the years ended December 31, 2016, 2015 and 2014, no individual customer accounted for 10% or more of consolidated net revenue.

The following table presents the Company's net revenue by geographic region for the periods indicated (in thousands):

	Year Ended December 31,		
	2016	2015	2014
United States	\$ 698,244	\$ 537,567	\$ 366,579
All other countries	14,825	12,144	10,957
Total net revenue	\$ 713,069	\$ 549,711	\$ 377,536

Long-Lived Assets

The following table presents the Company's long-lived assets by geographic region for the periods indicated (in thousands):

	Year Ended December 31,		
	2016	2015	2014
United States	\$ 89,362	\$ 78,675	\$ 73,344
All other countries	3,078	5,493	5,900
Total long-lived assets	\$ 92,440	\$ 84,168	\$ 79,244

19. RESTRUCTURING AND INTEGRATION

The following table presents the Company's restructuring and integration costs for the periods indicated (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Restructuring and integration	\$ 3,455	\$ -	\$ -

On November 2, 2016, the Company announced plans to significantly reduce sales and marketing activities in markets outside of the United States and Canada. The Company incurred \$ 3.5 million in restructuring and integration costs associated with this plan for the year ended December 31, 2016, of which \$2.0 million had been paid by December 31, 2016. The Company expects to pay the remaining \$1.5 million during the year ending December 31, 2017.

The costs primarily related to severance costs for affected employees. No goodwill, intangible assets or other long lived assets have been determined to be impaired. The restructuring plan was substantially completed by the year ended December 31, 2016, with approximately \$0.2 million expected to be incurred during the year ended December 31, 2017.

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20. SUBSEQUENT EVENTS

On February 28, 2017, the Company acquired Nowait, a restaurant technology company with the industry's leading waitlist system and seating tool. The aggregate purchase price of approximately \$40 million was paid in cash, and includes the partial stake previously acquired by the Company.

The purchase price is subject to customary working capital adjustments. The Company is currently in the process of valuing the assets acquired and liabilities assumed in the transaction, which will be reflected in the Company's financial statements for the period ending March 31, 2017.

In October 2016, the Company acquired a 20% interest in the preferred stock of Nowait for \$8.0 million in cash, which is recorded as a cost-method investment as part of non-current in the Company's consolidated balance sheet as of December 31, 2016 (see Note 9).

The Company expects the acquisition to drive daily engagement in the key restaurant vertical, by allowing Yelp users to more quickly move from search and discovery to transacting at a local business.

February 10, 2007

Dear Michael,

On behalf of Yelp!, Inc., I am pleased to offer you a position as Senior Software Engineer, we look forward to your future success in this position. As a member of the Engineering Department you will be reporting to Russel Simmons.

You will be paid a base salary of \$ 110,000 annually. Your salary will be payable in two equal payments twice monthly, pursuant to the Company's regular payroll policy.

In connection with the commencement of your employment, the Company will recommend that the Board of Directors grant you an option to purchase 40,000 shares of the Company's common stock with an exercise price equal to the fair market value on the date of the grant. These option shares will vest at the rate of 1/4th of the total number of Shares subject to the option on the one-year anniversary of your employment commencement date and 1/48th of the total number of Shares subject to the option on each monthly anniversary of your employment commencement date thereafter. Vesting will, of course, depend on your continued employment with the Company. The option will be an incentive stock option to the maximum extent allowed by the tax code and will be subject to the terms of the Company's 2005 Stock Plan and the Stock Option Agreement between you and the Company.

We will be offering you our standard benefits package that includes health, dental, vision, term life insurance, long term disability and 401K plans.

You will be entitled to 15 days of paid time off per year, prorated for the remainder of this calendar year, in addition to designated company holidays. The terms of our time off with pay policies are outlined in our employee handbook.

Your employment with Yelp!, Inc. is for an indefinite term. In other words, the employment relationship is "at will," and you have the right to terminate that employment relationship at any time for any reason. Also, although I hope that you will remain with us and be successful here, Yelp!, Inc. must, and does, retain the right to terminate the employment relationship at any time for any reason. This "at will" employment relationship can only be modified in writing by an authorized officer of Yelp!, Inc. This paragraph contains the entire agreement between you and Yelp!, Inc. regarding the right and ability of either you or Yelp!, Inc. to terminate your employment with Yelp!, Inc.

You represent that the performance of your duties in the position described above will not violate the terms of any agreements you may have with others, including your former employer. You also understand that you are not to bring to or use at Yelp!, Inc. any trade secrets of your former employer.

Your employment is also conditioned upon your agreement and execution of Yelp!, Inc.'s attached Confidentiality Agreement. You must also provide proof of your ability to legally work within the United States on your first day of employment with Yelp!, Inc. Your employment is also conditional upon your passing Yelp!, Inc.'s background check.

Please sign the bottom of this letter to accept this offer and return the original to me. If we do not receive confirmation of your acceptance by February 28, 2007 this offer will terminate.

Subject to fulfillment of any conditions imposed by this letter agreement, you will commence this new position with the Company on March 31, 2007.

Yelp!, Inc. is committed to hiring employees like you that have the courage, creativity, and experience to develop new ideas for new markets.

We look forward to you joining us!

Sincerely,

/s/ Geoff Donaker

COO

Yelp!, Inc.

/s/ Michael Stoppelman

03/27/2007

Employee Acceptance

Date

Start Date: 03/27/2007

GALLERIA CORPORATE CENTRE

AMENDED AND RESTATED LEASE between

STOCKDALE GALLERIA PROJECT OWNER, LLC

as "Landlord"

and

YELP INC.

as "Tenant"

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AMENDED AND RESTATED LEASE

THIS AMENDED AND RESTATED LEASE (the "**Lease**") is made as of the Lease Date set forth in the Basic Terms, by and between Landlord and Tenant. As of the date of this Lease, Landlord (as successor-in-interest to JEMB Scottsdale LLC, a Delaware limited liability company) and Tenant are parties to (a) that certain Lease dated January 20, 2010, as amended by that certain First Amendment to Lease dated January 4, 2011, and that certain Second Amendment to Lease dated August 8, 2011 (collectively, the "**EXISTING SECOND FLOOR LEASE**"), pursuant to which Tenant currently leases the Second Floor Premises (as defined below), and (b) that certain Lease dated August 21, 2012, as amended by that certain First Amendment to Lease dated January 28, 2013, and that certain Second Amendment to Lease dated October 18, 2013 (collectively, the "**Existing First Floor Lease**") pursuant to which Tenant currently leases the First Floor Premises (as defined below). The Existing Second Floor Lease and the Existing First Floor Lease are collectively referred to herein as the "**Existing Leases**." Rather than amend the Existing Leases, Landlord and Tenant now desire to enter into this Lease upon the terms and conditions contained herein. Landlord and Tenant hereby agree that, effective as of the Commencement Date set forth below, the terms of this Lease shall control the agreement between Landlord and Tenant with respect to the Premises (i.e., the Second Floor Premises and the First Floor Premises); provided, however, that each party shall remain liable for any breach or default by such party which arose under the Existing Leases prior to the later of (i) the date hereof, and (ii) the Commencement Date, and any obligations of such party which survive the termination of the Existing Lease. Tenant hereby represents and warrants that: (1) Tenant is the rightful owner of all of the tenant's interest in the Existing Leases; (2) Tenant has the full right, power and authority to enter into this Lease, notwithstanding any remaining obligations under the Existing Leases; and (3) no other person or entity has an interest in the Existing Leases, collateral or otherwise. Landlord and Tenant hereby agree as follows:

1. BASIC TERMS.

Lease Date: April 1st, 2015

Landlord: Stockdale Galleria Project Owner, LLC, a Delaware limited liability

Tenant: Yelp Inc., a Delaware corporation

Project: Galleria Corporate Centre

Building Address: 4343 North Scottsdale Road Scottsdale, Arizona 85251

Premises:

Second Floor Premises:
Floor: Second
Suite Numbers: 200, 220, 270, 280 & 290 (consisting of approximately 62,090 rentable square feet of floor area)

First Floor Premises:
Floor: First
Suite Numbers: 100, 105, 110, 115, 120 & 130 (consisting of approximately 30,579 rentable square feet of floor area)

The Second Floor Premises and the First Floor Premises (consisting of approximately 92,669 rentable square feet of floor area in the aggregate) are collectively referred to herein as the "**Premises.**"

Term: Approximately seventy-four (74) full calendar months (plus any partial month at the beginning of the Term), together with one (1) five (5) year option to extend pursuant to Section 3.3 below.

Commencement Date: Lease Date (as set forth above)

Expiration Date: March 31, 2021

Base Rent:

Period	Second Floor Premises Annual Basic Rent	First Floor Premises Annual Basic Rent	Total Monthly Installments for Second Floor Premises and First Floor Premises
Commencement Date-03/31/16	\$1,614,340.00 (per Existing Second Floor Lease)	\$795,054.08 (per Existing First Floor Lease)	\$200,782.84
04/01/16-03/31/17	\$1,862,700.00 (\$30.00/rsf)	\$795,054.08 (per Existing First Floor Lease)	\$221,479.51
04/01/17-12/31/17	\$1,924,790.00 (\$31.00/rsf)	\$795,054.08 (per Existing First Floor Lease)	\$226,653.67
01/01/18-03/31/18	\$1,924,790.00 (\$31.00/rsf)	\$947,949.00 (\$31.00/rsf)	\$239,394.92
04/01/18-03/31/19	\$1,986,880.00 (\$32.00/rsf)	\$978,528.00 (\$32.00/rsf)	\$247,117.33
04/01/19-03/31/20	\$2,048,970.00 (\$33.00/rsf)	\$1,009,107.00 (\$33.00/rsf)	\$254,839.75
04/01/20-03/31/21	\$2,111,060.00 (\$34.00/rsf)	\$1,039,686.00 (\$34.00/rsf)	\$262,562.17

Base Year: From the Commencement Date through March 31, 2016, inclusive: Calendar year 2010
From and after April 1, 2016: Calendar year 2016

Tenant's Share: 31.42% (i.e., 92,669 rentable square feet in the Premises, divided by 294,945 rentable square feet in the Building (i.e., 4343 North Scottsdale Road), excluding the concourse space)

Security Deposit: \$61,910.33

Business Hours: 7:00 a.m. to 6:00 p.m. on Monday - Friday
8:00 a.m. to noon on Saturdays

Landlord's Address By check:

for Payment of Rent:

Stockdale Galleria Project Owner, LLC
P.O. Box 844727
Los Angeles, CA 90084-4727

or such other name and address as Landlord shall, from time to time, designate.

**Landlord's Address
for Notices:**

Stockdale Galleria Project Owner, LLC
4343 N. Scottsdale Road, Suite 12
Scottsdale, Arizona 85251
Attn: Property Manager

with a copy to:

c/o Stockdale Capital Partners, LLC
10850 Wilshire Blvd, Suite 1050
Los Angeles, California 90024
Attn: Daniel Michaels

and to:

Allen Matkins Leck Gamble Mallory & Natsis LLP
1900 Main Street, 5th Floor
Irvine, California 92614
Attn: Brad H. Nielsen, Esq.

**Tenant's Address for
Notices:**

Yelp Inc.
140 New Montgomery Street
San Francisco, California 94105
Attn: John Lieu

with a copy to:

Yelp Inc.
140 New Montgomery Street
San Francisco, California 94105
Attn: Legal Department

Broker(s):

CBRE, Inc.

The Basic Terms set forth above constitute a part of the Lease. In the event of any conflict between any provision in the Basic Terms and any provision of the Lease, the provisions of the Lease shall control.

2. PREMISES.

2.1 Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon the terms and subject to the conditions of this Lease, the premises described in the Basic Terms as the Premises (i.e., the Second Floor Premises and the First Floor Premises), in the building located at the address specified in the Basic Terms. The Premises has been measured substantially in accordance with ANSI/BOMA Z65.1-1996, as published by the Building Owners and Managers Association International (a/k/a "BOMA"). Landlord and Tenant agree that, for all purposes of this Lease, the rentable areas of the Premises shall be as specified in the Basic Terms. Upon any expansion of the Premises subsequent to the execution of this Lease, the square footage of the expansion Premises shall be subject to verification by Landlord's space planner/architect/consultant, and all amounts, percentages and figures appearing or referred to in this Lease based upon such determination (including, without limitation, the "Base Rent," the "Construction Allowance," "Tenant's Share," etc., to the extent applicable) shall be modified in accordance with such determination. The configuration and location of the Premises is shown on Exhibit A. For purposes of this Lease, the "**Building**" shall mean the building in which the Premises is located at the address specified in the Basic Terms, together with the parking facilities serving the Project (as hereinafter defined), which parking facilities include the existing parking garage located below, and the existing parking structure located within, the Project, and which parking facilities may include (in Landlord's sole and absolute discretion) a future surface parking area located adjacent to the building in which the Premises is located if and when Landlord elects (in Landlord's sole and absolute discretion) to construct any such surface parking area (collectively, the "**PARKING FACILITIES**"). The Building (including, without limitation, the Parking Facilities), the parcel(s) of land on which the Building (including, without limitation, the Parking Facilities) is situated (which parcel(s) of land are legally described on Exhibit B attached hereto and incorporated herein), and the retail building located to the south of the Building, together constitute the Project identified in the Basic Terms (the "**Project**").

2.2 Intentionally Deleted.

3. TERM: POSSESSION.

3.1 Commencement and Expiration of the Term. The term of this Lease (the "**Term**") shall commence on the Commencement Date set forth in the Basic Terms (the "**COMMENCEMENT DATE**") and, unless sooner terminated or extended, shall expire on the Expiration Date set forth in the Basic Terms (the "**Expiration Date**").

3.2 Condition of Premises. Tenant is in possession of the Premises and agrees to accept the same on the Commencement Date "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform or fund any alterations, repairs or improvements, except as expressly set forth in this Lease.

3.3 Option to Extend Initial Term. Landlord hereby grants Tenant one (1) option to extend the then current Term of this Lease for the entire Premises for a total period of five (5) years (the "**Option Term**"), which option shall be exercisable only by written Exercise Notice (as defined below) delivered by Tenant to Landlord as provided below, provided that Tenant is not then in default under this Lease beyond applicable cure periods after Tenant's receipt of written notice of such default. Upon the proper and timely exercise of such option to extend, and provided that, as of the end of the Term, Tenant is not in default under this Lease beyond applicable cure periods after Tenant's receipt of written notice of such default, the Term shall be extended for the Option Term. The extension of the Term will be on the same terms, covenants and conditions as in this Lease, other than Base Rent and adjustment of the Base Year (which shall be determined pursuant to Section 3.3(a) below) and other than the fact that there shall be no Landlord work to be performed by Landlord within the Premises nor shall there be any obligation of Landlord to provide an allowance to Tenant for any improvements or alterations to be installed in the Premises. The Term of this Lease shall include the Option Term upon Tenant's timely exercise of the option right contained herein.

(a) Option Base Rent. The annual Base Rent payable by Tenant during the Option Term (the "**OPTION BASE RENT**") shall be equal to one hundred percent (100%) of the rate which takes into account all of the following terms and conditions (the "**FAIR MARKET BASE RENT**") which for purposes hereof means the annual Base Rent, taking into account all relevant factors and Concessions (as defined below), including, without limitation, whether the then current market is using leases based on a base year, an expense stop, or triple net, at which tenants, as of the commencement of the Option Term, are leasing non-sublease, non-concourse-level office space, and which comparable space is located in buildings of similar age, quality of construction and building specification as the Building and located in the surrounding area (the "**Comparable Buildings**"); provided, however, that Option Base Rent shall in no event be less than annual Base Rent payable by Tenant during the last month of the initial Term. All other terms and conditions of this Lease shall apply throughout the Option Term; however, any obligation of Landlord to perform any work or provide an allowance shall not apply during the Option Term. As used in this Lease, the term "**Concessions**" shall mean rental abatement concessions, if any, being granted such tenants in connection with such comparable space, and other reasonable monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the Fair Market Base Rent, no consideration shall be given to (i) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its right to lease the subject space during the term thereof, or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space, or (ii) any period of rental abatement, if any, granted to tenants in comparable transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces.

(b) Exercise of Option. The option contained in this Section 3.3 shall be exercised by Tenant, if at all, during the period (the "**EXERCISE PERIOD**") which commences sixteen (16) months and ends twelve (12) months prior to the expiration of the initial Term by delivering written notice ("**EXERCISE NOTICE**") thereof to Landlord, time being of the essence of this provision. During the Exercise Period, the parties shall follow the procedure and the Fair Market Base Rent shall be determined as set forth in Section 3.3(c) below. Tenant's failure to timely deliver the Exercise Notice during the Exercise Period shall be deemed to constitute Tenant's waiver of its option to extend the initial Term hereunder.

(c) Determination of Option Base Rent. Within sixty (60) days of Tenant timely sending to Landlord the Exercise Notice, Landlord shall provide to Tenant Landlord's initial determination of Fair Market Base Rent and Option Base Rent. Tenant will be deemed to have accepted Landlord's determination of Fair Market Base Rent and Option Base Rent unless Tenant, within thirty (30) days after receipt thereof, objects in writing to such determination (time being of the essence in providing Tenant's objection hereunder). If Tenant timely objects in writing to the Fair Market Base Rent initially determined by Landlord, Landlord and Tenant shall thereafter attempt to agree upon the Fair Market Base Rent, using good-faith efforts. If Landlord and Tenant fail to reach agreement by thirty (30) days following Tenant's delivery of the exercise notice to Landlord (the "**OUTSIDE AGREEMENT DATE**"), each party shall submit to the other party a separate written determination of the Fair Market Base Rent within fifteen (15) Business Days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Sections 3.3(c)(1) through 3.3(c)(6) below. Failure of Tenant or Landlord to submit a written determination of the Fair Market Base Rent within such fifteen (15) Business Day period shall conclusively be deemed to be the non-determining party's approval of the Fair Market Base Rent submitted within such fifteen (15) Business Day period by the other party.

(1) Landlord and Tenant Arbitrators. Landlord and Tenant shall each appoint one arbitrator who shall by profession be an independent real estate broker who shall have no ongoing business relationship with Tenant or Landlord and who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of space in the Comparable Buildings. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Fair Market Base Rent is the closest to the actual Fair Market Base Rent as determined by the arbitrators, taking into account the requirements of Section 3.3(c). Each such arbitrator shall be appointed within thirty (30) days after the Outside Agreement Date, it being acknowledged and agreed that if either Landlord or Tenant fails to appoint an arbitrator within such thirty (30) day period, the arbitrator appointed by one of them shall reach a decision as to whether Landlord's or Tenant's submitted Fair Market Base Rent is the closest to the actual Fair Market Base Rent, and shall use the closest of Landlord's or Tenant's submitted Fair Market Base Rent as the Fair Market Base Rent for purposes of calculating the Option Base Rent, and shall notify Landlord and Tenant thereof, and such decision shall be binding on Landlord and Tenant.

(2) Arbitrators' Decision. The two (2) arbitrators appointed by Landlord and Tenant pursuant to Section 3.3(c)(1) above shall within fifteen (15) Business Days of the date of the appointment of the last appointed arbitrator use good faith efforts to reach a decision as to whether Landlord's or Tenant's submitted Fair Market Base Rent is the closest to the actual Fair Market Base Rent, and shall use the closest of Landlord's or Tenant's submitted Fair Market Base Rent as the Fair Market Base Rent for purposes of calculating the Option Base Rent, and shall notify Landlord and Tenant thereof, and such decision shall be binding on Landlord and Tenant.

(3) Potential for Third Arbitrator. If, despite good faith efforts, the two (2) arbitrators appointed by Landlord and Tenant pursuant to Section 3.3(c)(1) above cannot reach agreement as to Fair Market Base Rent in accordance with Section 3.3(c)(2) above, then such arbitrators shall within ten (10) Business Days of the date of the appointment of the last appointed arbitrator use good faith efforts to agree upon and appoint a third arbitrator who shall be qualified under the same criteria as set forth hereinabove for qualification of the initial two (2) arbitrators. The third arbitrator so appointed shall within fifteen (15) Business Days after her/his appointment reach a decision as to whether Landlord's or Tenant's submitted Fair Market Base Rent is the closest to the actual Fair Market Base Rent, and shall use the closest of Landlord's or Tenant's submitted Fair Market Base Rent as the Fair Market Base Rent for purposes of calculating the Option Base Rent, and shall notify Landlord and Tenant thereof, and such decision shall be binding on Landlord and Tenant.

(4) Potential for Judge-Appointed Third Arbitrator. If, despite good faith efforts, the two (2) arbitrators fail to agree upon and appoint a third arbitrator within the time period provided in Section 3.3(c)(3) above, then either party may, upon at least five (5) Business Days' prior written notice to the other party, request the Judge of the Maricopa County Superior Court, acting in his private and nonjudicial capacity, to appoint the third arbitrator who shall be qualified under the same criteria as set forth hereinabove for qualification of the initial two (2) arbitrators. Following the appointment of the third arbitrator, the third arbitrator so appointed shall within fifteen (15) Business Days after her/his appointment reach a decision as to whether Landlord's or Tenant's submitted Fair Market Base Rent is the closest to the actual Fair Market Base Rent, and shall use the closest of Landlord's or Tenant's submitted Fair Market Base Rent as the Fair Market Base Rent for purposes of calculating the Option Base Rent, and shall notify Landlord and Tenant thereof, and such decision shall be binding on Landlord and Tenant.

(5) Binding Decision. The decision of the two (2) arbitrators, or the third arbitrator (if applicable), shall be binding upon Landlord and Tenant.

(6) Arbitration Costs. If the determination of Fair Market Base Rent is made by arbitration under this Section 3.3, Tenant will pay all costs, fees and expenses of the initial arbitrator so appointed by Tenant and Landlord will pay all costs, fees and expenses of the initial arbitrator so appointed by Landlord. All costs, fees and expenses of any third arbitrator, if any, and any other costs of the arbitration proceeding contemplated hereunder, if any, shall be split equally between Tenant and Landlord.

3.4 Intentionally Deleted.

4. RENT.

4.1 Base Rent. Tenant agrees to pay to Landlord, at the address for Rent payments set forth in the Basic Terms (as such address may be changed from time to time by written notice to Tenant), the "**BASE RENT**" set forth in the Basic Terms, without prior notice or demand, beginning on the Commencement Date and continuing on the first (1st) day of each and every calendar month during the Term, except that Base Rent for any partial month at the beginning of the Term shall be paid on the Commencement Date (except to the extent paid to Landlord in advance pursuant to the Existing Leases). Base Rent for any partial month at the beginning of the Term shall be prorated based on the actual number of days in such month.

4.2 Additional Rent. Article 5 of this Lease requires Tenant to pay certain "**ADDITIONAL RENT**" pursuant to estimates Landlord delivers to Tenant. Tenant will make all payments of estimated Additional Rent in accordance with Sections 5.4 and 5.5 without deduction or offset and without Landlord's previous demand, invoice or notice for payment. Tenant will pay all other Additional Rent described in this Lease that is not estimated under Sections 5.4 and 5.5 within fifteen (15) days after receiving Landlord's invoice for such Additional Rent. Tenant will make all Additional Rent payments to the same location and, except as described in the previous sentence, in the same manner, as Tenant's Base Rent payments.

4.3 Payment of Rent. All amounts payable or reimbursable by Tenant under this Lease, including, without limitation, Base Rent, Additional Rent, late charges and interest (collectively, "**Rent**"), shall constitute Rent and shall be payable and recoverable as Rent in the manner provided in this Lease. All Rent shall be paid without offset, recoupment or deduction, except as may otherwise be expressly provided in Sections 5.6, 5.7, 9.3, 11.1(b), 12.4 and/or 13.5 of this Lease (but only to the extent any such offset, recoupment or deduction is expressly contemplated thereunder), in lawful money of the United States of America to Landlord at Landlord's Address for Payment of Rent as set forth in the Basic Terms, or to such other person or at such other place as Landlord may from time to time designate. Notwithstanding any contrary term or provision of this Lease, Tenant's covenant and obligation to pay Rent is independent from any of Landlord's covenants, obligations, warranties or representations in this Lease.

4.4 Delinquent Rent Payments. If Tenant does not pay any installment of Rent within five (5) days after the date the payment is due, Tenant will pay Landlord, as Additional Rent, a late payment charge equal to five percent (5%) of the amount of the delinquent payment. Further, in addition to such late charge and not in lieu thereof, if Tenant does not pay any installment of Rent within thirty (30) days after the date the payment is due, Tenant will pay Landlord, as Additional Rent, interest on the delinquent payment calculated at the lesser of (i) ten percent (10%) per annum or (ii) the maximum rate allowable by applicable law (the "**INTEREST RATE**") from the date when the payment is due through the date the payment is made. Landlord's right to such compensation for Tenant's delinquency is in addition to all of Landlord's rights and remedies under this Lease, at law or in equity.

4.5 Security Deposit. Pursuant to the Existing Second Floor Lease, Tenant has deposited with Landlord the amount specified in the Basic Terms as the Security Deposit (the "**SECURITY DEPOSIT**") as security for the performance of Tenant's obligations under the Existing Second Floor Lease. Upon the date of this Lease, such Security Deposit shall be deemed to be the Security Deposit under this Lease, subject to the terms and conditions of this Lease. Landlord may (but shall have no obligation to) use the Security Deposit (or any portion thereof) to cure any Event of Default under this Lease or to compensate Landlord for any damage Landlord incurs as a result of Tenant's failure to perform any of Tenant's obligations hereunder. In the event Landlord so uses all or any portion of the Security Deposit, Tenant shall pay to Landlord, as Additional Rent on demand, an amount sufficient to replenish the Security Deposit to the amount provided in the Basic Terms. If Tenant is not in default after receipt of written notice and the expiration of any applicable cure period, within sixty (60) days after the expiration or termination of this Lease, Landlord shall return to Tenant the Security Deposit (or the balance thereof then held by Landlord at such time and not applied as provided above). Landlord may commingle the Security Deposit with Landlord's general and other funds. Tenant shall not be entitled to receive interest on the Security Deposit.

5. OPERATING COSTS TAXES.

5.1 Payment of Excess Operating Costs and Excess Taxes. Tenant will pay, as Additional Rent and in the manner this Article 5 describes, Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes due and payable during each calendar year (or portion thereof) during the Term.

Excess Operating Costs will be calculated by taking the total amount of Operating Costs due and payable with respect to the Project (adjusted to reflect a 95% occupied Project) during any calendar year during the Term and subtracting therefrom Operating Costs due and payable with respect to the Project (adjusted to reflect a 95% occupied Project) during the applicable Base Year set forth in the Basic Terms (as applicable, the "BASE YEAR"). "TENANT'S SHARE OF EXCESS OPERATING COSTS" will be calculated by multiplying Excess Operating Costs for the period in question by Tenant's Share. Excess Taxes will be calculated by taking the total amount of Taxes due and payable with respect to the Project during any calendar year during the Term and subtracting therefrom Taxes due and payable with respect to the Project during the applicable Base Year. "TENANT'S SHARE OF EXCESS TAXES" will be calculated by multiplying the amount of Excess Taxes for the period in question by Tenant's Share. Landlord will prorate Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes due and payable during the calendar year in which the Lease commences or terminates as of the Commencement Date or Termination Date, as applicable, on a per diem basis based on the number of days of the Term within such calendar year.

5.2 Operating Costs. For purposes of this Lease, the term "OPERATING COSTS" means all expenses Landlord incurs in connection with maintaining, repairing and operating the Project (it being acknowledged and agreed by Landlord and Tenant that, only that portion of Operating Costs allocated to the Building (excluding the concourse space) will be considered when determining Excess Operating Costs and Tenant's Share of Excess Operating Costs pursuant to Section 5.1 above), as determined by Landlord or its accountant in accordance with generally accepted accounting principles consistently followed, including, but not limited to, the following: insurance premiums and deductible amounts under any insurance policy; maintenance and repair costs; steam, electricity, water, sewer, gas and other utility charges; fuel; lighting; window washing; janitorial services; trash and rubbish removal; property association fees and dues and all payments under any liens, easements, declarations, encumbrances, covenants, conditions, reservations, restrictions and other matters now or hereafter affecting title to the Project (collectively, "ENCUMBRANCES"); wages payable to persons at the level of manager and below whose duties are connected with maintaining and operating the Project, together with all payroll taxes, unemployment insurance, vacation allowances and disability, pension, profit sharing, hospitalization, retirement and other so-called "fringe benefits" paid in connection with such persons (allocated in a manner consistent with such persons' wages); commercially reasonable amounts paid to contractors or subcontractors for work or services performed in connection with maintaining and operating the Project; all costs of uniforms, supplies and materials used in connection with maintaining, repairing and operating the Project; any expense imposed upon Landlord, its contractors or subcontractors pursuant to law or pursuant to any collective bargaining agreement covering such employees; all services, supplies, repairs, replacements (but only to the extent such replacements are permitted by this Section 5.2) or other expenses for maintaining and operating the Project; costs of complying with Encumbrances and applicable laws, codes, ordinances that were not in existence as of the date of the Existing Second Floor Lease (i.e., January 20, 2010) with respect to the Second Floor Premises, as of the date of the Existing First Floor Lease (i.e., August 21, 2012) with respect to the First Floor Premises, or as of the applicable commencement date with respect to any expansion space added to the Premises; reasonable management fees, the costs of maintaining a 24-hour security service provider for the Common Area, and the costs (including rental) of maintaining a building or management office in the Building; and such other expenses as may ordinarily be incurred in connection with maintaining and operating an office complex similar to the Project. The term "Operating Costs" also includes expenses Landlord incurs in connection with public sidewalks adjacent to the Project, any pedestrian walkway system (either above or below ground) and any other public facility to which Landlord or the Project is from time to time subject in connection with operating the Project. The term "Operating Costs" does not include the cost of any capital improvements to the Project other than improvements installed by Landlord with a reasonable expectation of reducing Operating Costs and as otherwise expressly set forth herein; provided that in computing Operating Costs Landlord will amortize the cost of such capital improvements (including reasonable charges for interest on the unamortized amount) over their useful life (as reasonably determined by Landlord's accountant, who shall be a certified public accountant reasonably conversant with accounting practices for commercial office buildings); the cost of repairs, restoration or other work occasioned by fire, windstorm or other insured casualty other than the amount of any deductible under any insurance policy (regardless whether the deductible is payable by Landlord in connection with a capital expenditure); expenses Landlord incurs in connection with leasing or procuring tenants or renovating space for new or existing tenants; legal expenses incident to Landlord's enforcement of any lease; interest or principal payments on any mortgage or other indebtedness of Landlord; or allowance or expense for depreciation or amortization, except as expressly set forth herein. Notwithstanding the foregoing, if Landlord installs equipment in, or makes improvements or alterations to, the Project to reduce energy, maintenance or other costs, or to comply with any Laws not in effect as of the date of the Existing Second Floor Lease (i.e., January 20, 2010) with respect to the Second Floor Premises, as of the date of the Existing First Floor Lease (i.e., August 21, 2012) with respect to the First Floor Premises, or as of the applicable commencement date with respect to any expansion space added to the Premises, Landlord may include in Operating Expenses reasonable charges for interest paid on the investment and reasonable charges for depreciation of the investment so as to amortize the investment over the reasonable life of the equipment, improvement or alteration on a straight line basis.

5.3 Taxes. For purposes of this Lease, "TAXES" means any general real property tax, improvement tax, assessment, special assessment, reassessment, in lieu tax, levy, charge, penalty or similar imposition imposed by any authority having the direct or indirect power to tax, including but not limited to, (a) any city, county, state or federal entity, (b) any school, agricultural, lighting, drainage or other improvement or special assessment district, (c) any governmental agency, or (d) any private entity having the authority to assess the Project under any of the Encumbrances. The term "Taxes" includes all charges or burdens of every kind and nature Landlord incurs in connection with using, occupying, owning, operating, leasing or possessing the Project, without particularizing by any known name and whether any of the foregoing are general, special, ordinary, extraordinary, foreseen or unforeseen; any tax or charge for fire protection, street lighting, streets, sidewalks, road maintenance, refuse, sewer, water or other services provided to the Project. The term "Taxes" does not include Landlord's state or federal income, franchise, estate or inheritance taxes. If, by law, any Taxes may be paid in installments, Landlord shall pay said Taxes in installments if approved by Landlord's then-current Mortgagee(s). Landlord may, but is not obligated to, contest the amount or validity, in whole or in part, of any Taxes. Landlord may include in its computation of Taxes the costs and expenses Landlord incurred in connection with contesting the Taxes, including without limitation reasonable attorney's fees. If the contest results in a reduction in Tenant's Share of Excess Taxes previously paid by Tenant, then Tenant will be reimbursed the amount of the reduction in Tenant's Share of Excess Taxes (together with any interest thereon paid by the taxing authority, if any, but less the costs of the contest) to the extent such reduction is actually received by Landlord, and not to exceed Tenant's Share of Excess Taxes previously paid by Tenant. Tenant may not contest Taxes.

5.4 Estimated Operating Costs: Estimated Taxes. Within one hundred twenty (120) days following the end of each calendar year during the Term, Landlord will deliver to Tenant a written estimate of the following for the succeeding calendar year of the Term: (a) Taxes, (b) Operating Costs, (c) Excess Operating Costs, (d) Excess Taxes; (e) Tenant's Share of Excess Operating Costs, (f) Tenant's Share of Excess Taxes and (g) the annual and monthly Additional Rent attributable to Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes. Landlord may re-estimate Excess Operating Costs and Excess Taxes from time to time during the Term. In such event, Landlord will re-estimate the monthly Additional Rent attributable to Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes to an amount sufficient for Tenant to pay the re-estimated monthly amount over the balance of the calendar year. Landlord will notify Tenant of the re-estimate and Tenant will pay the re-estimated amount in the manner provided in the last sentence of Section 5.5.

5.5 Payment of Estimated Excess Operating Costs and Estimated Excess Taxes. Tenant will pay the amount Landlord estimates as Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes under Section 5.4 for each calendar year of the Term in equal monthly installments, in advance, on the first (1st) day of each and every calendar month during the Term. If Landlord has not delivered a new estimate to Tenant by the first (1st) day of January of the applicable calendar year, Tenant will continue paying Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes based on Landlord's estimates for the previous calendar year. When Tenant receives Landlord's estimates for the current calendar year, Tenant will pay the estimated amount (less amounts Tenant paid to Landlord in accordance with the immediately preceding sentence) in equal monthly installments over the balance of such calendar year, with the number of installments being equal to the number of full calendar months remaining in such calendar year.

5.6 Verification of Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes. After the end of each calendar year during the Term, Landlord will determine the actual amount of Excess Operating Costs, Excess Taxes, Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes for such calendar year and deliver to Tenant a written statement thereof. If Tenant paid less than the actual amount of Tenant's Share of Excess Operating Costs and/or Tenant's Share of Excess Taxes specified in the statement, Tenant will pay the difference to Landlord as Additional Rent within thirty (30) days following receipt of such statement. If Tenant paid more than the actual amount of Tenant's Share of Excess Operating Costs and/or Tenant's Share of Excess Taxes specified in the statement, Landlord will, at Landlord's option, either (a) refund the excess amount to Tenant, or (b) credit the excess amount against Tenant's next due monthly installment(s) of estimated Tenant's Share of Excess Operating Costs or Tenant's Share of Excess Taxes, as the case may be. If Landlord is delayed in delivering such statement to Tenant, such delay does not constitute Landlord's waiver of Landlord's rights under this Section 5.6.

5.7 Tenant's Audit Right. If Tenant disputes Landlord's determination of the actual amount of Operating Costs, Taxes, Tenant's Share of Excess Operating Costs or Tenant's Share of Excess Taxes for any calendar year, and provided that (a) no Event of Default exists under this Lease, and (b) Tenant delivers to Landlord written notice of the dispute within one hundred eighty (180) days after Landlord's delivery of the statement of such amount, then Tenant (but not any subtenant or assignee) may, at its sole cost and expense, upon prior written notice and during the Business Hours specified in the Basic Terms ("**Business Hours**") at a time and place reasonably acceptable to Landlord (which may be the location where Landlord maintains the applicable records), cause a certified public accountant reasonably acceptable to Landlord to audit Landlord's records relating to the disputed amounts on a non-contingent basis. Tenant's objection to Landlord's determination of Excess Operating Costs, Excess Taxes, Tenant's Share of Excess Operating Costs or Tenant's Share of Excess Taxes is deemed withdrawn unless Tenant completes and delivers the audit to Landlord within one hundred eighty (180) days after the date Tenant delivers its dispute notice to Landlord under this Section 5.7. If the audit shows that the amount Landlord charged Tenant for Tenant's Share of Excess Operating Costs and/or Tenant's Share of Excess Taxes was greater than the amount this Article 5 obligates Tenant to pay, unless Landlord reasonably contests the audit, Landlord will refund the excess amount to Tenant within ten (10) days after Landlord receives a copy of the audit report or, at Landlord's option, Landlord will credit the excess amount against Tenant's obligation to pay installments of Tenant's Share of Excess Operating Costs and/or Tenant's Share of Excess Taxes, as applicable, next accruing under this Lease. If the audit shows that the amount Landlord charged Tenant for Tenant's Share of Excess Operating Costs and/or Tenant's Share of Excess Taxes was less than the amount this Article 5 obligates Tenant to pay, Tenant will pay to Landlord, as Additional Rent, the difference between the amount Tenant paid and the amount determined in the audit. Pending resolution of any audit under this Section 5.7, Tenant will continue to pay to Landlord the estimated amounts of Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes in accordance with Sections 5.4 and 5.5. Tenant must keep all information it obtains in any audit strictly confidential and may only use such information for the limited purpose this Section 5.7 describes and for Tenant's own account.

5.8 Cap on Controllable Operating Costs. Landlord agrees that in calculating Tenant's Share of Excess Operating Costs pursuant to Article 5 of this Lease, that portion of Operating Costs which are controllable by Landlord (specifically excluding, without limitation, insurance premiums, taxes [including Taxes] and costs of utilities) will not increase more than five percent (5%) per year, compounded annually, over the amount of such controllable Operating Costs for calendar year 2010 with respect to the Second Floor Premises and for calendar year 2013 with respect to the First Floor Premises; provided, however, that with respect to the entire Premises, such cap shall not apply in calendar year 2016, and thereafter the cap described above shall apply to the entire Premises, compounded annually, over the amount of such controllable Operating Costs for calendar year 2016. Such cap is cumulative and the unused portion of a year's cap may be carried forward to absorb any future Operating Costs that would otherwise be in excess of the cap. For example, if the actual Operating Costs increase in a calendar year is only 3%, and the cap is 5%, the maximum allowable Operating Cost increase for the following or any future year would be 5% plus the amount of the prior year's unused 2%. Further, any Operating Costs amount which is in excess of the cap in one year may be carried forward by Landlord and recovered in later years if and to the extent the cap for such later years is not exceeded.

5.9 Variable Operating Costs. Notwithstanding any contrary language in this Article 5, if less than ninety-five percent (95%) of the rentable area of the Project is occupied at all times during any calendar year pursuant to leases under which the terms have commenced for such calendar year, Landlord will reasonably and equitably adjust its computation of Operating Costs for that calendar year to obligate Tenant to pay all components of Operating Costs that vary based on occupancy in an amount equal to the amount Tenant would have paid for such components of Operating Costs had ninety-five percent (95%) of the rentable area of the Project been occupied at all times during such calendar year pursuant to leases under which the terms have commenced for such calendar year. Landlord will also equitably adjust Operating Costs to account for any Operating Costs any tenant of the Building pays directly to a service provider.

5.10 Personal Property Taxes. Tenant will pay, prior to delinquency, all taxes charged against Tenant's trade fixtures and other personal property. Tenant will use all reasonable efforts to have such trade fixtures and other personal property taxed separately from the Project. If any of Tenant's trade fixtures and other personal property are taxed with the Project, Tenant will pay the taxes attributable to Tenant's trade fixtures and other personal property to Landlord as Additional Rent.

5.11 Taxes on Rent. Tenant shall pay to Landlord as Additional Rent any and all taxes or excises on Rent or on other sums or charges required to be paid by Tenant under this Lease, and gross receipts tax, transaction privilege tax or other tax, however described, which is levied or assessed by the United States of America, the state in which the Building is located or any city, municipality or political subdivision thereof, against Landlord in respect to the Base Rent, Additional Rent or other charges payable under this Lease or as a result of Landlord's receipt of such Rents or other charges accruing under this Lease (collectively, "**Rent Tax**"). Rent Tax shall be paid by Tenant to Landlord concurrently with each payment of Base Rent.

6. USE OF THE PREMISES.

6.1 Use. The Premises shall be used and occupied by Tenant solely for general office purposes and for no other use or purpose whatsoever. Notwithstanding anything to the contrary in this Lease, in no event may the Premises be operated as a culinary school. Tenant shall not abandon the Premises during the Term. Tenant shall comply with all present and future laws, regulations, rules, orders, statutes and ordinances of any governmental or private entity in effect on or after the date of this Lease and applicable to the Project or the use or occupancy of the Project, including, without limitation, Hazardous Materials Laws, Building Rules and Encumbrances (collectively, "**Laws**") relating to Tenant's use or occupancy of the Premises (and make any repairs, alterations or improvements as required to comply with all such Laws; provided, however, that Tenant will only be required to make structural repairs, alterations and improvements if the same are required by Laws as a result of Tenant's manner of use of the Premises). Tenant will not use the Project or knowingly permit the Premises to be used in violation of any Laws or in any manner that would (a) violate any certificate of occupancy affecting the Project; (b) make void or voidable any insurance now or after the date of this Lease in force with respect to the Project; (c) cause injury or damage to the Project or to the person or property of any other tenant on the Project; (d) cause substantial diminution in the value or usefulness of all or any part of the Project (reasonable wear and tear excepted); or (e) constitute a public or private nuisance or waste. Tenant will obtain and maintain, at Tenant's sole cost and expense, all permits and approvals required under the Laws for Tenant's use of the Premises. Without limiting the foregoing, the Premises shall not be used for educational activities, practice of medicine or any of the healing arts, providing social services, for the operation of a culinary school, for any governmental use (including embassy or consulate use), for any personnel agency or customer service office, for studios for radio, television or other media or for a travel agency or reservation center. Tenant shall not, without the prior consent of Landlord, (i) bring into the Building or the Premises anything that may cause substantial noise, odor or vibration, overload the floors in the Premises or the Building or any of the heating, ventilating and air-conditioning ("**HVAC**"), mechanical, elevator, plumbing, electrical, fire protection, life safety, security or other systems in the Building ("**BUILDINGSYSTEMS**"), or jeopardize the structural integrity of the Building or any part thereof; (ii) connect to the utility systems of the Building any apparatus, machinery or other equipment other than typical office equipment; or (iii) connect to any electrical circuit in the Premises any equipment or other load with aggregate electrical power requirements in excess of eighty percent (80%) of the rated capacity of the circuit. Tenant acknowledges that neither Landlord nor any agent, contractor or employee of Landlord has made any representation or warranty of any kind with respect to the Premises, the Building or the Project, specifically including, but not limited to, any representation or warranty of suitability or fitness of the Premises, Building or the Project for any particular purpose. Tenant accepts the Premises, the Building and the Project in an AS IS - WHERE IS" condition.

6.2 Common Area. Landlord grants to Tenant the non-exclusive right, together with all other occupants of the Project and their agents, employees and invitees, to use the Parking Facilities, driveways, lobby areas, and other areas of the Project that Landlord may designate from time to time as common area available to all tenants (collectively, the "**Common Area**") during the Term, subject to all Laws. Landlord may, at Landlord's sole and exclusive discretion, make changes to the Common Area. Landlord's rights regarding the Common Area include, but are not limited to, the right to (a) restrain unauthorized persons from using the Common Area; (b) place permanent or temporary kiosks, displays, carts or stands in the Common Area and to lease the same to tenants; (c) temporarily close any portion of the Common Area (i) for repairs, improvements or Alterations, (ii) to discourage unauthorized use, (iii) to prevent dedication or prescriptive rights, or (iv) for any other reason Landlord deems sufficient in Landlord's judgment; (d) change the shape and size of the Common Area; (e) add, eliminate or change the location of any improvements located in the Common Area and construct buildings or other structures in the Common Area; and (f) impose and revise reasonable, nondiscriminatory Building Rules concerning use of the Common Area, including any parking facilities comprising a portion of the Common Area. The foregoing notwithstanding, Landlord's exercise of its rights with respect to (b), (c), (d) and (e) will not materially and adversely impair Tenant's access to or use of the Premises.

6.3 Rights Reserved By Landlord. Landlord hereby reserves the right, at any time and from time to time, without liability to Tenant, and without constituting an eviction, constructive or otherwise, or entitling Tenant to any abatement of Rent or to terminate this Lease or otherwise releasing Tenant from any of Tenant's obligations under this Lease:

(a) To make alterations, additions, repairs, improvements to or in or to decrease the size of area of, all or any part of the Building or the Project, the fixtures and equipment therein, and the Building Systems (except that Landlord shall not have any right under this provision to materially reduce the size of the Premises or the Parking Facilities (such that the reduction in Parking Facilities size reduces the number of parking spaces licensed to Tenant under Section 17.2 of this Lease), or to permanently, materially and adversely affect Tenant's access to and use of the Premises, except only as may be required to comply with Laws or as a result of any fire or other casualty or Condemnation);

(b) To change the name or street address of the Building or the Project;

(c) To designate and approve all types of signs, window coverings, internal lighting and other aspects of the Premises and its contents that may be visible from the exterior of the Premises;

(d) To grant any party the exclusive right to conduct any business or render any service in the Building or the Project, provided such exclusive right to conduct any business or render any service in the Building or the Project does not prohibit Tenant from any permitted use for which Tenant is then using the Premises;

(e) To prohibit Tenant from installing vending or dispensing machines of any kind in or about the Premises other than those Tenant installs in the Premises solely for use by Tenant's employees;

(f) To close the Building or the Project during and after Business Hours, except that Tenant and its employees and invitees may access the Premises after Business Hours in accordance with such rules and regulations as Landlord may reasonably prescribe from time to time for security purposes;

(g) To install, operate and maintain security systems that monitor, by closed circuit television or otherwise, all persons entering or leaving the Building or the Project;

(h) To install and maintain pipes, ducts, conduits, wires and structural elements in the Premises that serve other parts or other tenants of the Building or the Project;

(i) To retain and receive master keys or pass keys to the Premises and all doors in the Premises. Notwithstanding the foregoing, or the provision of any security-related services by Landlord, Landlord is not responsible for the security of persons or property on the Project and Landlord is not and will not be liable in any way whatsoever for any breach of security not solely and directly caused by the willful misconduct of Landlord, its agents, its contractors or employees;

(j) To reduce, increase, enclose or otherwise change at any time and from time to time the size, number, location, lay-out and nature of the Common Area and other tenancies and premises in the Project and to create additional rentable areas through use or enclosure of Common Areas; provided, however, that Landlord will refrain from changing the Parking Facilities in a manner that would reduce the number of parking spaces licensed to Tenant under Section 17.2 of this Lease;

(k) If any governmental authority promulgates or revises any Law or imposes mandatory or voluntary controls or guidelines on Landlord or the Project relating to the use or conservation of energy or utilities or the reduction of automobile or other emissions or reduction or management of traffic or parking on the Project, to comply with such Law, control or guideline, whether mandatory or voluntary, or make any alterations to the Project related thereto, the costs of which are Operating Costs.

(l) Upon not less than one (1) Business Day's prior written notice to Tenant (and without notice in emergencies), to enter the Premises at all reasonable times to: (a) determine whether the Premises are in good condition, (b) determine whether Tenant is complying with its obligations under this Lease, (c) perform any maintenance or repair of the Premises or the Building or the Project that Landlord has the right or obligation to perform, (d) subject to subsection (n) below, to install or repair improvements for other tenants where access to the Premises is required for such installation or repair; (e) serve, post or keep posted any notices required or allowed under the provisions of this Lease, (f) show the Premises to prospective brokers, agents, buyers, transferees, Mortgagees or, during the last six (6) months of the Lease, to prospective tenants, or (g) do any other act or thing necessary for the safety or preservation of the Premises or the Building or the Project;

(m) Upon not less than five (5) Business Days prior written notice to Tenant (and without notice in emergencies), and for a period not to exceed two (2) Business Days, to temporarily close or prohibit access to the Building (including the Premises) or the Project to entry by tenants and their agents, employees, contractors, invitees and licensees after Business Hours, including, but not limited to, temporarily closing or prohibiting access to the Premises, the Common Area, entrances, doors, corridors, elevators and other facilities in the Building or the Project; and

(n) Except as required by law, Landlord may not install any pipes ducts, utility lines, conduits or equipment (herein collectively called "**Utility Lines**") in the Premises unless all of the following conditions be met:

(1) such Utility Lines are located in locations which will not materially and adversely interfere with the rights expressly granted to Tenant under this Lease, or if, from the standpoint of sound architectural and engineering standards such Utility Lines cannot be located in the non-public areas without commercially unreasonable cost, then the same may be located completely beneath the floor or completely within the walls of non-public areas or completely above the Tenant's hung ceiling, provided, however, that: (A) the same may not displace or materially and adversely interfere with the location or placement of Tenant's utility lines serving the Premises, it being understood that Tenant's utility lines have priority in their location in the Premises, and (B) with respect to the ceiling area, in no event may the Utility Lines extend lower than Tenant's hung ceiling, and (C) if no finished ceiling exists such area will not be available to Landlord for this purpose and Landlord will be restricted to the sub-floor or interior walls as hereinbefore described;

(2) such work is performed during non-Business Hours (except in emergencies) unless Tenant, in the exercise of its discretion, agrees otherwise; and

(3) Landlord will be liable for all loss (excluding, in all events, loss of business and any other foreseeable or unforeseeable consequential damages, and also excluding, in all events, indirect, special and punitive damages), damage, or injury to persons or property resulting from the installation of the Utility Lines and will indemnify and hold Tenant harmless from all claims, losses (excluding, in all events, loss of business and any other foreseeable or unforeseeable consequential damages, and also excluding, in all events, indirect, special and punitive damages), costs, expenses and liability, including reasonable attorney's fees, arising from such installation, except to the extent caused by the negligence or intentional misconduct of Tenant and/or its Representatives and/or Visitors.

Landlord shall conduct its activities under this Section 6.3 in a manner that will minimize inconvenience to Tenant without incurring additional expense to Landlord. In no event shall Tenant be entitled to an abatement of Rent on account of any entry by Landlord pursuant to this Section 6.3. Landlord shall not be liable in any manner for any inconvenience, loss of business or other damage to Tenant or other persons arising out of Landlord's entry on the Premises in accordance with this Section 6.3, except as expressly provided in Section 6.3(n)(iii) above. No action by Landlord pursuant to this Section 6.3 shall constitute an eviction of Tenant, constructive or otherwise, entitle Tenant to an abatement of Rent or to terminate this Lease or otherwise release Tenant from any of Tenant's obligations under this Lease.

6.4 Hazardous Materials.

(a) Definitions.

(1) "**HAZARDOUS MATERIALS**" means any of the following, in any amount: (a) any petroleum or petroleum product, asbestos in any form, urea formaldehyde and polychlorinated biphenyls; (b) any radioactive substance; (c) any toxic, infectious, reactive, corrosive, ignitable or flammable chemical or chemical compound; and (d) any chemicals, materials or substances, whether solid, liquid or gas, defined as or included in the definitions of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "solid waste," or words of similar import in any federal, state or local statute, law, ordinance or regulation now existing or existing on or after the Lease Date as the same may be interpreted by government offices and agencies.

(2) "**ENVIRONMENTAL REQUIREMENTS**" shall mean all present and future Laws, orders, permits, licenses, approvals, authorizations and other requirements of any kind applicable to Hazardous Materials.

(3) "**ENVIRONMENTAL LOSSES**" shall mean all costs and expenses of any kind, damages, including foreseeable and unforeseeable consequential damages, fines and penalties incurred in connection with any violation of and compliance with Environmental Requirements and all losses of any kind attributable to the diminution of value, loss of use or adverse effects on marketability or use of any portion of the Premises or the Project.

(b) Tenant's Covenants. Neither Tenant nor its agents, employees, contractors, licensees, assignees, sublessees, transferees or representatives (collectively, "**Representatives**") nor its guests, customers, invitees, or visitors (collectively, "**Visitors**") shall install, handle, generate, store, use, dispose of, discharge, release, abate, remove, transport, or engage in any other activity of any type by, at or about the Premises or the Project in connection with or involving Hazardous Materials without Landlord's prior written consent, which consent may be granted, denied, or conditioned upon compliance with Landlord's requirements, all in Landlord's sole and absolute discretion. Notwithstanding the foregoing, normal quantities and use of those Hazardous Materials customarily used in the conduct of general business office activities, such as copier fluids and cleaning supplies ("**PERMITTED HAZARDOUS MATERIALS**"), may be used and stored at the Premises without Landlord's prior written consent, provided that Tenant's activities at or about the Premises and the Project relating to such Permitted Hazardous Materials shall comply at all times with all Environmental Requirements. At the expiration or termination of this Lease, Tenant, at its sole cost and expense, shall promptly remove from the Premises and the Project any and all Hazardous Materials (regardless of whether any Environmental Requirement requires removal), in compliance with all Environmental Requirements, all Hazardous Materials Tenant causes to be present in, on, under or about the Project. Tenant shall keep Landlord fully and promptly informed of all Hazardous Materials (other than Permitted Hazardous Materials) used by Tenant at the Premises and the Project. Tenant shall be responsible and liable for the compliance with all of the provisions of this Section 6.4 by all of Tenant's Representatives and Visitors, and all of Tenant's obligations under this Section 6.4 (including its indemnification obligations) shall survive the expiration or termination of this Lease.

(c) Compliance. Tenant shall, at Tenant's sole cost and expense, promptly take all actions required by any governmental agency or entity in connection with or as a result of the presence of Hazardous Materials at or about the Premises or the Project caused by Tenant, its Representatives or Visitors, including inspection and testing, performing all cleanup, removal and remediation work required with respect to such Hazardous Materials, complying with all closure requirements and post-closure monitoring, and filing all required reports or plans. All of the foregoing shall be performed in a manner acceptable to Landlord in Landlord's reasonable discretion, and in all events such work shall be performed in a good, safe and workmanlike manner by consultants qualified and licensed to undertake such work and in a manner that will not interfere with any other tenant's quiet enjoyment of the Project or Landlord's use, operation, leasing and sale of the Project. Tenant shall deliver to Landlord prior to delivery to any governmental agency, or promptly after receipt from any such agency, copies of all permits, manifests, closure or remedial action plans, notices, and all other documents relating to the presence of Hazardous Materials at or about the Premises or the Project. If any lien attaches to the Premises or the Project in connection with or as a result of the presence of Hazardous Materials, and Tenant does not cause the same to be released, by payment, bonding or other action reasonably acceptable to Landlord, within twenty (20) days after the attachment thereof, Landlord shall have the right (but not the obligation) to cause the same to be released by bond and any sums reasonably expended by Landlord (plus Landlord's administrative costs) in connection therewith shall be payable by Tenant as Additional Rent on demand.

(d) Landlord's Rights. Landlord shall have the right, but not the obligation, to enter the Premises during Business Hours on not less than one (1) Business Day's prior written notice (and without notice in emergencies) (i) to confirm Tenant's compliance with the provisions of this Section 6.4, and (ii) to perform Tenant's obligations under this Section 6.4 if Tenant has failed to do so within a reasonable period after written notice to Tenant. Landlord shall also have the right to engage qualified Hazardous Materials consultants to inspect the Premises with respect to Hazardous Materials, including review of all permits, reports, plans, and other documents regarding same. Tenant shall pay to Landlord, as Additional Rent on demand, the costs of Landlord's consultants' fees and all costs incurred by Landlord in performing Tenant's obligations under this Section 6.4. Landlord shall use reasonable efforts to minimize any material interference with Tenant's business caused by Landlord's entry into the Premises, but Landlord shall not be responsible for any interference caused thereby.

(e) Tenant's Indemnification. Tenant releases and will indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold harmless Landlord, Landlord's property manager, Mortgagee and their respective officers, directors, partners, shareholders, members, agents, employees and contractors (collectively, "**LANDLORD PARTIES**") from and against any and all claims, actions, demands, liabilities, damages, costs, penalties, forfeitures, losses or expenses, including, without limitation, reasonable attorneys' fees and the costs and expenses of enforcing any indemnification, defense or hold harmless obligation hereunder (collectively, "**Claims**") whatsoever arising or resulting, in whole or in part, directly or indirectly, from the presence, treatment, storage, transportation, disposal, release or management of Hazardous Materials in, on, under, upon or from the Project (including water tables and atmosphere) resulting from or in any way related to Tenant's use of the Premises or Project. Tenant's obligations under this Section 6.4 include, without limitation and whether foreseeable or unforeseeable, the value of any loss of use and any diminution in value of the Project. The obligations of Tenant under this Section 6.4 survive the expiration or earlier termination of this Lease.

(f) Landlord's Indemnification. Landlord shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless Tenant and its officers, directors, partners, shareholders, members and employees from all Claims arising out of the release of Hazardous Materials at the Project to the extent caused by Landlord or any Landlord Parties.

7. TENANT IMPROVEMENTS & ALTERATIONS.

7.1 Landlord's Consent Required. At the time Tenant notifies Landlord that it wishes to commence improvements, Landlord and Tenant shall perform their respective obligations with respect to design and construction of any improvements to be constructed and installed in the original Premises described in this Lease (the "**TENANT IMPROVEMENTS**") as provided in the Tenant Improvement Rider attached hereto and incorporated herein as Exhibit C. In no event will Tenant be permitted to make any Alterations involving either (a) the structural, mechanical, electrical, plumbing, fire/life safety or heating, ventilating and air conditioning systems of the Building or (b) any portion of the Project outside the interior of the Premises. Except for any Tenant Improvements to be constructed by Tenant as provided in the Tenant Improvement Rider, subject to the following sentence, Tenant shall not make any alterations, improvements or changes to the Premises, including installation of any security system or telephone or data communication wiring (collectively, "**ALTERATIONS**") without Landlord's prior written consent, which consent Landlord will not unreasonably withhold, condition or delay. Notwithstanding the foregoing, without Landlord's consent (but only upon prior written notice to Landlord), Tenant may make nonstructural alterations which do not affect or otherwise interfere with any portion of the Building Systems, including, but not limited to, mechanical, electrical, plumbing, fire/life safety or heating, ventilating and air conditioning systems of the Building, and which cost not more than Fifty Thousand Dollars (\$50,000.00) per occurrence ("**PERMITTED ALTERATIONS**"). All Alterations and Permitted Alterations shall be completed by Tenant at Tenant's sole cost and expense, with due diligence, in a good and workmanlike manner, using new materials; in compliance with plans and specifications previously approved in writing by Landlord, as applicable; in compliance with construction rules and regulations promulgated by Landlord from time to time; in accordance with all applicable Laws (including all work, whether structural or non-structural, inside or outside the Premises, required to comply fully with all applicable Laws and necessitated by Tenant's work); and subject to all conditions which Landlord may in the exercise of Landlord's commercially reasonable judgment impose. Such conditions may include requirements for Tenant to: provide payment or performance bonds or additional insurance (from Tenant or Tenant's contractors, subcontractors or design professionals) for those Alterations costing more than One Hundred Thousand Dollars (\$100,000.00) per occurrence; use contractors or subcontractors designated by Landlord (provided that their charges are comparable to those charged by other similarly qualified contractors and subcontractors); and remove all or part of the Alterations and Permitted Alterations prior to or upon expiration or termination of the Term (unless Tenant, at the time Tenant requests Landlord's consent to such Alterations (or, with respect to Permitted Alterations, at the time Tenant provides Landlord with written notice of Tenant's intent to install such Permitted Alterations), requests in writing whether Landlord will require Tenant to remove such Alterations or Permitted Alterations, as applicable, on or before the expiration or sooner termination of the Lease, and Landlord, in Landlord's sole and absolute discretion, responds to Tenant in writing stipulating that Tenant will not be required to so remove such Alterations or Permitted Alterations, as applicable, on or before the expiration or sooner termination of the Lease). If any work outside the Premises, or any work on or adjustment to any of the Building Systems, is required in connection with or as a result of any Alterations performed by Tenant, such work shall be performed by Landlord at Tenant's sole cost and expense and paid as Additional Rent within thirty (30) days after demand by Landlord. In addition to the foregoing obligations of Tenant, if any governmental authority requires any Alteration to the Building or the Premises as a result of Tenant's particular use of the Premises or as a result of any Alteration to the Premises made by or on behalf of Tenant or if Tenant's particular use of the Premises subjects Landlord or the Project to any obligation under any Laws, Tenant will pay, as Additional Rent, the cost of all such Alterations or the cost of compliance, as the case may be. If any such Alterations affect the HVAC system, the Building Systems or the structural components of the Building (collectively, "**STRUCTURAL ALTERATIONS**"), Landlord will make the Structural Alterations, provided that Landlord may first require Tenant to deposit with Landlord an amount sufficient to pay the cost of the Structural Alterations (including, without limitation, reasonable overhead and administrative costs). If the Alterations are not Structural Alterations, Tenant will make the Alterations at Tenant's sole cost and expense in accordance with the provisions of this Lease. Landlord's right to review and approve (or withhold approval of) Tenant's plans, drawings, specifications, contractor(s) and other aspects of construction work proposed by Tenant is intended solely to protect Landlord, the Project and Landlord's interests. No approval or consent by Landlord shall be deemed or construed to be a representation or warranty by Landlord as to the adequacy, sufficiency, fitness or suitability thereof or compliance thereof with applicable Laws or other requirements.

7.2 Tenant's Submittals. Before making any Alterations, Tenant shall submit to Landlord, for Landlord's prior approval, reasonably detailed final plans and specifications prepared by a licensed architect or engineer, a copy of the construction contract, including the identity of the contractor and all subcontractors proposed to be used by Tenant to make the Alterations, and a copy of the contractor's license. Tenant shall reimburse Landlord as Additional Rent upon demand for any expenses incurred by Landlord in connection with any Alterations made by Tenant, including reasonable fees charged by Landlord's contractors or consultants to review plans and specifications prepared by Tenant and to update the existing as-built plans and specifications of the Building to reflect the Alterations. Tenant shall obtain all applicable permits, authorizations and governmental approvals and deliver copies of the same to Landlord before commencement of any Alterations.

7.3 Completion of Alterations and Permitted Alterations. Landlord may inspect construction of the Alterations and Permitted Alterations by Tenant. Promptly after completing the Alterations and Permitted Alterations, Tenant will furnish Landlord with contractor's affidavits, full and final lien waivers and receipted bills covering all labor and materials expended and used in connection with the Alterations and Permitted Alterations. Tenant will remove any Alterations and Permitted Alterations Tenant constructs in violation of this Article 7 within ten (10) Business Days after Landlord's written request and in any event prior to the expiration or earlier termination of this Lease. All Alterations and Permitted Alterations Tenant makes or installs (including all telephone, computer and other wiring and cabling located within the walls of and outside the Premises, but excluding Tenant's movable trade fixtures, furniture and equipment) become the property of Landlord and a part of the Building immediately upon installation and, unless Landlord requires Tenant to remove the Alterations and Permitted Alterations (except that Landlord will not be permitted to require Tenant to remove any Alterations and Permitted Alterations that Landlord advised Tenant in writing that Tenant would not be required to remove in accordance with Section 7.1 above), Tenant will surrender the Alterations and Permitted Alterations to Landlord upon the expiration or earlier termination of this Lease at no cost to Landlord.

7.4 No Liens. Tenant shall keep the Premises, the Building and the Project free and clear of any and all liens arising out of any work performed, materials furnished or obligations incurred by Tenant. If any such lien attaches to the Premises, the Building or the Project, and Tenant does not cause the same to be released by payment, bonding or other security reasonably acceptable to Landlord within twenty (20) days after the attachment thereof, Landlord shall have the right, but not the obligation, to cause the same to be released by bond, and any sums reasonably expended by Landlord (plus Landlord's administrative costs) in connection therewith shall be payable by Tenant as Additional Rent on demand with interest thereon at the Interest Rate from the date of expenditure by Landlord. Tenant shall give Landlord at least ten (10) days' notice prior to the commencement of any Alterations and Permitted Alterations and cooperate with Landlord in posting and maintaining notices of non-responsibility in connection therewith.

7.5 Indemnification. To the fullest extent allowable under the Laws, Tenant releases and will indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties and the Project from and against any Claims in any manner relating to or arising out of any Alterations and Permitted Alterations or any other work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant.

8. MAINTENANCE AND REPAIRS.

8.1 Landlord's Maintenance. Except as otherwise specifically provided in this Lease, Landlord will repair and maintain the following in good order, condition and repair: (a) the foundations, exterior walls and roof of the Building; and (b) the electrical, mechanical, plumbing, heating and air conditioning systems, facilities and components located in the Building and used in common by all tenants of the Building. Landlord will also maintain and repair the Common Area and the windows, doors, plate glass and the exterior surfaces of walls that are adjacent to the Common Area. Landlord's repair and maintenance costs under this Section 8.1 are Operating Costs. Except as otherwise specifically provided in Section 9.3 below (but only to the extent expressly contemplated thereunder), neither Base Rent nor Additional Rent will be reduced, nor will Landlord be liable, for loss or injury to or interference with Tenant's property, profits or business arising from or in connection with Landlord's performance of its obligations under this Section 8.1.

8.2 Tenant's Maintenance. Except as otherwise specifically provided in this Lease, Landlord is not required to furnish any services or facilities, or to make any repairs or Alterations, in, about or to the Premises or the Project. Except as specifically described in Section 8.1, Tenant assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Premises. Except as specifically described in Section 8.1, Tenant, at Tenant's sole cost and expense, will keep and maintain the Premises (including, but not limited to, all non-structural interior portions, systems and equipment; interior surfaces of exterior walls; interior moldings, partitions and ceilings; and interior electrical, lighting and plumbing fixtures) in good order, condition and repair, reasonable wear and tear and damage from fire and other casualties excepted. Tenant will keep the Premises in a neat and sanitary condition and will not commit any nuisance or waste in, on or about the Premises or the Project. If Tenant damages or injures the Common Area or any part of the Project other than the Premises, Landlord will repair the damage and Tenant will pay Landlord as Additional Rent for all uninsured costs and expenses of Landlord in connection with the repair as Additional Rent. Tenant will maintain the Premises in a first-class and fully operative condition. Tenant's repairs will be at least equal in quality and workmanship to the original work and Tenant will make the repairs in accordance with all Laws. Tenant waives the benefit of any Laws permitting Tenant to make repairs at Landlord's expense.

9. SERVICES PROVIDED BY LANDLORD.

9.1 Description of Services. Landlord shall furnish to the Premises: reasonable amounts of heat, ventilation and air conditioning (which shall be provided by Landlord based on standard lighting and general office use only) during Business Hours on weekdays and Saturday, except on state or federal holidays observed in the State of Arizona ("**BUSINESS DAYS**"); reasonable amounts of electricity for operating office machines for general office use; water from building standard outlets for lavatory, restroom and drinking purposes; and janitorial services as are customarily provided in Comparable Buildings. Landlord shall also provide the Building with replacement of light bulbs, tubes, ballasts and starters in Building standard lighting fixtures, periodic window washing, elevator service to be used by Tenant in common with other tenants of the Project (Landlord hereby reserving the right to limit the number of elevators in operation during times other than Business Hours), and Common Area toilet room supplies. Landlord is not required to provide any heat, air conditioning, electricity or other service in excess of that permitted by voluntary or involuntary governmental guidelines or other Laws. Landlord reserves the right, from time to time, to make reasonable and non-discriminatory modifications to the foregoing standards for utilities and services. Any additional utilities or services that Landlord may agree to provide (including lamp or tube replacement for other than Building standard lighting fixtures) shall be at Tenant's sole expense. Electrical energy will be sufficient for Tenant to operate personal computers and other office equipment of similar low electrical consumption. Tenant may not use any equipment requiring electrical energy in excess of the above standards without receiving Landlord's prior written consent, which consent Landlord will not unreasonably withhold but may condition on Tenant paying all costs of installing the equipment and facilities necessary to furnish such excess energy and an amount equal to the average cost per unit of electricity for the Building applied to the excess use as reasonably determined either by an engineer selected by Landlord or by submeter installed at Tenant's sole cost and expense. Landlord shall provide commercially reasonable 24-hour security service for the Common Area of the Building, the costs of which will be included as part of Operating Costs.

9.2 Payment for Excess Utilities and Services.

(a) Upon request by Tenant in accordance with the procedures established by Landlord from time to time for furnishing HVAC service at times other than Business Hours, Landlord shall furnish such service to Tenant and Tenant shall pay for such services as Additional Rent on an hourly basis at the actual cost to Landlord for providing such after-hours HVAC service (which rate may be increased from time to time by Landlord to reflect increases in Landlord's actual costs of utilities). If the extended service is not a continuation of the service furnished by Landlord during Business Hours, Landlord may require Tenant to pay for a minimum of three (3) hours of such service.

(b) If the temperature otherwise maintained in any portion of the Premises by the HVAC systems of the Building is affected as a result of (i) any lights, machines or equipment used by Tenant in the Premises, or (ii) the occupancy of the Premises by more than one person per 100 square feet of usable area, then Landlord shall have the right to install any machinery or equipment reasonably necessary to restore the temperature to that which would have been maintained but for such lights, machines, equipment or occupancy, including, without limitation, modifications to the Building standard air conditioning equipment. The cost of any such equipment and modifications, including the cost of acquisition and installation and any additional cost of operation and maintenance of the same, shall be paid by Tenant to Landlord as Additional Rent upon demand.

(c) If Tenant's usage of electricity, water or any other utility service exceeds the use of such utility as Landlord reasonably determines to be typical, normal and customary for the Building, Landlord may determine the amount of such excess use by any reasonable means (including the installation at Tenant's expense of one or more separate meters, submeters or other measuring devices) and Tenant shall be obligated to pay the cost of such excess usage as Additional Rent. In addition, Landlord may impose a reasonable charge for the use of any janitorial services above Building standard that may be required because of any unusual tenant improvements or Alterations in the Premises (including, without limitation, any unusual tenant improvements installed by Landlord or Tenant pursuant to the Existing Leases prior to the Commencement Date, and any unusual Tenant Improvements, if applicable), the carelessness of Tenant or the nature of Tenant's business (including hours of operation beyond Business Hours).

(d) Tenant is solely responsible for paying either to Landlord, if submetered, or directly to the applicable utility companies, prior to delinquency, all separately metered or separately charged utilities, if any, provided to the Premises or to Tenant. At such time as any utilities are separately metered or charged, such separately metered or charged amounts will not be included in Operating Costs, nor shall such utilities used by other tenants or users of the Project be considered Operating Costs for purposes of calculating Tenant's Share of Excess Operating Costs. Except as provided in Section 9.1, Tenant will also obtain and pay for all other utilities and services Tenant requires with respect to the Premises (including, but not limited to, hook-up and connection charges). Landlord has the exclusive right and discretion to select the provider of any utility or other service to the Project (excluding telephone, cable, internet and other telecommunications service providers), without mark-up, and to determine whether the Premises or any other portion of the Project may or will be separately metered or separately supplied.

9.3 Interruption of Services. Subject to the remaining provisions of this Section 9.3, in the event of an interruption in or failure or inability to provide any services or utilities to the Premises or Building for any reason (a "SERVICE FAILURE") such Service Failure shall not, regardless of its duration, impose upon Landlord any liability whatsoever, constitute an eviction of Tenant, constructive or otherwise, entitle Tenant to an abatement of Rent or to terminate this Lease or otherwise release Tenant from any of Tenant's obligations under this Lease. Tenant hereby waives any benefits of any applicable existing or future Law permitting the termination of this Lease due to such interruption, failure or inability. Notwithstanding the foregoing, if there is a Service Failure which is (a) specific to the Building and/or Project (as opposed to an interruption or curtailment in services which extends beyond the Building or Project), (b) causes the Premises to be untenantable, (c) is not caused by an event of Force Majeure, and (d) lasts for more than five (5) consecutive Business Days or otherwise prevents Tenant from being able to access the Premises for more than five (5) consecutive Business Days and Tenant in-fact does not access the Premises for five (5) consecutive Business Days, then Tenant will be entitled to deliver Landlord a notice stating that if the untenability caused by the Service Failure is not cured within five (5) Business Days following Landlord's receipt of such notice, Tenant will be entitled to an abatement of Base Rent as provided in this Section 9.3. If Tenant properly delivers such an abatement notice to Landlord, and the untenability caused by the Service Failure is not remedied within such five (5) Business Day period, then Tenant shall thereafter be entitled to an abatement of Base Rent (in proportion to the portion of the Premises rendered untenantable by the Service Failure) until such Service Failure is remedied, as reasonably determined by Landlord.

10. INSURANCE: INDEMNIFICATION.

10.1 Tenant's Insurance Obligations. Tenant will at all times during the Term and during any early occupancy period, at Tenant's sole cost and expense, maintain the insurance this Section 10.1 describes.

(a) Liability Insurance. Commercial general liability insurance (providing coverage at least as broad as the current ISO form) with respect to the Premises and Tenant's activities in the Premises and upon and about the Project, on an "occurrence" basis, with minimum limits of \$3,000,000 each occurrence and \$3,000,000 general aggregate. Limits may be provided through a combination of Commercial General Liability and Umbrella Liability policies, provided that such minimum amounts set forth above are at all times available with respect to this Lease and the Premises. Such insurance must include specific coverage provisions or endorsements (a) for broad form contractual liability insurance insuring Tenant's obligations under this Lease; (b) naming Landlord, Landlord's property manager and, if required, Mortgagee as additional insureds by an "Additional Insured - Managers or Lessors of Premises" endorsement (or equivalent coverage or endorsement); (c) waiving the insurer's subrogation rights against all Landlord Parties; (d) expressly stating that Tenant's insurance will be provided on a primary basis and will not contribute with any insurance Landlord maintains; and (e) providing that the insurer has a duty to defend all insureds under the policy (including additional insureds), and that defense costs are paid in addition to, and do not deplete, the policy limits. Tenant shall provide Landlord with written notice of any modification which materially reduces or otherwise impacts the required coverage as soon as practicable after Tenant becomes aware of the same (provided that Tenant will in no event consent to or otherwise permit a modification of Tenant's commercial general liability insurance policy in a manner which reduces the minimum limits thereunder below the minimum limits expressly required under this Section 10.1(a)) or any cancellation or expiration of the commercial general liability insurance policy required to be maintained by Tenant under this Section 10.1(a). If Tenant provides such liability insurance under a blanket policy, the insurance must be made specifically applicable to the Premises and this Lease on a "per location" basis.

(b) Property Insurance. Property insurance providing coverage at least as broad as the current ISO Special Form ("all-risks") policy in an amount not less than the full insurable replacement cost of all of Tenant's trade fixtures and other personal property within the Premises and improvements or Alterations and Permitted Alterations to the Premises made by Tenant. Such property insurance must include "agreed amount, no coinsurance" provisions.

(c) Other Insurance. Such increased insurance or other insurance as may be required by any Laws from time to time or may reasonably be required by Landlord from time to time (including, without limitation, in connection with any expansion of the Premises). If insurance obligations generally required of tenants in Comparable Buildings increase or otherwise change, Landlord may likewise increase or otherwise change Tenant's insurance obligations under this Lease.

(d) Miscellaneous Insurance Provisions. All of Tenant's insurance will be written by companies licensed to transact business in Arizona rated at least "Best A-VII" and otherwise reasonably satisfactory to Landlord. Tenant will deliver evidence of insurance satisfactory to Landlord, (a) on or before the Commencement Date (and prior to any earlier occupancy by Tenant), (b) as soon as practicable upon the expiration of any current policy or certificate, and (c) at such other times as Landlord may reasonably request. Tenant will deliver an ACORD Form 27 (or equivalent) certificate and will attach or cause to be attached to the certificate copies of the endorsements this Section 10.1 requires (including specifically, but without limitation, the "additional insured" endorsement). Tenant's insurance must permit releases of liability and provide for waiver of subrogation as provided in Section 10.1. Landlord's establishment of minimum insurance requirements in this Lease is not a representation by Landlord that such limits are sufficient and does not limit Tenant's liability under this Lease in any manner.

(e) Tenant's Waiver and Release of Claims and Subrogation. To the extent not prohibited by the Laws, Tenant, on behalf of Tenant and its insurers, waives, releases and discharges the Landlord Parties from all Claims arising out of personal injury or damage to or destruction of the Premises, Project or Tenant's trade fixtures, other personal property or business, and any loss of use or business interruption, occasioned by any fire or other casualty or occurrence whatsoever (whether similar or dissimilar), regardless whether any such Claim results from the negligence or fault of any Landlord Party or otherwise, and Tenant will look only to Tenant's insurance coverage (regardless whether Tenant maintains any such coverage) in the event of any such Claim. Tenant's trade fixtures, other personal property and all other property in Tenant's care, custody or control, is located at the Project at Tenant's sole risk. Landlord is not liable for any damage to such property or for any theft, misappropriation or loss of such property. Tenant is solely responsible for providing such insurance as may be required to protect Tenant, its employees and invitees against any injury, loss, or damage to persons or property occurring in the Premises or at the Project, including, without limitation, any loss of business or profits from any casualty or other occurrence at the Project.

10.2 Landlord's Insurance Obligations. Landlord will (except for the optional coverages and endorsements Section 10.2 describes) at all times during the Term maintain the insurance this Section 10.2 describes. All premiums and other costs and expenses Landlord incurs in connection with maintaining such insurance are Operating Costs.

(a) Property Insurance. Property insurance on the Building providing coverage at least as broad as the current ISO Special Form ("all-risks") policy in an amount not less than the full replacement cost of the Building (less foundation, grading and excavation costs). Landlord may, at its option, obtain such additional coverages or endorsements as Landlord deems appropriate or necessary, including, without limitation, insurance covering foundation, grading, excavation and debris removal costs; boiler and machinery insurance; ordinance or laws coverage; earthquake insurance; flood insurance; and other coverages. Landlord may maintain such insurance in whole or in part under blanket policies. Such insurance will not cover or be applicable to any property of Tenant within the Premises (including any improvements or Alterations and Permitted Alterations installed by and in the Premises, including, without limitation, any improvements installed by Landlord or Tenant pursuant to the Existing Leases prior to the Commencement Date, and the Tenant Improvements, if applicable) or otherwise located at the Project.

(b) Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, and property damage occurring at the Project with minimum limits of \$1,000,000 each occurrence and \$3,000,000 general aggregate. Such liability insurance will protect only Landlord and, at Landlord's option, Landlord's lender and some or all of the Landlord Parties, and does not replace or supplement the liability insurance this Lease obligates Tenant to carry.

(c) Landlord's Waiver and Release of Claims and Subrogation. To the extent not expressly prohibited by the Laws, Landlord, on behalf of Landlord and its insurers, waives, releases and discharges Tenant from all claims or demands whatsoever arising out of damage to or destruction of the Project, or loss of use of the Project, occasioned by fire or other casualty, regardless whether any such claim or demand results from the negligence or fault of Tenant, but only to the extent the damage, destruction or loss is covered by Landlord's insurance. Landlord's policy or policies of property insurance will permit waiver of subrogation as provided in this Section 10.2.

10.3 Tenant's Indemnification of Landlord. In addition to Tenant's other indemnification obligations in this Lease but subject to Landlord's agreements in Section 10.2, Tenant releases and will, to the fullest extent allowable under the Laws, indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties from and against all Claims arising from (a) any breach or default by Tenant in the performance of any of Tenant's covenants or agreements in this Lease, (b) any act, omission, negligence or misconduct of Tenant, (c) any accident, injury, occurrence or damage in, about or to the Premises, and (d) to the extent caused in whole or in part by Tenant (or Tenant's employees, agents or contractors), any accident, injury, occurrence or damage in, about or to the Project.

10.4 Tenant's Waiver. In addition to the other waivers of Tenant described in this Lease and to the extent not expressly prohibited by the Laws, the Landlord Parties are not liable for, and Tenant waives, any and all Claims against the Landlord Parties for any damage to improvements or Alterations and Permitted Alterations made to the Premises by Tenant (including, without limitation, any improvements installed by Landlord or Tenant pursuant to the Existing Leases prior to the Commencement Date, and the Tenant Improvements, if applicable), trade fixtures, other personal property or business, and any loss of use or business interruption, resulting directly or indirectly from (a) any existing or future condition, defect, matter or thing in the Premises or on the Project, (b) any equipment or appurtenance becoming out of repair, (c) any occurrence, act or omission of any Landlord Party, any other tenant or occupant of the Building or any other person. This Section 10.4 applies especially, but not exclusively, to damage caused by the flooding of basements or other subsurface areas and by refrigerators, sprinkling devices, air conditioning apparatus, water, snow, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors, noise or the bursting or leaking of pipes or plumbing fixtures. The waiver this Section 10.4 describes applies regardless whether any such damage results from an act of God, an act or omission of other tenants or occupants of the Project or an act or omission of any other person.

10.5 Tenant's Failure to Insure. Notwithstanding any contrary language in this Lease and any notice and cure rights this Lease provides Tenant, if Tenant fails to provide Landlord with evidence of insurance as required under Section 10.1, which failure is not cured within five (5) Business Days after Tenant's receipt of written notice thereof, Landlord may, but is not obligated to, without further demand upon Tenant or notice to Tenant and without giving Tenant any cure right or waiving or releasing Tenant from any obligation contained in this Lease, obtain such insurance for Landlord's benefit. In such event, Tenant will pay to Landlord, as Additional Rent, all costs and expenses Landlord incurs obtaining such insurance. Landlord's exercise of its rights under this Section 10.5 does not relieve Tenant from any default under this Lease.

10.6 Landlord's Indemnification of Tenant. Subject to Tenant's waivers, releases and agreements in Article 10 and elsewhere in this Lease, Landlord will, to the fullest extent allowable under the Laws, indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless Tenant against any Claims brought against Tenant by third parties which (a) arise out of any bodily injury, death or property damage occurring to such third parties at the Project (other than within the Premises), (b) are not caused in whole or in part by Tenant, and (c) are caused in whole or in part by Landlord's (or Landlord's employees, agents or contractors) negligence or willful misconduct.

11. DAMAGE BY FIRE OR OTHER CASUALTY.

11.1 Landlord's Duty to Repair.

(a) If all or a substantial part of the Premises are rendered untenantable or inaccessible by damage to all or any part of the Project from fire or other casualty then, unless either party is entitled to and elects to terminate this Lease pursuant to Sections 11.1 or 11.3, Landlord shall, at its expense, use reasonable efforts to repair and restore the Premises and/or the Project, as the case may be, to substantially the condition as existed upon Landlord's delivery of the Premises to Tenant to the extent permitted by then applicable Laws; provided, however, that in no event shall Landlord have any obligation for repair or restoration beyond the extent of insurance proceeds received by Landlord for such repair or restoration, or for any of Tenant's personal property, Trade Fixtures, Permitted Alterations or Alterations.

(b) If Landlord is required or elects to repair damage to the Premises and/or the Project, this Lease shall continue in effect, but Tenant's Base Rent and Additional Rent shall be abated pro rata with regard to any portion of the Premises that Tenant is prevented from using by reason of such damage or its repair from the date of the casualty until substantial completion of Landlord's repair of the affected portion of the Premises as required under this Lease. In no event shall Landlord be liable to Tenant by reason of any injury to or interference with Tenant's business or property arising from fire or other casualty or by reason of any repairs to any part of the Project necessitated by such casualty.

11.2 Landlord's Right to Terminate. Landlord may elect to terminate this Project Lease following damage by fire or other casualty under the following circumstances:

(a) If, in the reasonable judgment of Landlord, the Premises and the Project cannot be substantially repaired and restored under applicable Laws within one hundred eighty (180) days from the date of the casualty;

(b) If, in the reasonable judgment of Landlord, adequate proceeds are not, for any reason, made available to Landlord from Landlord's insurance policies (and/or from Landlord's funds made available for such purpose, at Landlord's sole and absolute discretion) to make the required repairs;

(c) If the Building is damaged or destroyed to the extent that, in the reasonable judgment of Landlord, the cost to repair and restore the Building would exceed thirty-three and 33/100ths percent (33.33%) of the full replacement cost of the Building, whether or not the Premises are at all damaged or destroyed; or

(d) If the fire or other casualty occurs during the last year of the Term.

In the event of a casualty, Landlord shall give Tenant notice within sixty (60) days after the date thereof, which notice shall specify whether Landlord elects to terminate this Lease as provided in Sections 11.2(a) through 11.2(d) above or, if Landlord does not so elect to terminate this Lease, Landlord's estimate of the time required to complete Landlord's repair obligations under this Lease.

11.3 Tenant's Right to Terminate. If all or substantially all of the Premises are rendered untenantable or inaccessible by damage to all or any part of the Project from fire or other casualty, and Landlord does not elect to terminate as provided above, then Tenant may elect to terminate this Lease if Landlord's estimate of the time required to complete Landlord's repair obligations under this Lease is greater than one hundred eighty (180) days, in which event Tenant may elect to terminate this Lease by giving Landlord notice of such election to terminate within thirty (30) days after Landlord's notice to Tenant pursuant to Section 11.2.

11.4 Exclusive Casualty Remedy. The provisions of this Article 11 are Tenant's sole and exclusive rights and remedies in the event of a casualty. To the extent permitted by the Laws, Tenant hereby waives the provisions of Arizona Revised Statutes § 33-343 and any other applicable existing or future Law permitting an abatement of Rent or termination of a lease agreement in the event of damage or destruction under any circumstances other than as provided in Section 11.3.

12. CONDEMNATION.

12.1 Definitions.

(a) "**Award**" shall mean all compensation, sums, or anything of value awarded, paid or received on a total or partial Taking.

(b) "**Taking**" shall mean (i) a permanent taking (or a temporary taking for a period extending beyond the end of the Term) pursuant to the exercise of the power of condemnation or eminent domain by any public or quasi-public authority, private corporation or individual having such power ("**Condemning Authority**") whether by legal proceedings or otherwise, or (ii) a voluntary sale or transfer by Landlord to any such authority, either under threat of condemnation or while legal proceedings for condemnation are pending.

(c) "**TAKING DATE**" shall mean the earlier of the date that title to the property taken is vested in the Condemning Authority or the date the Condemning Authority has the right to possession of the property being condemned.

12.2 Effect of Taking on Lease.

(a) In the event of a Taking of all of the Premises, this Lease shall terminate as of the Taking Date; In the event of a Taking of less than all of the Premises, this Lease shall remain in full force and effect; provided, however, that if the portion of the Premises remaining after the Taking is unsuitable for Tenant's intended purposes hereunder, as reasonably determined by Landlord and Tenant, then, upon notice to Landlord within thirty (30) days after Landlord notifies Tenant of the Taking, Tenant may terminate this Lease effective as of the Taking Date of the Taking. Tenant shall pay Rent to the Taking Date.

(b) In the event of a Taking of thirty-three and 33/100ths percent (33.33%) or more of the Project or of the Project or of the Parking Facilities or of the floor area of the Building, or if as a result of any Taking the Building is no longer reasonably suitable for use as an office building, or if a Taking reduces the value of the Project by fifty percent (50%) or more (all as reasonably determined by Landlord), whether or not any portion of the Premises is taken, Landlord may, at Landlord's option, elect to terminate this Lease, effective as of the Taking Date, by notice given to Tenant within thirty (30) days after the Taking Date.

(c) If all or a portion of the Premises is temporarily taken by a Condemning Authority for a period not extending beyond the end of the Term, this Lease shall remain in full force and effect.

12.3 Restoration. If this Lease is not terminated as provided in Section 12.2 and the Taking includes a portion of the Premises, this Lease will automatically terminate as to the portion of the Premises Taken, and Landlord, at its expense, shall diligently proceed to repair and restore the Premises to substantially its former condition (to the extent permitted by then applicable Laws) and/or repair and restore the Building to an architecturally complete office building; provided, however, that Landlord's obligations to so repair and restore shall be limited to the amount of any Award received by Landlord and not required to be paid to any Mortgagee (as defined in Section 16.2 below). In no event shall Landlord have any obligation to repair or replace any improvements in the Premises beyond the amount of any Award received by Landlord for such repair or to repair or replace any of Tenant's personal property, Trade Fixtures, Permitted Alterations or Alterations.

12.4 Abatement and Reduction of Rent. If any portion of the Premises is taken in a Taking or is rendered permanently untenable by repairs necessitated by such Taking, and this Lease is not terminated as a result thereof, then in that event the Base Rent and Additional Rent payable under this Lease shall be proportionally reduced as of the Date of the Taking based upon the percentage of rentable square feet in the Premises so taken or rendered permanently untenable. In addition, if this Lease remains in effect following a Taking and Landlord is obligated to repair and restore the Premises, the Base Rent and Additional Rent payable under this Lease shall be equitably abated during the period of such repair or restoration to the extent such repairs prevent Tenant's use of the Premises.

12.5 Awards. Any Award made shall be paid to Landlord, and Tenant hereby assigns to Landlord, and waives all interest in or claim to, any such Award, including any claim for the value of the leasehold interest created by this Lease; provided, however, that, so long as Landlord's award is not reduced as a result, Tenant shall be entitled to prosecute a separate claim for an Award for a temporary Taking of the Premises or a portion thereof where this Lease is not terminated (to the extent such Award relates to the unexpired Term), or an Award separately designated for relocation expenses or the interruption of or damage to Tenant's business or as compensation for Tenant's personal property, Trade Fixtures, Permitted Alterations or Alterations. In no event shall Tenant be entitled to any award for loss of Tenant's interest in this Lease or for loss of leasehold.

12.6 Exclusive Taking Remedy. The provisions of this Article 12 are Tenant's sole and exclusive rights and remedies in the event of a Taking. To the extent permitted by the Laws, Tenant waives the benefits of any Law that provides Tenant any abatement or termination rights or any right to receive any payment or award (by virtue of a Taking) not specifically described in this Article 12.

13. ASSIGNMENT AND SUBLETTING.

13.1 Landlord's Consent Required. Except as expressly provided in Section 13.8 below, Tenant shall not assign this Lease or any interest therein, or sublet or license or permit the use or occupancy of the Premises or any part thereof by or for the benefit of anyone other than Tenant, or in any other manner transfer all or any part of Tenant's interest under this Lease (each and all a "**Transfer**"), without the prior written consent of Landlord, which consent (subject to the other provisions of this Section 13.1) shall not be unreasonably withheld, conditioned or delayed. If Tenant is a business entity, any direct or indirect transfer of fifty percent (50%) or more of the ownership interest of the entity (whether in a single transaction or in the aggregate through more than one transaction) shall be deemed a Transfer. Notwithstanding any provision in this Lease to the contrary, Tenant shall not mortgage, pledge, hypothecate or otherwise encumber this Lease or all or any part of Tenant's interest under this Lease. Any attempted Transfer in violation of this Lease is null and void and constitutes an Event of Default under this Lease. In no event may Tenant cause or permit a Transfer to another tenant of the Project. Tenant will pay to Landlord, as Additional Rent, all costs and expenses Landlord incurs in connection with any proposed Transfer (whether Landlord consents thereto or not), including, without limitation, reasonable attorneys' fees and costs.

13.2 Landlord's Consent Standards.

(a) Prior to any proposed Transfer (other than a Transfer to an Affiliate (as hereinafter defined), which shall be governed by Section 13.8 below), Tenant shall submit in writing to Landlord (i) the name and legal composition of the proposed assignee, subtenant, user or other transferee (each a "**Proposed Transferee**"); (ii) the nature of the business proposed to be carried on in the Premises (which in all events must be the same as the use described in Section 6.1 or, if not the same use described in Section 6.1, the business proposed to be carried on in the Premises by the Proposed Transferee will be subject to Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed so long as the proposed use is a general office use compatible with other then-current uses of space by tenants and occupants of the Building and not in violation of any other then-current restricted/exclusive uses applicable to Building tenants; (iii) a current audited balance sheet, audited income statements for the last two years and such other reasonable financial and other information concerning the Proposed Transferee as Landlord may reasonably request; and (iv) a copy of the fully-executed assignment, sublease or other agreement governing the proposed Transfer. Within fifteen (15) Business Days after Landlord receives the foregoing information, Landlord shall notify Tenant whether it approves or disapproves such Transfer or if it elects to recapture all or a portion of the Premises pursuant to Section 13.5.

(b) For purposes of Section 13.1 and in addition to any other reasonable grounds for denial, Landlord's consent to a Transfer will be deemed reasonably withheld if, in Landlord's good faith judgment, any one or more of the following apply: (a) the Proposed Transferee does not have the financial strength to perform the Tenant's obligations under this Lease; (b) the business and operations of the Proposed Transferee are not in keeping with the permitted use set forth in Section 6.1 of this Lease;

(c) either the Proposed Transferee, or any affiliate of the Proposed Transferee, occupies or is negotiating with Landlord to lease space in the Building (or was, in the six (6) months prior to Tenant's request, negotiating with Landlord to lease space in the Building); (d) the Proposed Transferee does not have a good business reputation; (e) the use of the Premises by the Proposed Transferee would, in Landlord's reasonable judgment, (1) impact the Building or the Project in a negative manner or (2) violate an exclusive use granted to another tenant within the Project, which exclusive use is in force and effect as of the effective date of the proposed Transfer; (f) if the subject space is only a portion of the Premises and the physical subdivision of such portion is, or would render the Premises, not regular in shape with appropriate means of ingress and egress and facilities suitable for normal renting purposes, or is otherwise not readily divisible from the Premises; (g) the Transfer would require Alteration to the Building or the Project to comply with applicable Laws; (h) the transferee is a government (or agency or instrumentality thereof); or (i) an Event of Default exists under this Lease at the time Tenant requests consent to the proposed Transfer or on the effective date of the proposed Transfer.

13.3 Excess Consideration. If Landlord consents to a Transfer, Landlord shall be entitled to receive, as Additional Rent hereunder, fifty percent (50%) of all Sublease Profits (as defined below). The term "**Sublease Profits**" shall mean any consideration paid by the Transferee for the assignment and in the case of a sublease, the excess of the Rent and other consideration payable by the subtenant, over the amount of Rent payable hereunder applicable to the space assigned or subleased after deducting the reasonable expenses incurred by Tenant for (i) any commercially reasonable changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any brokerage commissions paid to independent third parties in connection with the Transfer, (iii) any commercially reasonable rental abatement provided to such Transferee and (iv) any reasonable attorneys' fees incurred to document such Transfer. "Sublease Profits" shall also include, but not be limited to, key money and bonus money paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee solely in connection with such Transfer. Tenant shall pay to Landlord as Additional Rent, within thirty (30) days after receipt by Tenant, any such excess consideration paid by any transferee (the "**Transferee**") for the Transfer.

13.4 No Release Of Tenant. No consent by Landlord to any Transfer shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether occurring before or after such consent, assignment, subletting or other Transfer and Tenant shall continue to be liable to Landlord hereunder as a principal and not as a surety. Each Transferee shall be jointly and severally liable with Tenant (and Tenant shall be jointly and severally liable with each Transferee) for the payment of Rent (or, in the case of a sublease, Rent in the amount set forth in the sublease) and for the performance of all other terms and provisions of this Lease. The consent by Landlord to any Transfer shall not relieve Tenant or any Transferee from the obligation to obtain Landlord's express prior written consent to any subsequent Transfer by Tenant or any Transferee. The acceptance of Rent by Landlord from any other person (whether or not such person is an occupant of the Premises) shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent by Landlord to any Transfer. The voluntary, involuntary or other surrender of this Lease by Tenant, or a mutual cancellation by Landlord and Tenant, shall not work a merger, and any such surrender or cancellation shall, at the option of Landlord, either terminate all or any existing subleases or operate as an assignment to Landlord of any or all of such subleases.

13.5 Landlord's Recapture Right. Notwithstanding any of the above provisions of this Article 13 to the contrary, if Tenant notifies Landlord that it desires to enter into a Transfer, within ten (10) business days of receipt of Tenant's notice, Landlord must advise Tenant in writing as to whether it elects to (a) in the case of an assignment of the Lease or a sublease of the entire Premises for the entirety (or substantially the entirety) of the remainder of the Term, to terminate this Lease, or (b) in the case of a sublease of less than the entire Premises, which sublease is for the entirety (or substantially the entirety) of the remainder of the Term, to terminate this Lease as it relates to the space proposed to be subleased by Tenant. In such event, this Lease will terminate (or the space proposed to be subleased will be removed from the Premises subject to this Lease and the Base Rent and Tenant's Share under this Lease shall be reduced pro rata) on the date the Transfer was proposed to be effective, and Landlord may thereafter lease such space to any party, including the prospective Transferee identified by Tenant.

13.6 Intentionally Deleted.

13.7 Assignment of Sublease Rents. Tenant hereby absolutely and irrevocably assigns to Landlord any and all rights to receive Rent and other consideration from any sublease and agrees that Landlord, as assignee or as attorney-in-fact for Tenant for purposes hereof, or a receiver for Tenant appointed on Landlord's application may, but shall not be obligated to, collect such Rents and other consideration and apply the same toward Tenant's obligations to Landlord under this Lease; provided, however, that Landlord grants to Tenant at all times prior to occurrence of any breach or default by Tenant a revocable license to collect such Rents (which license shall automatically and without notice be and be deemed to have been revoked and terminated immediately upon any Event of Default).

13.8 Affiliate Transfers. Provided that no Event of Default exists under this Lease, Tenant may, without Landlord's consent, assign or sublet all or a portion of this Lease or the Premises to an Affiliate if (a) Tenant notifies Landlord at least thirty (30) days prior to such Transfer; (b) Tenant delivers to Landlord, at the time of Tenant's notice, current financial statements of Tenant and the proposed transferee that are reasonably acceptable to Landlord; and (c) Tenant delivers to Landlord, not later than the effective date of the Transfer, a written agreement reasonably acceptable to Landlord under which the transferee assumes and agrees to perform Tenant's obligations under this Lease and to observe all terms and conditions of this Lease. Tenant will also promptly provide Landlord with copies of any documents reasonably requested by Landlord to document the status and relationship between Tenant and its Affiliate. A Transfer to an Affiliate does not release Tenant from any liability or obligation under this Lease. For purposes of this Article 13, "**Affiliate**" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Tenant. For purposes of this definition, "**control**" means possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

14. DEFAULTS; REMEDIES.

14.1 Events of Default. The occurrence of any of the following shall constitute an "**EVENT OF DEFAULT**" by Tenant under this Lease. Landlord and Tenant agree that the notices required by this Section 14.1 are intended to satisfy any and all notice requirements imposed by the Laws and are not in addition to any such requirements.

(a) Tenant fails to make any payment of Rent when due, or any amount required to replenish the Security Deposit, and such failure is not cured by Tenant within five (5) Business Days after receipt of written notice from Landlord.

(b) Tenant breaches or fails to perform or comply with any of Tenant's nonmonetary obligations under this Lease and such breach or failure is not fully cured within twenty (20) days after Landlord notifies Tenant of such breach or failure; provided, however, if such breach or failure cannot be cured within such twenty (20) day period, Tenant fails within such twenty (20) day period to commence, and thereafter diligently proceed with, all actions necessary to cure such breach or failure as soon as reasonably possible, but in all events within sixty (60) days after Landlord's notice.

(c) Tenant ceases doing business as a going concern; makes an assignment for the benefit of creditors; is adjudicated an insolvent, files a petition (or files an answer admitting the material allegations of a petition) seeking relief under any state or federal bankruptcy or other statute, law or regulation affecting creditors' rights; all or substantially all of Tenant's assets are subject to judicial seizure or attachment and are not released within thirty (30) days, or Tenant consents to or acquiesces in the appointment of a trustee, receiver or liquidator for Tenant or for all or any substantial part of Tenant's assets.

(d) Tenant fails, within sixty (60) days after the commencement of any proceedings against Tenant seeking relief under any state or federal bankruptcy or other statute, law or regulation affecting creditors' rights, to have such proceedings dismissed, or Tenant fails, within sixty (60) days after an appointment, without Tenant's consent or acquiescence, of any trustee, receiver or liquidator for Tenant or for all or any substantial part of Tenant's assets, to have such appointment vacated.

14.2 Remedies. Upon the occurrence of an Event of Default, Landlord may, at any time and from time to time, and without preventing Landlord from exercising any other right or remedy available to Landlord at law or in equity, exercise any one or more of the following remedies:

(a) Landlord may terminate Tenant's right to possess the Premises by any lawful means with or without terminating this Lease, in which event Tenant will immediately surrender possession of the Premises to Landlord. In such event, this Lease shall continue in full force and effect (except for Tenant's right to possess the Premises) and Tenant shall continue to be obligated for and must pay all Rent as and when due under this Lease. Unless Landlord specifically states that it is terminating this Lease, Landlord's termination of Tenant's right to possess the Premises is not to be construed as an election by Landlord to terminate this Lease or Tenant's obligations and liabilities under this Lease. If Landlord terminates Tenant's right to possess the Premises, Landlord is not obligated to, but may at its election, re-enter the Premises and remove all persons and property from the Premises. Landlord may store any property Landlord removes from the Premises in a public warehouse or elsewhere at the cost and for the account of Tenant. Upon such re-entry, Landlord is not obligated to, but may at its election, relet all or any part of the Premises to a third party or parties for Tenant's account. Tenant is immediately liable to Landlord for all costs and expenses Landlord incurs re-entering or reletting all or any part of the Premises, including, without limitation, all costs and expenses Landlord incurs in (i) maintaining or preserving the Premises after an Event of Default; (ii) recovering possession of the Premises, removing persons and property from the Premises and storing such property (including court costs and reasonable attorneys' fees); (iii) reletting, renovating or altering the Premises; (iv) paying real estate commissions, advertising expenses and similar expenses in connection with reletting all or any part of the Premises; and (v) granting concessions in connection with re-entering or re-letting all or any part of the Premises, including, without limitation, the value of free Rent given to a replacement tenant (collectively, "**RE-ENTRY COSTS**") and must pay Landlord the same as Additional Rent within five (5) days after Landlord's notice to Tenant. Landlord may relet the Premises for a period shorter or longer than the remaining Term. If Landlord relets all or any part of the Premises, Tenant will continue to pay Rent when due under this Lease and Landlord will refund to Tenant the difference between all Rental Landlord actually receives from any reletting of all or any part of the Premises, less any indebtedness from Tenant to Landlord other than Rent (which indebtedness is paid first to Landlord) and less the Re-entry Costs (which costs are paid second to Landlord), up to a maximum amount equal to the Rent Tenant paid that came due after Landlord's reletting. If the sum described in the preceding sentence exceeds the Rent payable by Tenant hereunder, Landlord will apply the excess sum to future Rent due under this Lease; provided, however, that Landlord may retain any surplus remaining at the expiration of the Term.

(b) Landlord may continue this Lease in effect and recover Rent as it becomes due.

(c) Landlord may cure the Event of Default at Tenant's expense. If Landlord pays any sum or incurs any expense in curing the Event of Default, Tenant shall reimburse Landlord as Additional Rent upon demand for the amount of such payment or expense with interest at the Interest Rate from the date the sum is paid or the expense is incurred until Landlord is reimbursed by Tenant.

(d) Landlord may terminate this Lease effective on the date Landlord specifies in Landlord's notice to Tenant. Upon termination, Tenant will immediately surrender possession of the Premises to Landlord. If Landlord terminates this Lease, Landlord may recover from Tenant and Tenant will pay to Landlord on demand as Additional Rent all damages Landlord incurs by reason of Tenant's default, including, without limitation, (a) all Rent due and payable under this Lease as of the effective date of the termination; (b) any amount necessary to compensate Landlord for any detriment proximately caused Landlord by Tenant's failure to perform its obligations under this Lease or which in the ordinary course would likely result from Tenant's failure to perform, including, but not limited to, any Re-entry Costs; (c) an amount equal to the difference between the present worth, as of the effective date of the termination, of the Base Rent for the balance of the Term remaining after the effective date of the termination (assuming no termination) and the present worth, as of the effective date of the termination, of a fair market base rent for the Premises for the same period (as Landlord reasonably determines the fair market basic Rent); and (d) Tenant's Share of Excess Operating Costs to the extent Landlord is not otherwise reimbursed for such Excess Operating Costs. For purposes of this Section 14.2, Landlord will compute present worth by utilizing a discount rate of eight percent (8%) per annum. Nothing in this Section 14.2 limits or prejudices Landlord's right to prove and obtain damages in an amount equal to the maximum amount allowed by the Laws, regardless whether such damages are greater than the amounts set forth in this Section 14.2.

14.3 Waiver and Release. Tenant waives and releases all Claims Tenant may have resulting from Landlord's re-entry and taking possession of the Premises by any lawful means and removing and storing Tenant's property as permitted under this Lease, regardless whether this Lease is terminated and, to the fullest extent allowable under the Laws, Tenant releases and will indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold harmless the Landlord Parties from and against any and all Claims occasioned thereby. No such reentry is to be considered or construed as a forcible entry by Landlord.

14.4 No Waiver. No provisions of this Lease shall be deemed waived by Landlord unless such waiver is in a writing signed by Landlord. The waiver by Landlord of any breach of any provision of this Lease shall not be deemed a waiver of such provision or of any subsequent breach of the same or any other provision of this Lease. No delay or omission in the exercise of any right or remedy of Landlord upon any default by Tenant shall impair such right or remedy or be construed as a waiver. Landlord's acceptance of any payments of Rent due under this Lease shall not be deemed a waiver of any default by Tenant under this Lease (including Tenant's recurrent failure to timely pay Rent) other than Tenant's nonpayment of the accepted sums, and no endorsement or statement on any check or payment or in any letter or document accompanying any check or payment shall be deemed an accord and satisfaction. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

14.5 Landlord's Default. Landlord will not be in default under this Lease unless Landlord breaches or fails to perform any of Landlord's obligations under this Lease and the breach or failure continues for a period of thirty (30) consecutive days after Tenant notifies Landlord in writing of Landlord's breach or failure or if Landlord fails to cure an emergency affecting Tenant's quiet enjoyment of the Premises within a reasonable period of time (depending on the nature of the harm to Tenant's quiet enjoyment or the emergency) after Tenant gives written notice thereof (or oral notice in the event of an emergency) to Landlord; provided that if Landlord is not able through the use of commercially reasonable efforts to cure a nonemergency breach or failure within such thirty (30) consecutive day period, Landlord's breach or failure is not a default as long as Landlord commences to cure its breach or failure within the thirty (30) consecutive day period and thereafter diligently pursues the cure to completion.

15. SURRENDER AND HOLDING OVER.

15.1 Surrender. Upon the expiration or termination of this Lease, Tenant shall surrender the Premises and all tenant improvements, Permitted Alterations and Alterations (including, without limitation, any tenant improvements installed by Landlord or Tenant pursuant to the Existing Leases prior to the Commencement Date, and the Tenant Improvements, if applicable) to Landlord broom-clean and in their original condition, except for reasonable wear and tear, damage from casualty or condemnation and any changes resulting from Permitted Alterations and approved Alterations and the Tenant Improvements, if applicable; provided, however, that prior to the expiration or termination of this Lease, Tenant shall remove all from the Premises all of Tenant's personal property and any Trade Fixtures and all Alterations, Permitted Alterations and Tenant Improvements that Landlord has elected to require Tenant to remove (except that Landlord will not be permitted to require Tenant to remove (a) any Alterations and Permitted Alterations that Landlord advised Tenant in writing that Tenant would not be required to remove in accordance with Section 7.1 above, (b) any tenant improvements installed by Landlord or Tenant pursuant to the Existing Leases prior to the Commencement Date, or (c) any Tenant Improvements that Landlord advised Tenant in writing that Tenant would not be required to remove in accordance with Exhibit C) and repair any damage caused by such removal, and if such removal is not timely completed, Landlord shall have the right (but no obligation) to remove the same, and Tenant shall pay Landlord as Additional Rent on demand for all costs of removal and storage thereof and for the rental value of the Premises for the period from the end of the Term through the end of the time reasonably required for such removal. Landlord shall also have the right to retain or dispose of all or any portion of such property if Tenant does not pay all such costs and retrieve the property within twenty (20) days after notice from Landlord (in which event title to all such property described in Landlord's notice shall be transferred to and vest in Landlord). Tenant waives all Claims against Landlord for any damage or loss to Tenant resulting from Landlord's removal, storage, retention, or disposition of any such property. Upon expiration or termination of this Lease or of Tenant's possession, whichever is earliest, Tenant shall surrender all keys to the Premises or any other part of the Building and shall deliver to Landlord all keys for or make known to Landlord the combination of locks on all safes, cabinets and vaults that may be located in the Premises. Tenant's obligations under this Section 15.1 shall survive the expiration or termination of this Lease.

15.2 Holding Over. If Tenant (directly or through any Transferee or other successor-in-interest of Tenant) holds over after the expiration or termination of this Lease, with or without the express written consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Tenant shall continue to comply with or perform all the terms and obligations of Tenant under this Lease, except that Rent shall be payable, if without the express written consent of Landlord, at a monthly rate equal to one hundred fifty percent (150%) of Rent, or, if with the express written consent of Landlord, at a monthly rate equal to the Rent applicable during the last rental period of the Term. No act or omission by Landlord, other than its specific written consent, which Landlord may grant or withhold in Landlord's sole and absolute discretion, shall constitute permission for Tenant to continue in possession of the Premises. In all events, Landlord may terminate Tenant's holdover tenancy at any time upon thirty (30) days written notice. Acceptance by Landlord of Rent after such termination shall not constitute a renewal or extension of this Lease; and nothing contained in this provision shall be deemed to waive Landlord's right of re-entry or any other right hereunder or at law. Tenant shall indemnify, defend and hold Landlord harmless from and against all Claims arising or resulting directly or indirectly from Tenant's failure to surrender the Premises within thirty (30) days of the expiration or sooner termination of this Lease, including (i) any Rent payable by or any loss, cost, or damages claimed by any prospective tenant of the Premises, and (ii) Landlord's damages as a result of such prospective tenant rescinding or refusing to enter into the prospective lease of the Premises by reason of such failure to timely surrender the Premises.

16. SUBORDINATION: ATTORNMENT: ESTOPPEL CERTIFICATES.

16.1 Subordination: Attornment. This Lease is subject and subordinate to all ground or underlying leases and to all mortgages which may now or hereafter affect such leases or the Project (collectively, "**Mortgages**"), and to all renewals, modifications, consolidations, replacements and extensions of any such Mortgages. At the request of any underlying lessor or mortgagee, Tenant shall attorn to such underlying lessor or mortgagee, its successors in interest or any purchaser in a foreclosure sale. If an underlying lessor or mortgagee or any other person shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action, or the delivery of a new lease or deed, then, as long as no Event of Default occurs under this Lease after Tenant's receipt of written notice of such default, the holder of the Mortgage will not disturb Tenant's rights of possession under this Lease. At the request of the successor landlord and upon such successor landlord's written agreement to accept Tenant's attornment and to recognize Tenant's interest under this Lease, (i) Tenant shall be deemed to have attorned to and recognized such successor landlord as Landlord under this Lease and (ii) this Lease shall continue in full force and effect as a direct lease between such successor landlord and Tenant upon all of the terms, conditions and covenants set forth in this Lease. This clause shall be self-operative and no further instrument or subordination shall be required by any ground or underlying lessor or by any mortgagee, affecting any lease or the Project. In confirmation of such subordination and/or attornment, Tenant shall execute promptly any certificate that Landlord may reasonably request. Tenant hereby covenants and agrees that the holder of any existing Mortgage, or anyone claiming by, through or under said holder shall not be: (a) liable for any act or omission for any prior landlord (including Landlord), (b) subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord), (c) bound by any Base Rent or Additional Rent or other charges which Tenant might have paid for more than the current month to a prior landlord (including Landlord), or (d) bound by any material modification of this Lease made without the consent of such Mortgagee. If required by the current Mortgagee, Tenant will execute and deliver to Landlord, concurrently with Tenant's execution of this Lease and delivery thereof to Landlord, a subordination, non-disturbance and attornment agreement in the form of Exhibit E attached hereto and incorporated herein.

16.2 Mortgagee Protection. Tenant agrees to give any holder of any Mortgage covering any part of the Project ("**MORTGAGEE**"), by certified mail, return receipt requested, a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the address of such Mortgagee. If Landlord fails to cure such default within thirty (30) days from the effective date of such notice of default, then the Mortgagee shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be reasonably necessary to cure such default (including the time necessary to foreclose or otherwise terminate its Mortgage, if necessary to effect such cure), and this Lease shall not be terminated so long as such remedies are being diligently pursued.

16.3 Estoppel Certificates. Within ten (10) Business Days after written request therefor, Tenant shall execute and deliver to Landlord, in a form provided by or satisfactory to Landlord, a certificate stating that this Lease is in still force and effect, describing any amendments or modifications hereto, acknowledging that this Lease is subordinate or prior, as the case may be, to any Encumbrance and stating any other information Landlord may reasonably request, including the Term, the monthly Base Rent, the date to which Rent has been paid, the amount of any security deposit or prepaid Rent, whether either party hereto is in default under the terms of the Lease, and whether Landlord has completed its construction obligations hereunder (if any). If Tenant fails timely to execute and deliver such certificate as provided above, then Landlord and the addressee of such certificate shall be entitled to rely upon the information contained in the certificate submitted to Tenant as true, correct and complete, and Tenant shall be estopped from later denying, contradicting or taking any position inconsistent with the information contained in such certificate. Any person or entity purchasing, acquiring an interest in or extending financing with respect to the Project shall be entitled to rely upon any such certificate. If Tenant fails to deliver such certificate within ten (10) days after Landlord's second written request therefor, which second written request will reiterate the following remedies in balded, all capital letters, such failure shall be deemed an Event of Default by Tenant and Tenant shall be liable to Landlord for any and all damages incurred by Landlord, including, without limitation, any profits or other benefits from any financing of the Project or any interest therein which are lost or made unavailable as a result, directly or indirectly, of Tenant's failure or refusal to timely execute or deliver such estoppel certificate.

17. ADDITIONAL PROVISIONS.

17.1 Intentionally Deleted.

17.2 Parking. Commencing on the Commencement Date and continuing throughout the remainder of the Term, Landlord licenses to Tenant the following parking spaces (i.e., five hundred fifty-six (556) unreserved parking spaces in the aggregate), all of such parking spaces to be located in a portion of the Parking Facilities as designated from time to time by Landlord and provided to Tenant at the following rates:

Second Floor Premises:

<u>Period</u>	<u>Number of Parking Spaces</u>	<u>Rate</u>
Commencement Date-03/31/16	373 unreserved	\$25 per unreserved parking space
04/01/16-Expiration of Term (as the same may be extended)	373 unreserved	Prevailing market rate (which is currently \$50.00 per month for each of the unreserved parking spaces)

First Floor Premises (Suites 115, 120 & 130):

<u>Period</u>	<u>Number of Parking Spaces</u>	<u>Rate</u>
Commencement Date-12/31/15	88 unreserved	\$0 per unreserved parking space
01/01/16-Expiration of Term (as the same may be extended)	88 unreserved	Prevailing market rate (which is currently \$50.00 per month for each of the unreserved parking spaces)

First Floor Premises (Suite 100 105 & 110):

<u>Period</u>	<u>Number of Parking Spaces</u>	<u>Rate</u>
Commencement Date-01/31/17	95 unreserved	\$0 per unreserved parking space
02/01/17-Expiration of Term (as the same may be extended)	95 unreserved	Prevailing market rate (which is currently \$50.00 per month for each of the unreserved parking spaces)

Landlord may change its parking charges at any time on not less than thirty (30) days prior notice to Tenant. Unless otherwise notified by Landlord, Tenant will pay all parking fees as Additional Rent at the same time, place and manner as Base Rent, but said parking may be paid separately by Tenant. Parking at the Project by Tenant is subject to the other provisions of this Lease, including without limitation, the Building Rules. In no event will Landlord be liable for any loss, damage or theft of, to or from any vehicle at the Project. From time to time during the Term, Tenant may request the license of additional unreserved parking spaces, and in such event, provided the same are available, as determined by Landlord in Landlord's sole and absolute discretion, Landlord will license same to Tenant on the same terms and conditions as are set forth above. Tenant hereby expressly acknowledges and agrees that the Parking Facilities may include surface parking adjacent to the Building in which the Premises is located if Landlord, in Landlord's sole and absolute discretion, elects to construct such surface parking at any time during the Term.

17.3 Expanded Development. Tenant acknowledges and agrees that the Building may be included within a larger, integrated real estate development including additional buildings and land. Landlord may elect, in Landlord's sole discretion, to operate such development as a unit and compute any Excess Operating Costs accordingly. If Landlord does so, then Tenant's Share of Excess Operating Costs will be appropriately adjusted to compare the rentable area of the Premises to the total rentable area within such development for which expenses are included. Nothing herein will be deemed to require Landlord to develop or construct any such additional buildings or to combine the Building with any other buildings.

17.4 Signs. Landlord will initially provide to Tenant (a) one building standard tenant identification sign adjacent to the entry door of the Premises and (b) one standard building directory listing. The signs will conform to Landlord's sign criteria. Tenant will not install or permit to be installed in the Premises any other sign, decoration or advertising material of any kind that is visible from the exterior of the Premises. Landlord may remove, at Tenant's sole cost and expense, any sign, decoration or advertising material that violates this Section 17.4 which is not removed within five (5) Business Days after Tenant's receipt of written notice from Landlord. In addition to the foregoing, and provided Tenant is able to obtain all necessary governmental and quasi-governmental approvals therefor, Landlord will, at Tenant's expense, install a sign on the exterior of the North side of the Building displaying Tenant's name, which sign will be in the location depicted on Exhibit F attached hereto and incorporated herein. Tenant must pay all annual and other permit fees therefor and must pay all costs of maintenance thereof during the Term and all costs for the removal thereof upon the expiration or earlier termination of the Term. Any such sign and the display of Tenant's name thereon will be subject to the terms of any restrictive covenants applicable thereto and all laws, codes, ordinances, rules and regulations, and will be subordinate to all building designation signs (if any). Such sign must conform to the comprehensive sign plan approved by the City. The size, location, design and all other aspects of such sign, including the conformance thereof to such comprehensive sign plan, will be subject to Landlord's approval. When Tenant requests Landlord's approval of such sign, Tenant will concurrently submit to Landlord the proposed fabrication drawings thereof which will be sufficiently detailed for Landlord to determine whether the sign complies with such comprehensive sign plan.

17.5 Expansion.

(a) Suite 180/190. Landlord and Tenant acknowledge that the following spaces in the Building are currently occupied by existing tenants: (i) that certain space containing approximately two thousand seven hundred twelve (2,712) rentable square feet located on the first floor of the Building and commonly referred to as Suite 180 therein, and (ii) that certain space containing approximately six thousand two hundred ninety-nine (6,299) rentable square feet located on the first floor of the Building and commonly referred to as Suite 190 therein (collectively, the "**SUITE 180/190 OPTION SPACE**"). So long as no Event of Default then exists under this Lease, but subject to all rights granted prior to the execution date of this Lease to any and all other tenants in the Project in and to any portion of the Suite 180/190 Option Space (including, without limitation, any renewal options and any obligations of landlord to deliver any must-take or additional space), Tenant will have the right to be offered the option to expand the Premises to include the Suite 180/190 Option Space (in its entirety) upon the date on which the Suite 180/190 Option Space becomes available to lease in accordance with the remaining provisions of this Section 17.5(a). If on or before the expiration or earlier termination of the existing leases for the Suite 180/190 Option Space, all prior rights that the existing tenants in the Project (including, without limitation, the existing tenants of the Suite 180/190 Option Space) may have with respect to the Suite 180/190 Option Space have been cleared and the Suite 180/190 Option Space (in its entirety) is available for lease (or will be available for lease upon the expiration or earlier termination of such existing leases), Landlord will provide notice of the availability of the Suite 180/190 Option Space for lease by Tenant. Landlord's notice will contain all economic terms and conditions (the "**SUITE 180/190 OPTION SPACE LEASE TERMS AND CONDITIONS**") of Landlord's proposed leasing of the Suite 180/190 Option Space to Tenant, including without limitation, (i) Landlord's proposed Base Rent and additional rent for such space, which Base Rent shall be at the same rate per rentable square foot then applicable to the Second Floor Premises, including all scheduled escalations thereof, (ii) the length of the term for the Suite 180/190 Option Space (the "**SUITE 180/190 TERM**"), which shall be coterminous with the Term of this Lease, (iii) the tenant improvements to be constructed therein or otherwise contributed to the Suite 180/190 Option Space, which shall be subject to the same Construction Allowance as set forth herein for the Premises, provided that the Construction Allowance shall be appropriately prorated based on the size of the Suite 180/190 Option Space and the length of the Suite 180/190 Term, and provided further that if the Suite 180/190 Term contains less than thirty-six (36) months, there shall be no tenant improvements to be constructed in or otherwise contributed to the Suite 180/190 Option Space, and Tenant shall accept the Suite 180/190 Option Space in its then-existing as-is condition, (iv) the number of parking spaces available for such space and the charges therefor, and (v) an estimated commencement date for Tenant's leasing of the Suite 180/190 Option Space. Tenant must notify Landlord in writing within ten (10) Business Days of receiving Landlord's notice (time being of the essence) whether Tenant desires to lease the Suite 180/190 Option Space from Landlord on the Suite 180/190 Option Space Lease Terms and Conditions. If Tenant notifies Landlord that Tenant does not desire to lease the Suite 180/190 Option Space, or if Tenant does not timely respond in writing to Landlord's notice within such ten (10) Business Day period, then Tenant's expansion option with respect to the Suite 180/190 Option Space hereunder shall thereafter automatically terminate and be of no further force or effect. If Tenant timely notifies Landlord in writing within such ten (10) Business Day period that Tenant desires to lease the Suite 180/190 Option Space on the Suite 180/190 Option Space Lease Terms and Conditions, then the parties will, within ten (10) Business Days after Tenant's notice to Landlord if Tenant accepts the Suite 180/190 Option Space Lease Terms and Conditions, reasonably and in good faith negotiate the documentation (e.g., an amendment to this Lease or a new lease for the Suite 180/190 Option Space) for Tenant's lease of the Suite 180/190 Option Space from Landlord. Such documentation will incorporate the Suite 180/190 Option Space Lease Terms and Conditions and will be in form and substance reasonably satisfactory to Landlord and Tenant. If Landlord and Tenant fail to timely execute such documentation, however, Tenant will nevertheless be obligated to lease the Suite 180/190 Option Space on the Suite 180/190 Option Space Lease Terms and Conditions once Tenant has exercised its expansion option in the manner provided in this Section 17.5(a).

(b) Suite 170. Landlord and Tenant acknowledge that the following space in the Building is currently occupied by an existing tenant: that certain space containing approximately eleven thousand three hundred thirty-six (11,336) rentable square feet located on the first floor of the Building and commonly referred to as Suite 170 therein (the "**SUITE 170 OPTION SPACE**"). So long as no Event of Default then exists under this Lease, but subject to all rights granted prior to the execution date of this Lease to any and all other tenants in the Project in and to the Suite 170 Option Space (including, without limitation, any renewal options and any obligations of landlord to deliver any must-take or additional space), Tenant will have the right to be offered the option to expand the Premises to include the Suite 170 Option Space (in its entirety) upon the date on which the Suite 170 Option Space becomes available to lease in accordance with the remaining provisions of this Section 17.5(b). If on or before the expiration or earlier termination of the existing lease for the Suite 170 Option Space, all prior rights that the existing tenants in the Project (including, without limitation, the existing tenant of the Suite 170 Option Space) may have with respect to the Suite 170 Option Space have been cleared and the Suite 170 Option Space is available for lease (or will be available for lease upon the expiration or earlier termination of such existing lease), Landlord will provide notice of the availability of the Suite 170 Option Space for lease by Tenant. Landlord's notice will contain all economic terms and conditions (the "**SUITE 170 OPTIONSPACE LEASE TERMS AND CONDITIONS**") of Landlord's proposed leasing of the Suite 170 Option Space to Tenant, including without limitation, (i) Landlord's proposed Base Rent and additional rent for such space, which Base Rent shall be at the same rate per rentable square foot then applicable to the Second Floor Premises, including all scheduled escalations thereof, (ii) the length of the term for the Suite 170 Option Space (the "**Suite 170 Term**"), which shall be coterminous with the Term of this Lease, (iii) the tenant improvements to be constructed therein or otherwise contributed to the Suite 170 Option Space, which shall be subject to the same Construction Allowance as set forth herein for the Premises, provided that the Construction Allowance shall be appropriately prorated based on the size of the Suite 170 Option Space and the length of the Suite 170 Term, and provided further that if the Suite 170 Term contains less than thirty-six (36) months, there shall be no tenant improvements to be constructed in or otherwise contributed to the Suite 170 Option Space, and Tenant shall accept the Suite 170 Option Space in its then-existing as-is condition, (iv) the number of parking spaces available for such space and the charges therefor, and (v) an estimated commencement date for Tenant's leasing of the Suite 170 Option Space. Tenant must notify Landlord in writing within ten (10) Business Days of receiving Landlord's notice (time being of the essence) whether Tenant desires to lease the Suite 170 Option Space from Landlord on the Suite 170 Option Space Lease Terms and Conditions. If Tenant notifies Landlord that Tenant does not desire to lease the Suite 170 Option Space, or if Tenant does not timely respond in writing to Landlord's notice within such ten (10) Business Day period, then Tenant's expansion option with respect to the Suite 170 Option Space hereunder shall thereafter automatically terminate and be of no further force or effect. If Tenant timely notifies Landlord in writing within such ten (10) Business Day period that Tenant desires to lease the Suite 170 Option Space on the Suite 170 Option Space Lease Terms and Conditions, then the parties will, within ten (10) Business Days after Tenant's notice to Landlord if Tenant accepts the Suite 170 Option Space Lease Terms and Conditions, reasonably and in good faith negotiate the documentation (e.g., an amendment to the Lease or a new lease for the Suite 170 Option Space) for Tenant's lease of the Suite 170 Option Space from Landlord. Such documentation will incorporate the Suite 170 Option Space Lease Terms and Conditions and will be in form and substance reasonably satisfactory to Landlord and Tenant. If Landlord and Tenant fail to timely execute such documentation, however, Tenant will nevertheless be obligated to lease the Suite 170 Option Space on the Suite 170 Option Space Lease Terms and Conditions once Tenant has exercised its expansion option in the manner provided in this Section 17.5(b).

(c) Suite 345. Landlord and Tenant acknowledge that as of the date of this Lease, (i) Tenant is subleasing that certain space containing approximately eleven thousand four hundred twenty-two (11,422) rentable square feet located on the third floor of the Building and commonly referred to as Suite 345 therein ("**SUITE 345**"), which sublease is subject and subordinate to that certain existing lease between Landlord and the direct tenant of Suite 345 (as such lease may be amended from time to time), and (ii) that certain space located adjacent to Suite 345 on the third floor of the Building containing approximately fourteen thousand eight (14,008) rentable square feet and commonly referred to as Suite 350 ("**Suite 350**"), is currently occupied by an existing tenant. Suite 345 and Suite 350 are collectively referred to herein as the "**SUITE 345/350 OPTION SPACE**." So long as no Event of Default then exists under this Lease, but subject to all rights granted prior to the execution date of this Lease to any and all other tenants in the Project (including, without limitation, the direct tenant of Suite 345 and the existing tenant of Suite 350) in and to the Suite 345/350 Option Space (including, without limitation, any renewal options and any obligations of landlord to deliver any must-take or additional space), Tenant will have the right to be offered the option to expand the Premises to include the Suite 345/350 Option Space (in its entirety) upon the date on which the Suite 345/350 Option Space becomes available to lease in accordance with the remaining provisions of this Section 17.5(c). If upon date that Landlord elects to market the Suite 345/350 Option Space for lease (without any obligation to do so), all prior rights that other tenants or occupants of the Project (including, without limitation, the direct tenant of Suite 345 and the existing tenant of Suite 350) may have with respect to the Suite 345/350 Option Space have been cleared, Landlord will provide notice of the availability of the Suite 345/350 Option Space for lease by Tenant. Landlord's notice will contain all economic terms and conditions (the "**SUITE 345/350 OPTION SPACE LEASE TERMS AND CONDITIONS**") of Landlord's proposed leasing of the Suite 345/350 Option Space to Tenant, including without limitation, Landlord's proposed Base Rent and additional rent for such space, the length of the term for the Suite 345/350 Option Space, the number of parking spaces available for such space and the charges therefor, and an estimated commencement date for Tenant's leasing of the Suite 345/350 Option Space, and there shall be no tenant improvements to be constructed in or otherwise contributed to the Suite 345/350 Option Space, and Tenant shall accept the Suite 345/350 Option Space in its then-existing as-is condition. Tenant must notify Landlord in writing within ten (10) Business Days of receiving Landlord's notice (time being of the essence) whether Tenant desires to lease the Suite 345/350 Option Space from Landlord on the Suite 345/350 Option Space Lease Terms and Conditions. If Tenant notifies Landlord that Tenant does not desire to lease the Suite 345/350 Option Space, or if Tenant does not timely respond in writing to Landlord's notice within such ten (10) Business Day period, then Tenant's expansion option with respect to the Suite 345/350 Option Space hereunder shall thereafter automatically terminate and be of no further force or effect; provided, however, if Tenant rejects (or is deemed to have rejected) Landlord's offer to lease the Suite 345/350 Option Space and Landlord thereafter desires to lease the Suite 345/350 Option Space to a third party for a base rental rate that is less than ninety percent (90%) of the base rental rate contained within the Suite 345/350 Option Space Lease Terms and Conditions, then Landlord will again offer to lease the Suite 345/350 Option Space to Tenant by way of a "**SUITE 345/350 SUPPLEMENTAL OFFER**" containing the reduced base rental rate offered to the third party and the remaining provisions of this Section 17.5(c) will govern the procedure for Tenant's acceptance or rejection (or deemed rejection, as the case may be) of the Suite 345/350 Supplemental Offer, except that Tenant will have five (5) Business Days (as opposed to ten (10) Business Days) in which to provide Landlord with Tenant's written acceptance of the Suite 345/350 Supplemental Offer, time being of the essence with respect to such acceptance. If Tenant timely notifies Landlord in writing within such ten (10) Business Day period (or such five (5) Business Day period in the case of a Suite 345/350 Supplemental Offer) that Tenant desires to lease Suite 345 on the Suite 345 Lease Terms and Conditions (or on the terms of the Suite 345/350 Supplemental Offer, if applicable), then the parties will, within ten (10) Business Days after Tenant's notice to Landlord if Tenant accepts the Suite 345 Lease Terms and Conditions (or on the terms of the Suite 345/350 Supplemental Offer, if applicable), reasonably and in good faith negotiate the documentation (e.g., an amendment to this Lease or a new lease for Suite 345) for Tenant's lease of Suite 345 from Landlord. Such documentation will incorporate the Suite 345 Lease Terms and Conditions (or on the terms of the Suite 345/350 Supplemental Offer, if applicable) and will be in form and substance reasonably satisfactory to Landlord and Tenant. If Landlord and Tenant fail to timely execute such documentation, however, Tenant will nevertheless be obligated to lease Suite 345 on the Suite 345 Lease Terms and Conditions (or on the terms of the Suite 345/350 Supplemental Offer, if applicable) once Tenant has exercised its expansion option in the manner provided in this Section 17.5(c).

(d) No Other Expansion Rights or Options. Tenant acknowledges and agrees that it has no other rights and/or options to lease additional space within the Building or the Project, except as expressly set forth in this Section 17.5.

17.6 Building Antenna/Microwave Dishes. Subject to the provisions of this Section 17.6, Tenant may use a portion of the roof of the Building to install, operate and maintain telecommunications equipment including antennae and satellite dishes solely for Tenant's personal use within the Premises ("TELECOMMUNICATIONS EQUIPMENT"). If Tenant elects to install Telecommunications Equipment, Landlord will not impose a monthly rental charge for the placement of such equipment on the Building Roof. Tenant will install the Telecommunications Equipment (and related wiring) only in a location determined by Landlord, which location Landlord may change from time to time during the Term for any reason, including, without limitation, to accommodate Landlord's installation of one (1) or more solar panels on the Building roof in a location determined by Landlord in Landlord's sole and absolute discretion. Landlord will provide Tenant with reasonable access to the Building risers in order for Tenant to effectuate the Telecommunications Equipment installation. Tenant's installation, maintenance, replacement and removal of any Telecommunications Equipment (and related wiring) must comply with the requirements of any Building roof warranties, all provisions of Article 7 governing Alterations, and the other terms and conditions of this Lease. Tenant's installation, operation and maintenance of the Telecommunications Equipment is subject to Tenant receiving and maintaining all governmental approvals required for the Telecommunications Equipment and otherwise complying with all Laws relating thereto. The Telecommunications Equipment (and related wiring) must not interfere with any existing Building equipment or other tenants' equipment. Upon prior notice to Landlord, Tenant will be allowed reasonable access to the Telecommunications Equipment area during Business Hours for the purpose of maintaining and servicing such equipment. All Telecommunications Equipment (and related wiring) will remain the personal property of Tenant, will be located and maintained at Tenant's sole cost and risk, and must be removed by Tenant at the end of the Term, Tenant hereby agreeing to return the portion of the Building roof upon which the Telecommunications Equipment was located to the condition in which such portion of the Building roof existed immediately prior to Tenant's installation of the Telecommunications Equipment thereon.

17.7 Access. Subject to emergencies and Force Majeure events, Tenant will have access to the Building and the Parking Facilities twenty-four (24) hours per day, seven (7) days per week, via a card key system, subject to compliance with Landlord's reasonable rules and regulations regarding security.

17.8 Tenant's Security System. Subject to obtaining Landlord's prior written consent, Tenant may install a separate security/card access system for the Premises at Tenant's sole cost and expense, provided that such separate security system shall be installed in accordance with the provisions of Article 7 of this Lease and shall be subject to all of the terms, covenants and provisions contained in this Lease. If Tenant installs such a system in the Premises, any replacement of such system and all maintenance and repair of such system will be Tenant's sole responsibility and at Tenant's sole cost and expense. Tenant agrees to reimburse Landlord for all costs incurred by Landlord in connection with said system. Tenant further agrees that Landlord will have no liability for any failure or other breach of said system. Tenant is obligated to remove said system from the Building at the expiration or earlier termination of the Term, and Tenant must repair any and all damage to the Building resulting from such removal. Such removal and the repair of damage caused thereby shall be at Tenant's sole cost and expense.

17.9 **Restricted Tenants.** Subsequent to the date of this Lease, provided no Event of Default then exists and provided that the original tenant executing this Lease ("**ORIGINAL TENANT**") is in full and continuous occupancy of the Premises, Landlord agrees, during the time that Original Tenant is continuously operating for business during Business Hours from the Premises as provided in this Section 17.9, Landlord will not lease space in the Building to any of the following entities: Yahoo!, Google, Yellowpages.com (division of AT&T) and Reach Local; provided, however, in the event Tenant is acquired by or otherwise merges with any of the foregoing four (4) entities, then in that event, upon Tenant's prior written request, Landlord will agree to delete the acquiring/merging entity from the foregoing list and replace the same with another competitor of Original Tenant reasonably acceptable to Landlord (the "**RESTRICTED TENANTS CLAUSE**"). If Tenant fails to continuously operate for business from within the Premises for more than six (6) months (as reasonably determined by Landlord) or if the Restricted Tenants Clause is deemed to be in violation of applicable law, then the Restricted Tenants Clause, and Landlord's obligations under this Section 17.9, will automatically terminate. Tenant does hereby indemnify, defend and hold Landlord harmless from any claim, cost, loss or damage (including reasonable attorneys' fees) incurred or alleged against Landlord by any person, firm, corporation or other entity whatsoever by reason of Landlord's compliance, or attempted compliance, with this Section 17.9, and in the event Landlord is made subject to any action, proceeding or penalty with respect to the provisions of this Section 17.9, Tenant will indemnify, defend and hold Landlord harmless from any cost, loss, claim or expense in respect thereto with counsel approved by Landlord, the actual out-of-pocket costs of such indemnification and defense (including reasonable attorneys' fees) to be paid entirely by Tenant. Notwithstanding the foregoing, this Section 17.9 will not apply to (i) any leases entered into by Landlord prior to the date of the Existing Second Floor Lease (or any leases being circulated for signature prior to the date of the Existing Second Floor Lease), nor to any amendments or renewals of such leases, or (ii) any leases for premises within buildings other than the Building.

17.10 **Notices.** Any notice, demand, request, consent or approval that either party desires or is required to give to the other party under this Lease shall be in writing and shall be served by messenger or reputable overnight courier service, addressed to the other party at the party's address for notices set forth in the Basic Terms. Notices shall be deemed to have been given and be effective on the earlier of (a) receipt (or refusal of delivery or receipt), or (b) one (1) day after acceptance by the independent service for delivery, if sent by independent messenger or overnight courier service. Either party may change its address for notices hereunder by notice to the other party complying with this Section 17.10. If Tenant sublets the Premises, notices from Landlord shall be effective on the subtenant when given to Tenant pursuant to this Section 17.10.

17.11 **Financial Statements.** From time to time during the Term, but not more than one (1) time during any calendar year (except in connection with a sale, financing or refinancing of the Premises by Landlord), and within twenty (20) days after written request therefor, Tenant shall deliver to Landlord complete, accurate and up-to-date financial statements (including at least a balance sheet and a statement of profit and loss) of Tenant (and of each guarantor of Tenant's obligations under this Lease) for each of the three most recently completed years, prepared in accordance with generally accepted accounting principles and certified by an independent certified public accountant or Tenant's (or each guarantor's) chief financial officer as being a true, complete and correct statement of Tenant's (or each guarantor's) financial condition as of the date of such financial statements. Notwithstanding anything in this Section 17.11 to the contrary, during any period of time that Tenant is a publicly traded company on a United States national stock exchange and Tenant's most recent quarterly (or more frequent) financial statements are publicly available as a result thereof, then this Section 17.11 shall not apply.

17.12 Quiet Possession. Subject to Tenant's full and timely performance of all of Tenants covenants and obligations under this Lease, and subject to the terms of this Lease, Tenant shall have the quiet possession of the Premises throughout the Term free from hindrance or molestation from Landlord or any persons or entities lawfully claiming by, through or under Landlord.

17.13 Security Measures. Landlord may, but shall be under no obligation to, implement security measures for the Project, such as the registration or search of all persons entering or leaving the Building, requiring identification for access to the Building, evacuation of the Building for cause, suspected cause, or for drill purposes, the issuance of magnetic pass cards or keys for Building or elevator access and other actions that Landlord deems necessary or appropriate to prevent any threat of property loss or damage, bodily injury or business interruption; provided, however, that such measures shall be implemented in a way as to minimize unreasonable inconvenience of tenants of the Building. If Landlord uses an access card system, Landlord may require Tenant to pay Landlord a reasonable deposit for each Building access card issued to Tenants. Tenant shall be responsible for any loss, theft or breakage of any such cards, which must be returned by Tenant to Landlord upon expiration or earlier termination of the Lease. Landlord may retain the deposit for any card not so returned. Landlord shall, at all times, have the right to change, alter or reduce any such security services or measures, and Tenant shall cooperate and comply with, and cause Tenant's Representatives and Visitors to cooperate and comply with, such Security measures. Landlord, its agents and employees shall have no liability to Tenant or its Representatives or Visitors for the implementation or exercise of, or the failure to implement or exercise, any such security measures or for any resulting disturbance of Tenant's use or enjoyment of the Premises.

17.14 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Base Rent, Additional Rent and any other charges to be paid by Tenant pursuant to this Lease (collectively, "**FORCE MAJEURE**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by an event of Force Majeure.

17.15 Rules and Regulations. Tenant shall be bound by and shall comply with the rules and regulations attached to and made a part of this Lease as Exhibit D. In addition, Tenant shall be bound by any reasonable, nondiscriminatory rules and regulations hereafter adopted by Landlord for the Building upon notice to Tenant thereof (collectively, the rules and regulations set forth on Exhibit D and such rules and regulations hereinafter adopted are referred to as the "**Building Rules**"). Landlord shall not be responsible to Tenant or to any other person for any violation of, or failure to observe, the Building Rules by any other tenant or other person.

17.16 Limitation on Landlord's Liability. The term "Landlord," as used in this Lease, shall mean only the owner or owners of the Building at the time in question. In the event of any conveyance or transfer of title to the Building, then from and after the date of such conveyance or transfer, the transferor shall be relieved of all liability with respect to obligations of the Landlord hereunder to be performed after the date of such conveyance or transfer. However, notwithstanding any such transfer, the transferor remains entitled to the benefits of Tenant's releases and indemnity and insurance obligations (and similar obligations) under this Lease with respect to matters arising or accruing during the transferor's period of ownership. Notwithstanding any other term or provision of this Lease, the liability of Landlord for its obligations under this Lease is limited solely to Landlord's interest in the Building and the rents, issues and profits therefrom as the same may from time to time be encumbered, and no personal liability shall at any time be asserted or enforceable against any other assets of Landlord or against Landlord's partners, shareholders, members, directors, officers or managers on account of this Lease. In no event is Landlord or any Landlord Party liable to Tenant or any other person for consequential, indirect, special or punitive damages.

17.17 Consents and Approvals. Except as expressly provided in this Lease to the contrary, wherever the consent, approval, judgment or determination of Landlord is required or permitted under this Lease, Landlord's consent will not be unreasonably withheld, conditioned or delayed. If it is determined that Landlord failed to grant consent where Landlord was required to do so under this Lease, Tenant shall be entitled to injunctive relief but shall not be entitled to monetary damages or to terminate this Lease for such failure. The review and/or approval by Landlord of any item or matter to be reviewed or approved by Landlord under the terms of this Lease shall not impose upon Landlord any liability for the accuracy or sufficiency of any such item or matter or the quality or suitability of such item for its intended use. Any such review or approval is for the sole purpose of protecting Landlord's interest in the Project, and no third parties, including Tenant or the Representatives and Visitors of Tenant or any person or entity claiming by, through or under Tenant, shall have any rights as a consequence thereof.

17.18 Brokers. Landlord shall pay the fee or commission of the broker or brokers identified in the Basic Terms (the "**Brokers**") in accordance with Landlord's separate written agreement with the Brokers, if any. Tenant warrants and represents to Landlord that in the negotiating or making of this Lease neither Tenant nor anyone acting on Tenant's behalf has dealt with any broker or finder who might be entitled to a fee or commission for this Lease other than the Brokers. Tenant shall indemnify and hold Landlord harmless from any Claims, including costs, expenses and attorney's fees incurred by Landlord asserted by any other broker or finder for a fee or commission, based upon any dealings with or statements made by Tenant or Tenant's Representatives.

17.19 Entire Agreement: Amendment. This Lease, including the Exhibits attached hereto, and the documents referred to herein, if any, constitute the entire agreement between Landlord and Tenant with respect to the leasing of space by Tenant in the Building, and supersede all prior or contemporaneous agreements, understandings, proposals and other representations by or between Landlord and Tenant, whether written or oral, all of which are merged herein. Neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises, the Building, the Project or this Lease except as expressly set forth herein, and no rights, easements or licenses shall be acquired by Tenant by implication or otherwise unless expressly set forth herein. No subsequent alteration, amendment, change or addition to this Lease (other than to the Building Rules) is binding on Landlord or Tenant unless it is in writing and signed by the party to be charged with performance.

17.20 Authority. Each person executing this Lease on behalf of Landlord and Tenant hereby covenants and warrants that: (a) the entity on whose behalf such person is signing is duly organized and validly existing under the laws of its state or country of organization; (b) such entity has full right and authority to enter into this Lease and to perform all of Landlord's and Tenant's obligations hereunder; and (c) each person (and both of the persons if more than one signs) signing this Lease on behalf of Landlord or Tenant is duly and validly authorized to do so.

17.21 Successors. The covenants and agreements contained in this Lease bind and inure to the benefit of Landlord, its successors and assigns, bind Tenant and its successors and assigns and inure to the benefit of Tenant and its permitted successors and assigns.

17.22 Captions. The captions of the articles and sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular includes the plural and the plural includes the singular.

17.23 No Joint Venture. This Lease does not create the relationship of principal and agent, or of partnership, joint venture, or of any association or relationship between Landlord and Tenant other than that of landlord and tenant.

17.24 Severability. If any covenant, condition, provision, term or agreement of this Lease is, to any extent, held invalid or unenforceable, the remaining portion thereof and all other covenants, conditions, provisions, terms and agreements of this Lease will not be affected by such holding, and will remain valid and in force to the fullest extent permitted by law.

17.25 Survival. All of Tenant's obligations under this Lease (together with interest on payment obligations at the Interest Rate) accruing prior to expiration or other termination of this Lease survive the expiration or other termination of this Lease. Further, all of Tenant's releases and indemnification, defense and hold harmless obligations under this Lease survive the expiration or other termination of this Lease, without limitation.

17.26 Governing Law. This Lease is governed by, and must be interpreted under, the internal laws of the State in which the Premises is located. Any suit arising from or relating to this Lease must be brought in the County in which the Premises is located; Landlord and Tenant waive the right to bring suit elsewhere.

17.27 Time is of the Essence. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

17.28 Joint and Several Liability. All parties signing this Lease as Tenant and any guarantor(s) of this Lease are jointly and severally liable for performing all of Tenant's obligations under this Lease.

17.29 Provisions are Covenants and Conditions. All provisions of this Lease, whether covenants or conditions, are deemed both covenants and conditions.

17.30 Intentionally Deleted.

17.31 No Recording. Tenant will not record this Lease or a Memorandum of this Lease without Landlord's prior written consent, which consent Landlord may grant or withhold in its sole and absolute discretion.

17.32 Nondisclosure of Lease Terms. The terms and conditions of this Lease constitute proprietary information of Landlord that Tenant will keep confidential. Tenant's disclosure of the terms and conditions of this Lease could adversely affect Landlord's ability to negotiate other leases and impair Landlord's relationship with other tenants. Accordingly, Tenant will not, without Landlord's consent (which consent Landlord may grant or withhold in its sole and absolute discretion), directly or indirectly disclose the terms and conditions of this Lease to any other tenant or prospective tenant of the Building or to any other person or entity other than Tenant's employees and agents who have a legitimate need to know such information (and who will also keep the same in confidence).

17.33 Construction of Lease and Terms. The terms and provisions of this Lease represent the results of negotiations between Landlord and Tenant, each of which are sophisticated parties and each of which has been represented or been given the opportunity to be represented by counsel of its own choosing, and neither of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Lease must be interpreted and construed in accordance with their usual and customary meanings, and Landlord and Tenant each waive the application of any rule of law that ambiguous or conflicting terms or provisions contained in this Lease are to be interpreted or construed against the party who prepared the executed Lease or any earlier draft of the same. Landlord's submission of this instrument to Tenant for examination or signature by Tenant does not constitute a reservation of or an option to lease and is not effective as a lease or otherwise until Landlord and Tenant both execute and deliver this Lease. The parties agree that, regardless of which party provided the initial form of this Lease, drafted or modified one or more provisions of this Lease, or compiled, printed or copied this Lease, this Lease is to be construed solely as an offer from Tenant to lease the Premises, executed by Tenant and provided to Landlord for acceptance on the terms set forth in this Lease, which acceptance and the existence of a binding agreement between Tenant and Landlord may then be evidenced only by Landlord's execution of this Lease.

17.34 Intentionally Deleted.

17.35 Coffee Retail Outlet. Landlord shall use best efforts to arrange for a coffee retail outlet to be opened at the Project, on terms and conditions acceptable to Landlord in its sole and absolute discretion; provided, however, that Landlord's obligations to use its best efforts as set forth above shall be conditioned upon Tenant entering into an agreement with such coffee retailer to provide such coffee retailer with a minimum amount of coffee sales (the form and substance of such agreement being acceptable to each such party). Landlord agrees to use commercially reasonable efforts to cause any such coffee retailer to maintain a client account for Tenant (at Tenant's sole cost and expense) for the exclusive use of Tenant's employees. Notwithstanding anything in this Section 17.35 to the contrary, Landlord shall not be in default under this Lease if, despite using its efforts as set forth above, Landlord fails to arrange for a coffee retail outlet and/or a client account for Tenant as set forth above.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have each caused this Lease to be executed and delivered by their duly authorized representatives as of the Lease Date set forth above.

LANDLORD:

STOCKDALE GALLERIA PROJECT OWNER, LLC,
a Delaware limited liability company

By: Stockdale Galleria, LLC,
a Delaware limited liability company,
its sole member

By: Stockdale Galleria Manager
a Delaware limited liability Company,
its Managing Member

By: /s/ Steven Yari
Name: Steven Yari
Title: Authorized Signatory

TENANT:

YELP INC., a Delaware corporation

By: /s/ Rob Krolik
Name: Rob Krolik
Title: CFO

EXHIBIT A-CONTINUED

FLOOR PLANS

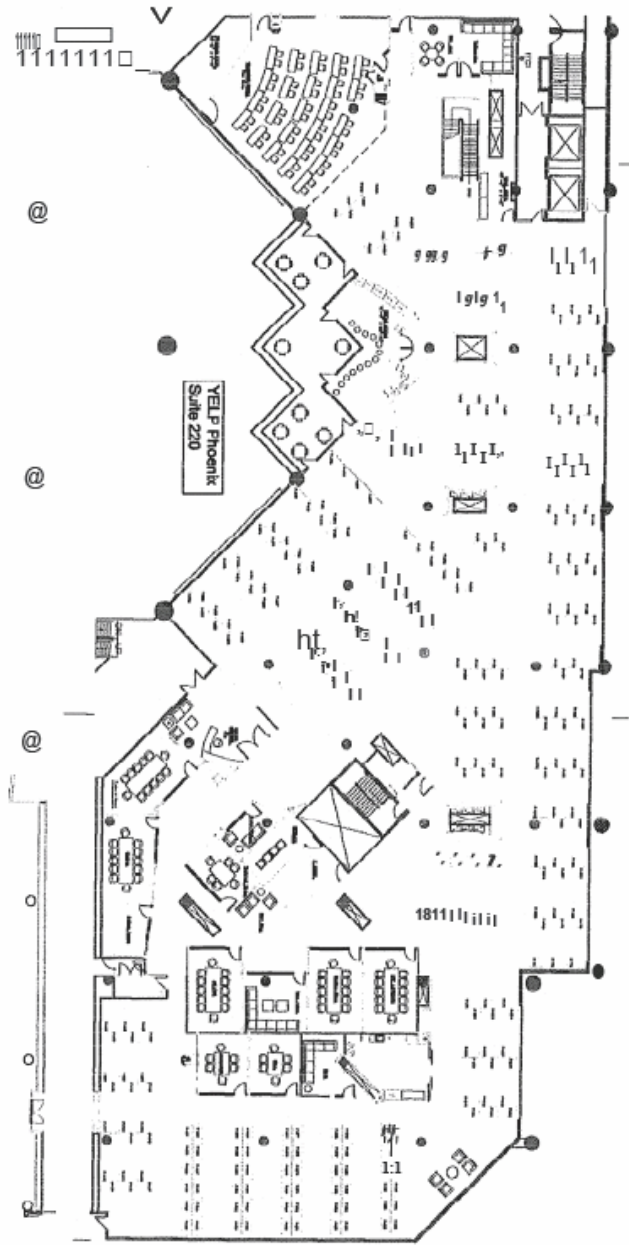


EXHIBIT A-
CONTINUED

EXHIBIT A - CONTINUED

FLOOR PLANS

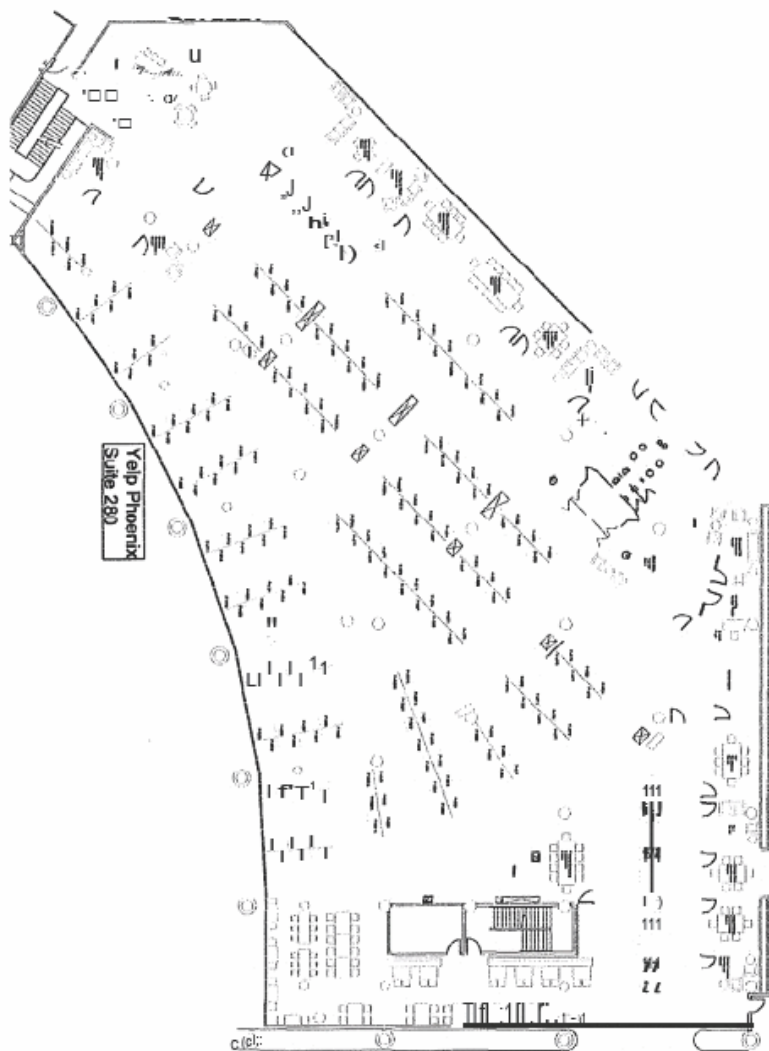


EXHIBIT A-
CONTINUED

EXHIBIT B

LEGAL DESCRIPTION OF THE LAND

PARCEL NO. 1:

That portion of the Southwest quarter of Section 23, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of the Southwest quarter of the Northwest quarter of said Southwest quarter;

thence South 89 degrees 32 minutes 34 seconds East (assumed bearing) along the North line of the Southwest quarter of the Northwest quarter of said Southwest quarter 51.98 feet to a point on a curve concave Northeasterly whose radius point bears North 73 degrees 56 minutes 49 seconds East 505.00 feet, said curve hereinafter referred to as "**Curve Number 1**", said point-on-curve being the TRUE POINT OF BEGINNING;

thence continuing along said North line and along the North line of the South half of the East half of the Northwest quarter of the Southwest quarter of said Section 23, South 89 degrees 32 minutes 34 seconds East 613.48 feet to a point of intersection with the Southerly prolongation of the West line of Tract B, Camelback Park Plaza, according to Book 86 of Maps, page 13, records of Maricopa County;

thence North 00 degrees 06 minutes 23 seconds East along said West line and Southerly prolongation a distance of 147.12 feet to the Northwest corner of said Tract B;

thence South 89 degrees 32 minutes 34 seconds East along the North line of said Tract B a distance of 73.13 feet (Record 73.00 feet) to the Northeast corner thereof,

thence South 00 degrees 07 minutes 46 seconds West (record South) along the East line of said Tract B and its Southerly prolongation a distance of 147.12 feet to a point on the North line of the Southeast quarter of the Northwest quarter of said Southwest quarter,

thence South 89 degrees 32 minutes 34 seconds East (record South 89 degrees 39 minutes 41 seconds East and South 89 degrees 38 minutes West) along last said North line 206.91 feet to a point of intersection with the Northerly prolongation of the East line of Tract A, Winfield Scott Plaza Unit Four, according to Book 70 of Maps, page 28, records of Maricopa County,

thence South 00 degrees 05 minutes 08. seconds West (record South 0 degrees 01 minutes 43 seconds East) along said East line and Northerly prolongation a distance of 165.85 feet;

thence North 89 degrees 33 minutes 20 seconds West (record North 89 degrees 41 minutes 21 seconds West) a distance of 288.07 feet along the South line of said Tract A and its Westerly prolongation to a point on the East line of the Southwest quarter of the Northwest quarter of said Southwest quarter; said point being the Southeast corner of the North half of the North half of said Southwest quarter of the Northwest quarter of the Southwest quarter, and said point also being the Northeast corner of Winfield Scott Plaza Unit Three, according to Book 70 of Maps, page 49, records of said county;

thence South 00 degrees 07 minutes 05 seconds West (record South 0 degrees 01 minutes 30 seconds East) along last said East line 105.92 feet;

thence North 89 degrees 32 minutes 38 seconds West 48.33 feet to a point of curvature of a curve concave Southeasterly having a radius of 205.00 feet

EXHIBIT B

-1-

thence Southwesterly along the arc of said curve through a central angle of 48 degrees 49 minutes 13 seconds a distance of 174.68 feet to a point on the North line of Lot 111 of said Winfield Scott Plaza Unit Three, which point lies North 89 degrees 33 minutes 43 seconds West (record North 89 degrees 41 minutes 21 seconds West) 33.58 feet from the Northeast corner thereof,

thence continuing along last said curve through a central angle of 6 degrees 46 minutes 17 seconds a distance of 24.23 feet to a point of tangency;

thence South 34 degrees 51 minutes 52 seconds West 17.33 feet to a point of curvature of a curve concave, Northerly having a radius of 25.00 feet;

thence Westerly along the arc of said curve through a central angle of 90 degrees 00 minutes 00 seconds a distance of 39.27 feet to a point of tangency,

thence North 55 degrees 08 minutes 08 seconds West 70.60 feet to a point on the North line of Lot 110 of said Winfield Scott Plaza Unit Three, which point lies South 89 degrees 33 minutes 43 seconds East (record South 89 degrees 41 minutes 21 seconds East) 24.85 feet from the Northwest corner thereof,

thence continuing along last said tangent line a distance of 34.93 feet;

thence North 34 degrees 51 minutes 52 seconds East a distance of 7.00 feet;

thence North 55 degrees 08 minutes 08 seconds West 76.53 feet to a point of curvature of a curve concave Northeasterly, being said "CURVE NUMBER 1", whose radius point bears North 34 degrees 51 minutes 52 seconds East 505.00 feet;

thence Northwesterly along the arc of said curve through a central angle of 39 degrees 04 minutes 57 seconds a distance of 344.47 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

That portion of the Southwest quarter of Section 23, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of the Southwest quarter of the Northwest quarter of said Southwest quarter;

thence South 00 degrees 07 minutes 06 seconds West (assumed bearing) (record South) along the monument line of Scottsdale Road a distance of 536.00 feet (record 535.82 feet) to the Northwest corner of Winfield Scott Plaza unit Two, according to Book 67 of Maps, page 41, records of Maricopa County;

thence South 89 degrees 33 minutes 19 seconds East along the North line of said Winfield Scott Plaza Unit Two, which North line is also the South line of Winfield Scott Plaza Unit Three, according to Book 70 of Maps, page 49, records of said County, a distance of 56.00 feet to a point on the Easterly right-of-way line of Scottsdale Road, said point being the TRUE POINT OF BEGINNING;

thence North 00 degrees 07 minutes 06 seconds East along said Easterly right-of-way line of Scottsdale Road a distance of 40.00 feet to the Southwest corner of Lot 96 of said Winfield Scott Plaza Unit Three;

thence South 89 degrees 33 minutes 19 seconds East (record South 89 degrees 42 minutes 10 seconds East) along the South line of said Lot 96, its Easterly prolongation, and along the South line of Lot 105 of said Winfield Scott Plaza Unit Three a distance of 123.40 feet to a point on last said South line which lies North 89 degrees 33 minutes 19 seconds West (record North 89 degrees 42 minutes 10 seconds West) 52.64 feet from the Southeast corner of said Lot 105;

EXHIBIT B

thence North 00 degrees 28 minutes 09 seconds East a distance of 36.34 feet;

thence South 89 degrees 31 minutes 51 seconds East a distance of 22.02 feet;

thence North 00 degrees 26 minutes 41 seconds East a distance of 25.57 feet;

thence South 89 degrees 33 minutes 00 seconds East along the North line of Lot 104 of said Winfield Scott Plaza Unit Three and its Easterly prolongation a distance of 70.21 feet to the Monument Line of Winfield Scott Plaza Street as shown on the plat of said Winfield Scott Plaza Unit Three;

thence North 00 degrees 04 minutes 50 seconds East (record North) along said Monument Line a distance of 19.87 feet;

thence South 55 degrees 08 minutes 08 seconds East a distance of 48.70 feet to a point on the West line of Lot 107 of said Winfield Scott Plaza Unit Three, from which point the Southwest corner of Lot 106 of said Winfield Scott Plaza Unit Three lies South 0 degrees 04 minutes 50 seconds West (assumed bearing) a distance of 54.21 feet;

thence continuing South 55 degrees 08 minutes 08 seconds East a distance of 34.17 feet to the point of curvature of a curve concave Westerly having a radius of 25.00 feet;

thence Southern, along the arc of said curve through a central angle of 90 degrees 00 minutes .00 seconds a distance of 39.27 feet to the point of tangency;

thence South 34 degrees 51 minutes 52 seconds West a distance of 0.15 feet to a point on the South line of said Lot 106, from which point the Southeast corner of Lot 115 of said Winfield Scott Plaza Unit Three lies South 89 degrees 35 minutes 15 seconds East a distance of 141.77 feet;

thence continuing South 34 degrees 51 minutes 52 seconds West a distance of 182.88 feet to the point of curvature of a curve concave Northwesterly having a radius of 145.00 feet;

thence Southwesterly along the arc of said curve through a central angle of 6 degrees 25 minutes 05 seconds a distance of 16.24 feet to a point on the East line of Lot 84 of said Winfield Scott Plaza Unit Two;

thence continuing along the arc of said curve through a central angle of 40 degrees 15 minutes 45 seconds a distance of 101.89 feet to a point on the Easterly prolongation of the South line of Lot 90 of said Winfield Scott Plaza Unit Two, which lies South 89 degrees 33 minutes 28 seconds East (record South 89 degrees 42 minutes 57 seconds East) 88.53 feet from the Southwest corner of said Lot 90;

thence continuing along the arc of said curve through a central angle of 8 degrees 14 minutes 12 seconds a distance of 20.85 feet to the point of tangency;

thence South 89 degrees 46 minutes 55 seconds West a distance of 67.76 feet to a point on the Easterly right-of-way line of Scottsdale Road which point is on the West line of Lot 91 of said Winfield Scott Plaza Unit Two, and which point lies South 0 degrees 07 minutes 06 seconds West (record South) a distance of 2.52 feet from said Southwest corner of Lot 90;

thence North 00 degrees 07 minutes 06 seconds East along said Easterly right-of-way line a distance of 174.64 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 3:

That part of the following described parcel designated and referred to as the "SUBSURFACE PARCEL" in that certain License Agreement recorded in Document No. 89-407772, records of Maricopa County, Arizona;

EXHIBIT B

That portion of the Southwest quarter of Section 23, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the intersection of the monument lines of Paradise Paseo (also known as 6th Avenue) and Winfield Scott Plaza as shown on the plat of Winfield Scott Plaza Unit Three as recorded in Book 70 (Maps) page 49 at the Maricopa County Recorder's Office, Maricopa County, Arizona;

thence South 89 degrees 35 minutes 15 seconds East (assumed bearing) along the monument line of said Paradise Pasco 82.96 feet;

thence North 34 degrees 51 minutes 52 seconds East 101.08 feet;

thence North 55 degrees 08 minutes 08 seconds West 50.00 feet to the TRUE POINT OF BEGINNING;

thence South 34 degrees 51 minutes 52 seconds West 48.51 feet to a point of non-tangency curvature of a curve concave Southwesterly whose radius point bears South 46 degrees 24 minutes 05 seconds West 25.00 feet;

thence Northwesterly along the arc of said curve through a central angle of 11 degrees 32 minutes 13 seconds a distance of 5.03 feet to a point of tangency;

thence North 55 degrees 08 minutes 08 seconds West 182.07 feet;

thence South 34 degrees 51 minutes 52 seconds West 2.00 feet to a point of non-tangency curvature of a curve concave Northeasterly whose radius point bears North 34 degrees 51 minutes 52 seconds East 610.00 feet, said curve hereinafter referred to as "**Curve Number 1**";

thence Northwesterly along the arc of said curve, through a central angle of 8 degrees 11 minutes 06 seconds a distance of 87.14 feet;

thence leaving the arc of said curve on a radial bearing North 43 degrees 02 minutes 58 seconds East 100.00 feet to a point on non-tangency curvature of a curve concave Northeasterly, concentric with said Curve Number 1, whose radius point bears North 43 degrees 02 minutes 58 seconds East 510.00 feet;

thence Southeasterly along the arc of said curve through a central angle of 8 degrees 11 minutes 06 seconds a distance of 87.14 feet;

thence leaving the arc of said curve on a radial line South 34 degrees 51 minutes 52 seconds West 2.00 feet;

thence South 55 degrees 08 minutes 08 seconds East 182.07 feet to a point of curvature of a curve concave Northeasterly having a radius of 25.00 feet;

thence Southeasterly along the arc of said curve through a central angle of 11 degrees 32 minutes 13 seconds a distance of 5.03 feet;

thence leaving the arc of said curve on a non-tangential line South 34 degrees 51 minutes 52 seconds West 48.51 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 4:

That part of the following described parcel designated and referred to as the "**AIR PARCEL**" in that certain License Agreement recorded in Document No. 89-407772, records of Maricopa County, Arizona;

EXHIBIT B

That portion of the Southwest quarter of Section 23, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the intersection of the monument lines of Paradise Paseo (also known as 6th Avenue) and Winfield Scott Plaza as shown on the plat of Winfield Scott Plaza Unit Three as recorded in Book 70 (Maps) page 49 at the Maricopa County Recorder's Office, Maricopa County, Arizona;

thence South 89 degrees 35 minutes 15 seconds East (assumed bearing) along the monument line of said Paradise Paseo 82.96 feet;

thence North 34 degrees 51 minutes 52 seconds East 101.08 feet; thence North 55 degrees 08 minutes 08 seconds West 36.00 feet to the TRUE POINT OF BEGINNING;

thence South 34 degrees 51 minutes 52 seconds West 60.00 feet;

thence North 55 degrees 08 minutes 08 seconds West 80.00 feet;

thence North 34 degrees 51 minutes 52 seconds East 120.00 feet;

thence South 55 degrees 08 minutes 08 seconds East 80.00 feet;

thence South 34 degrees 51 minutes 52 seconds West 60.00 feet to the TRUE POINT OF BEGINNING; EXCEPT that part lying within the hereinabove described Parcel Nos. 1 and 2.

PARCEL NO. 5:

Lots 8, 9 and 10, SHOEMAN TRACT, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 42 of Maps, page 31.

PARCEL NO. 6:

Lots 72, 73, 74 and the West half of Lot 71, CAMELBACK PARK PLAZA, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 86 of Maps, page 13.

PARCEL NO. 7:

That portion of the alley lying Southerly and adjacent to Lots 72, 73, 74 and the West half of Lot 71, CAMELBACK PARK PLAZA, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona⁰ in Book 86 of Maps, page 13, as abandoned by City of Scottsdale Resolution No. 3207 recorded August 31, 1989 in Document No. 89-407767.

EXHIBIT B

EXHIBIT C

TENANT IMPROVEMENT RIDER

(Tenant performs work with Allowance provided by Landlord)

1. This Tenant Improvement Rider shall set forth the obligations of Landlord and Tenant with respect to the performance of the Tenant Improvements. The rights set forth in this Exhibit C (including, without limitation, the right to receive the Construction Allowance (as defined in Section 4 below)) shall be personal to Original Tenant or an Affiliate. Notwithstanding anything in the Lease or this Exhibit C to the contrary, the disbursement of the Construction Allowance shall be subject to Original Tenant or an Affiliate, as applicable, not being in default under the Lease beyond all applicable notice and cure periods. In no event shall the Construction Allowance be used to prepare the Premises (or any portion thereof) for any subtenant, assignee or other transferee of Original Tenant except to an Affiliate.
2. Prior to commencing any Tenant Improvements, Tenant shall deliver to Landlord plans and specifications reasonably acceptable to Landlord; names and addresses of contractors reasonably acceptable to Landlord; copies of contracts; necessary permits and approvals; and evidence of Builders Risk (aka Course of Construction) insurance and such other insurance as is required of Tenant in accordance with Section 10.1 of the Lease. Tenant shall be responsible for insuring that all such persons procure and maintain insurance coverage against such risks, in such amounts as Landlord may reasonably require and with such companies as Landlord may reasonably approve, provided that such requirements do not exceed the insurance requirements of similar landlords of similar buildings in the vicinity of the Project. Tenant shall be responsible for all elements of the plans for the Tenant Improvements (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of such plans shall in no event relieve Tenant of the responsibility therefor. Landlord's approval of the contractors to perform the Tenant Improvements shall not be unreasonably withheld, conditioned or delayed. Landlord's approval of the general contractor to perform the Tenant Improvements shall not be considered to be unreasonably withheld if any such general contractor (a) does not have trade references reasonably acceptable to Landlord, (b) does not maintain insurance as required by Landlord, (c) does not have the ability to be bonded for the work in an amount at least equal to the cost of the work, or (d) is not licensed as a contractor in the state and municipality in which the Premises is located. Tenant shall not be required to remove the Tenant Improvements which are standard office improvements upon expiration or termination of the Term. However, Tenant shall remove all or part of the Tenant Improvements which are non-standard office improvements prior to or upon expiration or termination of the Term, unless Tenant, at the time Tenant requests Landlord's consent to the plans and specifications for such non-standard office improvements, requests in writing whether Landlord will require Tenant to remove such non-standard office improvements on or before the expiration or sooner termination of the Lease, and Landlord responds to Tenant in writing stipulating that Tenant will not be required to so remove such non-standard office improvements on or before the expiration or sooner termination of the Lease.
3. Promptly after obtaining Landlord's approval of the plans for the Tenant Improvements and before commencing construction of the Tenant Improvements, Tenant shall deliver to Landlord a reasonably detailed estimate of the cost of the Tenant Improvements and shall identify the amount (the "EXCESS COST") equal to the difference between the amount of the total cost of the Tenant Improvements (the "TOTAL COST") and the amount of the Construction Allowance. Tenant shall pay a percentage of each amount requested by the Contractor or otherwise to be disbursed under this Tenant Improvement Rider, which percentage shall be equal to the Excess Cost divided by the amount of the Total Cost, and such payments by Tenant shall be a condition to Landlord's obligation to pay any amounts from the Construction Allowance.

EXHIBIT C

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4. Provided Tenant is not in default beyond all applicable notice and cure periods, Landlord agrees to contribute up to \$1,230,644.32 (i.e., \$13.28 per rentable square foot of the original Premises described in the Lease) (the "Construction Allowance") toward the cost of performing the Tenant Improvements. The Construction Allowance may only be used for the cost of preparing design and construction documents and mechanical and electrical plans for the Tenant Improvements and for hard costs in connection with the Tenant Improvements. The Construction Allowance, less a ten percent (10%) retainage (which retainage shall be payable as part of the final draw), shall be paid to Tenant or, at Landlord's option, to the order of the general contractor that performs the Tenant Improvements, in periodic disbursements within thirty (30) days after receipt of the following documentation: (a) an application for payment and sworn statement of contractor substantially in the form of AIA Document G-702 covering all work for which disbursement is to be made to a date specified therein; (b) a certification from an AIA architect substantially in the form of the Architect's Certificate for Payment which is located on AIA Document G702, Application and Certificate of Payment; (c) contractors, subcontractor's and material supplier's waivers of liens which shall cover all Tenant Improvements for which disbursement is being requested and all other statements and forms required for compliance with the mechanics' lien laws of the state in which the Premises is located, together with such supporting data as Landlord or Landlord's mortgagee may reasonably require; (d) a cost breakdown for each trade or subcontractor performing the Tenant Improvements; (e) plans and specifications for the Tenant Improvements (if routinely prepared for the particular Tenant Improvements for which disbursement is being requested), together with a certificate from an AIA architect that such plans and specifications comply in all material respects with all laws affecting the Building, Project and Premises (if applicable); (f) copies of all construction contracts for the Tenant Improvements, together with copies of all change orders, if any; and (g) a request to disburse from Tenant containing an approval by Tenant of the work done, paid invoices and receipts showing payment in full of the Excess Cost (if any) by Tenant, and a good faith estimate of the cost to complete the Tenant Improvements. Upon completion of the Tenant Improvements, and prior to final disbursement of the Construction Allowance, Tenant shall furnish Landlord with: (i) general contractor and architect's completion affidavits; (ii) full and final waivers of lien; (iii) receipted bills covering all labor and materials expended and used; (iv) as-built plans of the Tenant Improvements; (v) the certification of Tenant and its architect that the Tenant Improvements have been installed in a good and workmanlike manner in accordance with the approved plans, and in accordance with applicable laws, codes and ordinances; and (vi) a certificate of occupancy for the Premises. In no event shall Landlord be required to disburse the Construction Allowance more than one (1) time per month. Notwithstanding anything herein to the contrary, Landlord shall not be obligated to disburse any portion of the Construction Allowance during the continuance of an uncured default under the Lease, and Landlord's obligation to disburse shall only resume when and if such default is cured.
5. In no event shall the Construction Allowance be used for the purchase of equipment furniture or other items of personal property of Tenant. In the event Tenant does not submit to Landlord a written request for payment of the entire Construction Allowance (together with all of the documents and certificates required for such payment) within six (6) months after the Commencement Date, any portion of the Construction Allowance not disbursed to Tenant shall accrue to the sole benefit of Landlord, it being understood that Tenant shall not be entitled to any credit, abatement or other concession in connection therewith, except as set forth below. Tenant shall be responsible for all applicable state sales or use taxes, if any, payable in connection with the Tenant Improvements and/or Construction Allowance.
6. The Tenant Improvements shall be constructed in a good and workmanlike manner using Building standard materials or other new materials of equal or greater quality. Landlord, to the extent reasonably necessary to avoid any disruption to the tenants and occupants of the Project, shall have the right to designate the time when the Tenant Improvements may be performed and to otherwise designate reasonable rules, regulations and procedures for the performance of work in the Project. The Tenant Improvements shall be subject to and shall comply with all insurance requirements all applicable codes ordinances laws and regulations, and the provisions of Section 7 of the Lease with respect to Alterations to the extent they do not conflict with the provisions of this Work Letter.

EXHIBIT C

7. Tenant agrees to accept the Premises in its "as-is" condition and configuration, without representation or warranty by Landlord or anyone acting on Landlord's behalf, it being agreed that Landlord shall not be required to perform any work or, except as provided above with respect to the Construction Allowance, incur any costs in connection with the construction or demolition of any improvements in the Premises.
8. This Tenant Improvement Rider shall not be deemed applicable to any additional space added to the original Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Term, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement to the Lease. All capitalized terms used in this Tenant Improvement Rider but not defined herein shall have the same meanings ascribed to such terms in the Lease.
9. In the event that Landlord does not fund any installment of the Construction Allowance within forty-five (45) days following Tenant's satisfaction of the applicable conditions under this Work Letter for the disbursement of same and Tenant's delivery of all applicable items under Section 4 above, Tenant may give to Landlord (and any mortgagee to which Tenant has delivered a SNDA) a notice of such failure, which notice shall contain the following phrase on page 1 of the notice in all capital letters and boldface type (or it shall not be deemed validly delivered to Landlord): **"FINAL NOTICE: LANDLORD'S FAILURE TO DISBURSE THE CONSTRUCTION ALLOWANCE WITHIN THIRTY (30) DAYS SHALL ENTITLE TENANT OFFSET SUCH AMOUNT AGAINST RENT."** If Landlord does not provide the requested Construction Allowance funds within thirty (30) days after Landlord's receipt of such notice, then Tenant shall be permitted to offset such amount against the Base Rent due and owing hereunder together with interest at the Interest Rate on a monthly basis until the full amount of the applicable installment of the Construction Allowance has been recouped by Tenant; provided, however, that if Landlord notifies Tenant that Landlord disputes Tenant's entitlement to the Construction Allowance or such portion thereof, Tenant may not offset any amount on account thereof unless and until such dispute is finally resolved. If any such disputes regarding Tenant's entitlement to the Construction Allowance are not resolved between the parties within thirty (30) days following such notice by Landlord, Tenant may proceed with its remedies at law or in equity.

EXHIBIT C

EXHIBIT D

BUILDING RULES

The following Building Rules apply to and govern Tenant's use of the Premises and Project. Capitalized terms have the meanings given in the Lease, of which these Building Rules are a part. Tenant is responsible for all Claims arising from any violation of the Building Rules by Tenant.

1. NO AWNING OR OTHER PROJECTION MAY BE ATTACHED TO THE OUTSIDE WALLS OF THE PREMISES OR PROJECT. NO CURTAINS, BLINDS, SHADES OR SCREENS VISIBLE FROM THE EXTERIOR OF THE PREMISES MAY BE ATTACHED TO OR HUNG IN, OR USED IN CONNECTION WITH, ANY WINDOW OR DOOR OF THE PREMISES WITHOUT THE PRIOR WRITTEN CONSENT OF LANDLORD. SUCH CURTAINS, BLINDS, SHADES, SCREENS OR OTHER FIXTURES MUST BE OF A QUALITY, TYPE, DESIGN AND COLOR, AND ATTACHED IN A MANNER, APPROVED BY LANDLORD IN WRITING.

2. NO SIGN, LETTERING, PICTURE, NOTICE OR ADVERTISEMENT WHICH IS VISIBLE FROM THE EXTERIOR OF THE PREMISES OR PROJECT MAY BE INSTALLED ON OR IN THE PREMISES WITHOUT LANDLORD'S PRIOR WRITTEN CONSENT, AND THEN ONLY IN SUCH MANNER, CHARACTER AND STYLE AS LANDLORD MAY HAVE APPROVED IN WRITING.

3. TENANT WILL NOT OBSTRUCT SIDEWALKS, ENTRANCES, PASSAGES, CORRIDORS, VESTIBULES, HALLS, OR STAIRWAYS IN AND ABOUT THE PROJECT WHICH ARE USED IN COMMON WITH OTHER TENANTS. TENANT WILL NOT PLACE OBJECTS AGAINST GLASS PARTITIONS OR DOORS OR WINDOWS WHICH WOULD BE UNSIGHTLY FROM ANY OF THE CORRIDORS OF THE PROJECT OR FROM THE EXTERIOR OF THE PROJECT AND WILL PROMPTLY REMOVE ANY SUCH OBJECTS UPON NOTICE FROM LANDLORD.

4. TENANT WILL NOT CREATE OR ALLOW OBNOXIOUS OR HARMFUL FUMES, ODORS, SMOKE OR OTHER DISCHARGES WHICH MAY BE OFFENSIVE TO THE OTHER OCCUPANTS OF THE PROJECT OR NEIGHBORING PROPERTIES, OR OTHERWISE CREATE ANY NUISANCE.

5. THE PREMISES SHALL NOT BE USED FOR COOKING (AS OPPOSED TO HEATING OF FOOD), LODGING, SLEEPING OR FOR ANY IMMORAL OR ILLEGAL PURPOSE.

6. TENANT WILL NOT MAKE EXCESSIVE NOISES, CAUSE DISTURBANCES OR VIBRATIONS OR USE OR OPERATE ANY ELECTRICAL OR MECHANICAL DEVICES OR OTHER EQUIPMENT THAT EMIT EXCESSIVE SOUND OR OTHER WAVES OR DISTURBANCES OR WHICH MAY BE OFFENSIVE TO THE OTHER OCCUPANTS OF THE PROJECT, OR THAT MAY UNREASONABLY INTERFERE WITH THE OPERATION OF ANY DEVICE, EQUIPMENT, COMPUTER, VIDEO, RADIO, TELEVISION BROADCASTING OR RECEPTION FROM OR WITHIN THE PROJECT OR ELSEWHERE.

7. MACHINES AND MECHANICAL EQUIPMENT BELONGING TO TENANT, WHICH CAUSE NOISE OR VIBRATION THAT MAY BE TRANSMITTED TO THE STRUCTURE OF THE BUILDING OR TO ANY SPACE THEREIN TO SUCH A DEGREE AS TO BE OBJECTIONABLE TO LANDLORD OR TO ANY TENANTS IN THE BUILDING, SHALL BE PLACED AND MAINTAINED BY TENANT, AT TENANT'S EXPENSE, ON VIBRATION ELIMINATORS OR OTHER DEVICES SUFFICIENT TO ELIMINATE NOISE OR VIBRATION.

8. NO ANIMAL IS ALLOWED IN THE PROJECT, EXCEPT FOR ANIMALS ASSISTING THE DISABLED.

EXHIBIT D

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9. TENANT WILL NOT WASTE ELECTRICITY, WATER OR AIR CONDITIONING AND WILL COOPERATE WITH LANDLORD TO ENSURE THE MOST EFFECTIVE OPERATION OF THE PROJECT'S HEATING, AIR CONDITIONING, VENTILATION AND UTILITY SYSTEMS. TENANT WILL NOT USE ANY METHOD OF HEATING OR AIR CONDITIONING (INCLUDING WITHOUT LIMITATION FANS OR SPACE HEATERS) OTHER THAN THAT SUPPLIED BY LANDLORD OR APPROVED IN WRITING.

10. TENANT ASSUMES FULL RESPONSIBILITY FOR PROTECTING ITS SPACE FROM THEFT, ROBBERY AND PILFERAGE, WHICH INCLUDES KEEPING VALUABLE ITEMS LOCKED UP AND DOORS LOCKED AND OTHER MEANS OF ENTRY TO THE PREMISES CLOSED AND SECURED AFTER BUSINESS HOURS AND AT OTHER TIMES THE PREMISES IS NOT IN USE.

11. NO ADDITIONAL LOCKS OR SIMILAR DEVICES SHALL BE ATTACHED TO ANY EXTERIOR DOOR OR WINDOW (OR INTERIOR DOOR OR WINDOW, IF REQUIRED BY APPLICABLE FIRE CODE AND/OR BY THE FIRE MARSHAL) AND NO KEYS OTHER THAN THOSE PROVIDED BY LANDLORD SHALL BE MADE FOR ANY DOOR. IF MORE THAN TWO KEYS FOR ONE LOCK ARE DESIRED BY THE TENANT, LANDLORD WILL PROVIDE THE SAME UPON PAYMENT BY THE TENANT. UPON TERMINATION OF THIS LEASE OR OF TENANT'S POSSESSION, TENANT WILL SURRENDER ALL KEYS OF THE PREMISES AND SHALL EXPLAIN TO LANDLORD ALL COMBINATION LOCKS ON SAFES, CABINETS AND VAULTS.

12. TENANT WILL NOT BRING INTO THE PROJECT INFLAMMABLES, SUCH AS GASOLINE, KEROSENE, NAPHTHA AND BENZINE, OR EXPLOSIVES OR ANY OTHER ARTICLE OF INTRINSICALLY DANGEROUS NATURE.

13. TENANT SHALL NOT BRING ANY BICYCLES OR OTHER VEHICLES OF ANY KIND INTO THE BUILDING, EXCEPT FOR APPROPRIATE VEHICLES NECESSARY FOR ASSISTING THE DISABLED.

14. IF ANY CARPETING OR OTHER FLOORING IS INSTALLED BY TENANT USING AN ADHESIVE, SUCH ADHESIVE WILL BE AN ODORLESS, RELEASABLE ADHESIVE.

15. IF TENANT REQUIRES TELEGRAPHIC, TELEPHONIC, SECURITY ALARM, SATELLITE DISHES, ANTENNAE OR SIMILAR SERVICES, TENANT SHALL FIRST OBTAIN LANDLORD'S WRITTEN APPROVAL, AND COMPLY WITH LANDLORD'S INSTRUCTIONS IN THEIR INSTALLATION.

16. THE WATER AND WASH CLOSETS, DRINKING FOUNTAINS AND OTHER PLUMBING FIXTURES WILL NOT BE USED FOR ANY PURPOSE OTHER THAN THOSE FOR WHICH THEY WERE CONSTRUCTED, AND NO SWEEPINGS, RUBBISH, RAGS, COFFEE GROUNDS OR OTHER SUBSTANCES SHALL BE THROWN THEREIN.

17. TENANT WILL NOT OVERLOAD ANY UTILITIES SERVING THE PREMISES.

18. ALL LOADING, UNLOADING, RECEIVING OR DELIVERY OF GOODS, SUPPLIES, FURNITURE OR OTHER ITEMS WILL BE MADE ONLY THROUGH ENTRYWAYS PROVIDED FOR SUCH PURPOSES. DELIVERIES DURING NORMAL OFFICE HOURS SHALL BE LIMITED TO NORMAL OFFICE SUPPLIES AND OTHER SMALL ITEMS. NO DELIVERIES SHALL BE MADE WHICH IMPEDE OR INTERFERE WITH OTHER TENANTS OR THE OPERATION OF THE BUILDING. NO EQUIPMENT, MATERIALS, FURNITURE, PACKAGES, SUPPLIES, MERCHANDISE OR OTHER PROPERTY WILL BE RECEIVED IN THE BUILDING OR CARRIED IN THE PASSENGER ELEVATORS EXCEPT BETWEEN SUCH HOURS AND IN SUCH ELEVATORS AS MAY BE DESIGNATED BY LANDLORD.

EXHIBIT D

19. TENANT'S INITIAL MOVE IN AND SUBSEQUENT DELIVERIES OF HEAVY OR BULKY ITEMS, SUCH AS FURNITURE, SAFES AND SIMILAR ITEMS SHALL BE MADE ONLY OUTSIDE OF BUSINESS HOURS AND ONLY IN SUCH MANNER AS SHALL BE PRESCRIBED IN WRITING BY LANDLORD. LANDLORD WILL IN ALL CASES HAVE THE RIGHT TO SPECIFY THE PROPER POSITION OF ANY SAFE, EQUIPMENT OR OTHER HEAVY ARTICLE, WHICH SHALL ONLY BE USED BY TENANT IN A MANNER WHICH WILL NOT INTERFERE WITH OR CAUSE DAMAGE TO THE PREMISE OR THE PROJECT, OR TO THE OTHER TENANTS OR OCCUPANTS OF THE PROJECT. TENANT WILL NOT OVERLOAD THE FLOORS OR STRUCTURE OF THE BUILDING.

20. TENANT WILL BE RESPONSIBLE FOR ALL CLAIMS ARISING FROM ANY DAMAGE TO THE PROJECT OR THE PROPERTY OF ITS EMPLOYEES OR OTHERS AND ANY INJURIES SUSTAINED BY ANY PERSON WHOMSOEVER RESULTING FROM THE DELIVERY OR MOVING OF ANY ARTICLES BY OR FOR TENANT.

21. CANVASSING, SOLICITING, AND PEDDLING IN OR ABOUT THE PROJECT IS PROHIBITED AND TENANT WILL COOPERATE TO PREVENT THE SAME.

22. AT ALL TIMES (A) PERSONS MAY ENTER THE BUILDING ONLY IN ACCORDANCE WITH SUCH REGULATIONS AS LANDLORD MAY PROVIDE, (B) PERSONS ENTERING OR DEPARTING FROM THE BUILDING MAY BE QUESTIONED AS TO THEIR BUSINESS IN THE BUILDING, AND THE RIGHT IS RESERVED TO REQUIRE THE USE OF AN IDENTIFICATION CARD OR OTHER ACCESS DEVICE OR PROCEDURES AND/OR THE REGISTERING OF SUCH PERSONS AS TO THE HOUR OF ENTRY AND DEPARTURE, NATURE OF VISIT, AND OTHER INFORMATION DEEMED NECESSARY FOR THE PROTECTION OF THE BUILDING, AND (C) ALL ENTRIES INTO AND DEPARTURES FROM THE BUILDING SHALL BE THROUGH ONE OR MORE ENTRANCES AS LANDLORD SHALL FROM TIME TO TIME DESIGNATE. LANDLORD MAY ELECT NOT TO ENFORCE CLAUSES (A), (B) AND (C) ABOVE DURING BUSINESS HOURS, BUT RESERVES THE RIGHT TO DO SO AT LANDLORD'S DISCRETION.

23. IN CASE OF INVASION, MOB, RIOT, PUBLIC EXCITEMENT, OR OTHER COMMOTION, LANDLORD RESERVES THE RIGHT TO LIMIT OR PREVENT ACCESS TO THE PROJECT DURING THE CONTINUANCE OF THE SAME BY CLOSING THE DOORS OR TAKING OTHER APPROPRIATE STEPS. LANDLORD WILL IN NO CASE BE LIABLE FOR DAMAGES FOR ANY ERROR OR OTHER ACTION TAKEN WITH REGARD TO THE ADMISSION TO OR EXCLUSION FROM THE PROJECT OF ANY PERSON AT ANY TIME.

24. SMOKING IS NOT PERMITTED, EXCEPT IN THE SMOKING AREAS LOCATED OUTSIDE OF THE BUILDING, IF ANY, AS DESIGNATED AND REDESIGNATED IN WRITING FROM TIME TO TIME BY LANDLORD, IN ITS SOLE, ABSOLUTE AND ARBITRARY DISCRETION, AND TENANT WILL NOT SMOKE ANYWHERE WITHIN THE PROJECT INCLUDING, WITHOUT LIMITATION, THE PREMISES AND THE SIDEWALKS, ENTRANCES, PASSAGES, CORRIDORS, HALLS, ELEVATORS AND STAIRWAYS OF THE PROJECT, OTHER THAN THE SMOKING AREAS, IF ANY, DESIGNATED IN WRITING BY LANDLORD. ALL SMOKING MATERIALS MUST BE DISPOSED OF IN ASHTRAYS OR OTHER APPROPRIATE RECEPTACLES PROVIDED FOR THAT PURPOSE.

25. THE BUILDING DIRECTORY WILL BE PROVIDED EXCLUSIVELY FOR THE DISPLAY OF THE NAME AND LOCATION OF TENANTS ONLY AND LANDLORD RESERVES THE RIGHT TO EXCLUDE ANY OTHER NAMES THEREFROM AND TO LIMIT THE AMOUNT OF SPACE THEREON DEDICATED TO TENANT.

26. UNLESS OTHERWISE APPROVED BY LANDLORD IN WRITING, ALL JANITORIAL SERVICES FOR THE PROJECT AND THE PREMISES SHALL BE PROVIDED EXCLUSIVELY THROUGH LANDLORD, AND EXCEPT WITH THE WRITTEN CONSENT OF LANDLORD, NO PERSON OR PERSONS OTHER THAN THOSE APPROVED BY LANDLORD SHALL BE EMPLOYED BY TENANT OR PERMITTED TO ENTER THE PROJECT FOR THE PURPOSE OF PERFORMING JANITORIAL SERVICES. TENANT SHALL NOT CAUSE ANY UNNECESSARY LABOR BY CARELESSNESS OR INDIFFERENCE TO THE GOOD ORDER AND CLEANLINESS OF THE PROJECT.

EXHIBIT D

27. LANDLORD RESERVES THE RIGHT TO EXCLUDE OR EXPEL FROM THE PROJECT ANY PERSON WHO, IN LANDLORD'S JUDGMENT, IS INTOXICATED OR UNDER THE INFLUENCE OF LIQUOR OR DRUGS OR WHO IS IN VIOLATION OF ANY OF THE BUILDING RULES OR ANY LAWS.

28. TENANT SHALL STORE ALL ITS TRASH AND GARBAGE IN PROPER RECEPTACLES WITHIN ITS PREMISES OR IN OTHER FACILITIES PROVIDED FOR SUCH PURPOSE BY LANDLORD. TENANT SHALL NOT PLACE IN ANY TRASH BOX OR RECEPTACLE ANY MATERIAL WHICH CANNOT BE DISPOSED OF IN THE ORDINARY AND CUSTOMARY MANNER OF TRASH AND GARBAGE DISPOSAL. ALL GARBAGE AND REFUSE DISPOSAL SHALL BE MADE IN ACCORDANCE WITH DIRECTIONS ISSUED FROM TIME TO TIME BY LANDLORD. TENANT WILL COOPERATE WITH ANY RECYCLING PROGRAM AT THE PROJECT.

29. TENANT WILL NOT USE IN THE PREMISES OR COMMON AREA OF THE PROJECT ANY HAND TRUCK EXCEPT THOSE EQUIPPED WITH RUBBER TIRES AND SIDE GUARDS OR SUCH OTHER MATERIAL-HANDLING EQUIPMENT AS LANDLORD MAY APPROVE.

30. TENANT WILL NOT USE THE NAME OF THE BUILDING OR THE PROJECT IN CONNECTION WITH OR IN PROMOTING OR ADVERTISING THE BUSINESS OF TENANT EXCEPT AS TENANT'S ADDRESS.

31. TENANT WILL COMPLY WITH ALL SAFETY, FIRE PROTECTION AND EVACUATION PROCEDURES AND REGULATIONS ESTABLISHED BY LANDLORD OR ANY GOVERNMENTAL AGENCY.

32. TENANT'S REQUIREMENTS WILL BE ATTENDED TO ONLY UPON APPROPRIATE APPLICATION TO LANDLORD'S PROPERTY MANAGEMENT OFFICE FOR THE PROJECT BY AN AUTHORIZED INDIVIDUAL.

33. TENANT WILL NOT PARK OR PERMIT PARKING IN ANY AREAS DESIGNATED BY LANDLORD FOR PARKING BY VISITORS TO THE PROJECT OR FOR THE EXCLUSIVE USE OF TENANTS OR OTHER OCCUPANTS OF THE PROJECT. ONLY PASSENGER VEHICLES MAY BE PARKED IN THE PARKING AREAS.

34. PARKING STICKERS OR ANY OTHER DEVICE OR FORM OF IDENTIFICATION SUPPLIED BY LANDLORD AS A CONDITION OF USE OF THE PARKING FACILITIES SHALL REMAIN THE PROPERTY OF LANDLORD. SUCH PARKING IDENTIFICATION DEVICE MUST BE DISPLAYED AS REQUESTED AND MAY NOT BE MUTILATED OR OBSTRUCTED IN ANY MANNER. SUCH DEVICES ARE NOT TRANSFERABLE AND ANY DEVICE IN THE POSSESSION OF AN UNAUTHORIZED HOLDER WILL BE VOID. LANDLORD MAY CHARGE A FEE FOR PARKING STICKERS, CARDS OR OTHER PARKING CONTROL DEVICES SUPPLIED BY LANDLORD.

35. NO OVERNIGHT OR EXTENDED TERM PARKING OR STORAGE OF VEHICLES IS PERMITTED.

36. PARKING IS PROHIBITED (A) IN AREAS NOT STRIPED FOR PARKING; (B) IN AISLES; (C) WHERE "**NO PARKING**" SIGNS ARE POSTED; (D) ON RAMPS; (E) IN CROSS-HATCHED AREAS (IF ANY); (F) IN LOADING AREAS; AND (G) IN SUCH OTHER AREAS AS MAY BE DESIGNATED BY LANDLORD FROM TIME TO TIME.

37. ALL RESPONSIBILITY FOR DAMAGE, LOSS OR THEFT TO VEHICLES AND THE CONTENTS THEREOF IS ASSUMED BY THE PERSON PARKING THEIR VEHICLE.

EXHIBIT D

38. TENANT AND/OR EACH USER OF THE PARKING AREA MAY BE REQUIRED TO SIGN A PARKING AGREEMENT, AS A CONDITION TO PARKING, WHICH AGREEMENT MAY PROVIDE FOR THE MANNER OF PAYMENT OF ANY PARKING CHARGES AND OTHER MATTERS NOT INCONSISTENT WITH THIS LEASE AND THESE BUILDING RULES.

39. LANDLORD RESERVES THE RIGHT TO REFUSE PARKING IDENTIFICATION DEVICES AND PARKING RIGHTS TO TENANT OR ANY OTHER PERSON WHO FAILS TO COMPLY WITH THE BUILDING RULES APPLICABLE TO THE PARKING AREAS. ANY VIOLATION OF SUCH RULE SHALL SUBJECT THE VEHICLE TO REMOVAL, AT SUCH PERSON'S EXPENSE.

40. A THIRD PARTY MAY OWN, OPERATE OR CONTROL THE PARKING AREAS, AND SUCH PARTY MAY ENFORCE THESE BUILDING RULES RELATING TO PARKING. TENANT WILL OBEY ANY ADDITIONAL RULES AND REGULATIONS GOVERNING PARKING WHICH MAY BE IMPOSED BY THE PARKING OPERATOR OR ANY OTHER PERSON CONTROLLING THE PARKING AREAS SERVING THE PROJECT.

41. TENANT SHALL BE RESPONSIBLE FOR THE OBSERVANCE OF ALL OF THE BUILDING RULES BY TENANT (INCLUDING, WITHOUT LIMITATION, ALL EMPLOYEES, AGENTS, CLIENTS, CUSTOMERS, INVITEES AND GUESTS).

42. LANDLORD MAY, FROM TIME TO TIME, WAIVE ANY ONE OR MORE OF THESE BUILDING RULES FOR THE BENEFIT OF TENANT OR ANY OTHER TENANT, BUT NO SUCH WAIVER BY LANDLORD SHALL BE CONSTRUED AS A CONTINUING WAIVER OF SUCH BUILDING RULE(S) IN FAVOR OF TENANT OR ANY OTHER TENANT, NOR PREVENT LANDLORD FROM THEREAFTER ENFORCING ANY SUCH BUILDING RULE(S) AGAINST TENANT OR ANY OR ALL OF THE TENANTS OF THE PROJECT.

43. LANDLORD MAY, FROM TIME TO TIME, HOLD, OR PERMIT OTHERS TO HOLD, PRIVATE EVENTS IN THE ATRIUM OF THE BUILDING. TENANT ACKNOWLEDGES THAT TENANT SHALL NOT INTERFERE WITH OR ATTEND, AND SHALL NOT PERMIT OTHERS TO INTERFERE WITH OR ATTEND, ANY SUCH PRIVATE EVENTS WITHOUT INVITATION.

44. THESE BUILDING RULES ARE IN ADDITION TO, AND SHALL NOT BE CONSTRUED TO IN ANY WAY MODIFY OR AMEND, IN WHOLE OR IN PART, THE OTHER TERMS, COVENANTS, AGREEMENTS AND CONDITIONS OF THE LEASE. IN THE EVENT OF ANY CONFLICT BETWEEN THESE BUILDING RULES AND ANY EXPRESS TERM OR PROVISION OTHERWISE SET FORTH IN THE LEASE, SUCH OTHER EXPRESS TERM OR PROVISION SHALL BE CONTROLLING.

EXHIBIT D

EXHIBIT E

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

(Loan No. _____)

THIS SUBORDINATION, NONDISTURBANCE, AND ATTORNMENT AGREEMENT (this "**Agreement**") is entered into as of _____, 201__ (the "**Effective Date**"), between _____ ("**Lender**"), whose address is _____, a _____ ("**Tenant**"), whose address is _____, and _____, a _____ ("**Landlord**"), whose address is _____, with reference to the following facts:

A. Landlord owns the real property known as Galleria Corporate Center and having a street address of 4301 and 4343 North Scottsdale Road, Phoenix, AZ, such real property, including all buildings, improvements, structures and fixtures located thereon, (all or any portion thereof being referred to herein as the "**Landlord's Premises**"), as more particularly described on **Exhibit A**.

B. CWCcapital, LLC, a Massachusetts limited liability company ("**ORIGINAL LENDER**") made a loan to Landlord in the original principal amount of \$55,000,000.00 (the "**Loan**").

C. To secure the Loan, Landlord encumbered Landlord's Premises by entering into that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of March 1, 2006, in favor of a trustee for the benefit of Original Lender (as amended, increased, renewed, extended, spread, consolidated, severed, restated, or otherwise changed from time to time, the "**SECURITY INSTRUMENT**") recorded in the applicable land records of Maricopa County, Arizona.

D. Lender is now the holder of the Security Instrument and has authority to enter into this Agreement.

E. Pursuant to a Lease dated as of February , 2015, together with any amendments, modifications and renewals approved in writing by Lender to the extent such approval is required by the Security Instrument (the "**LEASES**"), Landlord demised to Tenant a portion of Landlord's Premises ("**Tenant's Premises**").

F. Lender has been requested by Landlord and Tenant to enter into this Agreement, and Tenant and Lender desire to agree upon the relative priorities of their interests in Landlord's Premises and their rights and obligations if certain events occur.

NOW, THEREFORE, for good and sufficient consideration, Tenant and Lender agree:

1. Definitions. The following terms shall have the following meanings for purposes of this Agreement:

- 1.1. "**Construction-Related Obligation**" means any obligation of Former Landlord (as hereinafter defined) under the Lease to make, pay for, or reimburse Tenant for any alterations, demolition, or other improvements or work at Landlord's Premises, including Tenant's Premises. "**Construction-Related OBLIGATION**" shall not include: (a) reconstruction or repair following any fire, casualty or condemnation which occurs after the date of attornment hereunder, but only to the extent of the insurance or condemnation proceeds actually received by Successor Landlord for such reconstruction and repair, less Successor Landlord's actual expenses in administering such proceeds; or (b) day-to-day maintenance and repairs.
- 1.2. "**Construction-Related Obligation**" means any obligation of Former Landlord (as hereinafter defined) under the Lease to make, pay for, or reimburse Tenant for any alterations, demolition, or other improvements or work at Landlord's Premises, including Tenant's Premises. "**Construction-Related OBLIGATION**" shall not include: (a) reconstruction or repair following any fire, casualty or condemnation which occurs after the date of attornment hereunder, but only to the extent of the insurance or condemnation proceeds actually received by Successor Landlord for such reconstruction and repair, less Successor Landlord's actual expenses in administering such proceeds; or (b) day-to-day maintenance and repairs.

EXHIBIT E

- 1.3. **"Foreclosure Event"** means (a) foreclosure under the Security Instrument; (b) any other exercise by Lender of rights and remedies (whether under the Security Instrument or under applicable law, including bankruptcy law) as holder of the Loan and/or the Security Instrument, as a result of which Successor Landlord becomes owner of Landlord's Premises; or (c) delivery by Former Landlord to Lender (or its designee or nominee) of a deed or other conveyance of Former Landlord's interest in Landlord's Premises in lieu of any of the foregoing.
- 1.4. **"FORMER LANDLORD"** means Landlord and/or any other party that was landlord under the Lease at any time before the occurrence of any attornment under this Agreement.
- 1.5. **"Offset Right"** means any right or alleged right of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction, or abatement against Tenant's payment of Rent or performance of Tenant's other obligations under the Lease, arising (whether under the Lease or other applicable law) from acts or omissions of Former Landlord and/or from Former Landlord's breach or default under the Lease.
- 1.6. **"Rent"** means any fixed rent, base rent or additional rent under the Lease.
- 1.7. **"Successor Landlord"** means any party that becomes owner of Landlord's Premises as the result of a Foreclosure Event.
- 1.8. **"TERMINATION RIGHT"** means any right of Tenant to cancel or terminate the Lease or to claim a partial or total eviction arising (whether under the Lease or under applicable law) from Former Landlord's breach or default under the Lease.
2. **Subordination.** The Lease, and all right, title and interest of the Tenant thereunder and of the Tenant to and in the Landlord's Premises, are, shall be, and shall at all times remain, subject and subordinate to the Security Instrument, the lien imposed by the Security Instrument, and all advances made under the Security Instrument.
3. **Payment to Lender.** In the event Tenant receives written notice (the **"RENT PAYMENT NOTICE"**) from Lender or from a receiver for the Landlord's Premises that there has been a default under the Security Instrument and that rentals due under the Lease are to be paid to Lender or to the receiver (whether pursuant to the terms of the Security Instrument or of that certain Assignment of Rents and Leases executed by Landlord as additional security for the Loan), Tenant shall pay to Lender or to the receiver, or shall pay in accordance with the directions of Lender or of the receiver, all Rent and other monies due or to become due to Landlord under the Lease, notwithstanding any contrary instruction, direction or assertion of Former Landlord. Landlord hereby expressly and irrevocably directs and authorizes Tenant to comply with any Rent Payment Notice, notwithstanding any contrary instruction, direction or assertion of Landlord, and Landlord hereby releases and discharges Tenant of and from any liability to Landlord on account of any such payments. The delivery by Lender or the receiver to Tenant of a Rent Payment Notice, or Tenant's compliance therewith, shall not be deemed to: (i) cause Lender to succeed to or to assume any obligations or responsibilities as landlord under the Lease, all of which shall continue to be performed and discharged solely by the applicable Landlord unless and until any attornment has occurred pursuant to this Agreement; or (ii) relieve the applicable Former Landlord of any obligations under the Lease. Tenant shall be entitled to rely on any Rent Payment Notice. Tenant shall be under no duty to controvert or challenge any Rent Payment Notice. Tenant's compliance with a Rent Payment Notice shall not be deemed to violate the Lease. Tenant shall be entitled to full credit under the Lease for any Rent paid to Lender pursuant to a Rent Payment Notice to the same extent as if such Rent were paid directly to Former Landlord.

EXHIBIT E

4. Nondisturbance, Recognition and Attornment.

- 4.1. No Exercise of Security Instrument Remedies against Tenant. So long as (i) the Lease has not expired or otherwise been terminated by Former Landlord and (ii) there is no existing default under or breach of the Lease by Tenant that has continued beyond applicable cure periods (an "EVENT OF DEFAULT"), Lender shall not name or join Tenant as a defendant in any exercise of Lender's rights and remedies arising upon a default under the Security Instrument unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Former Landlord or prosecuting such rights and remedies. In the latter case, Lender may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease or otherwise diminish or interfere with Tenant's rights under the Lease or this Agreement in such action.
- 4.2. Nondisturbance and Attornment. So long as (i) the Lease has not expired or otherwise been terminated by Former Landlord, or (ii) an Event of Default has not occurred, then, if and when Successor Landlord takes title to Landlord's Premises: (a) Successor Landlord shall not terminate or disturb Tenant's possession of Tenant's Premises under the Lease, except in accordance with the terms of the Lease and this Agreement; (b) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (c) Tenant shall recognize and attorn to Successor Landlord as Tenant's direct landlord under the Lease as affected by this Agreement; (d) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Landlord and Tenant; and (e) Successor Landlord shall have all the rights and remedies of the landlord under the Lease, including, without limitation, rights or remedies arising by reason of any Event of Default by Tenant under the Lease, whether occurring before or after the Successor Landlord takes title to the Landlord's Premises.
- 4.3. Protection of Successor Landlord. Notwithstanding anything to the contrary in the Lease or the Security Instrument, neither Lender nor Successor Landlord shall be liable for or bound by any of the following matters:
- a. Claims against Former Landlord. Any Offset Right or Termination Right that Tenant may have against any Former Landlord relating to any event or occurrence before the date of attornment, including any claim for damages of any kind whatsoever as the result of any breach by Former Landlord that occurred before the date of attornment of which Lender or Successor Landlord has not been given written notice. The foregoing shall not limit Tenant's right to exercise against Successor Landlord any Offset Right or Termination Right otherwise available to Tenant because of events existing as of or occurring after the date of attornment.
- b. Construction-Related Obligations. Any Construction Related Obligation of Former Landlord.
- c. Prepayments. Any payment of Rent that Tenant may have made to Former Landlord for more than the current month.
- d. Payment: Security Deposit. Any obligation: (a) to pay Tenant any sum(s) that any Former Landlord owed to Tenant or (b) with respect to any security deposited with Former Landlord, unless such security was actually delivered to Landlord or to Successor Landlord.
- e. Modification, Amendment or Waiver. Any material modification or amendment of the Lease, or any waiver of any terms of the Lease, made without Lender's written consent if such consent is required by the Security Instrument.

EXHIBIT E

- f. Surrender, Etc. Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed between Former Landlord and Tenant, unless effected unilaterally by Tenant pursuant to the express terms of the Lease.
- g. Covenants. Any covenants or obligations of or applicable to Former Landlord to the extent they apply to or affect any property other than Landlord's Premises.

5. Lender's Right to Cure.

- 5.1. Notice to Lender. Copies of all notices and other communications given by Tenant to Former Landlord shall also be simultaneously provided to Lender. Notwithstanding anything to the contrary in the Lease or this Agreement or the Security Instrument, before exercising any Termination Right or Offset Right, Tenant shall provide Lender with notice of the breach or default by Former Landlord giving rise to same (the "DEFAULT NOTICE") and, thereafter, the opportunity to cure such breach or default as provided for below.
 - 5.2. Lender's Cure Period. After Lender receives a Default Notice, Lender shall have a period of thirty (30) days beyond the time available to Former Landlord under the Lease in which to cure the breach or default by Former Landlord, or, in the event that such cure cannot be completed within such cure period, Lender shall have such reasonable period of time as is required to diligently prosecute such cure to its completion; provided, that such cure is completed within sixty (60) days after Lender or any Successor Landlord acquires title to the Landlord's Premises pursuant to a Foreclosure Event. Lender shall have no obligation to cure (and shall have no liability or obligation for not curing) any breach or default by Former Landlord.
6. Exculpation of Successor Landlord. Notwithstanding anything to the contrary in this Agreement or the Lease, upon any attornment pursuant to this Agreement, the Lease shall be deemed to have been automatically amended to provide that Successor Landlord's obligations and liabilities under the Lease shall never extend beyond Successor Landlord's (or its successors' or assigns') interest, if any, in Landlord's Premises from time to time, including insurance and condemnation proceeds except to the extent reinvested in the Landlord's Premises, Successor Landlord's interest in the Lease, and the proceeds from any sale or other disposition of Landlord's Premises by Successor Landlord (collectively, "SUCCESSOR LANDLORD'S INTEREST"). Tenant shall look exclusively to Successor Landlord's Interest (or that of its successors and assigns) for payment or discharge of any obligations of Successor Landlord under the Lease as affected by this Agreement. If Tenant obtains any money judgment against Successor Landlord with respect to the Lease or the relationship between Successor Landlord and Tenant, then Tenant shall look solely to Successor Landlord's Interest (or that of its successors and assigns) to collect such judgment. Tenant shall not collect or attempt to collect any such judgment out of any other assets of Successor Landlord.

7. Miscellaneous.

- 7.1. Notices. All notices or other communications required or permitted under this Agreement shall be in writing and given by personal delivery or by nationally recognized overnight courier service that regularly maintains records of items delivered. Each party's address is as set forth in the opening paragraph of this Agreement, subject to change by notice under this paragraph. Notices shall be effective upon delivery if sent by personal delivery and the next business day after being sent by overnight courier service.
- 7.2. Successors and Assigns. This Agreement shall bind and benefit the parties, their successors and assigns, any Successor Landlord, and its successors and assigns. Upon assignment of the Security Instrument by Lender, all liability of the Lender/assignor shall terminate.

EXHIBIT E

- 7.3. Entire Agreement. This Agreement constitutes the entire agreement between Lender and Tenant and Landlord regarding the subordination of the Lease to the Security Instrument and the rights and obligations of Tenant, Lender and Landlord as to the subject matter of this Agreement.
- 7.4. Lender's Rights and Obligations.
- a. Except as expressly provided for in this Agreement Lender shall have no obligations to Tenant with respect to the Lease. If an attornment to a Successor Landlord occurs pursuant to this Agreement, then all rights and obligations of Lender under this Agreement shall terminate, without thereby affecting in any way the rights and obligations of Successor Landlord provided for in this Agreement.
- b. Neither this Agreement, the Security Instrument or any of the related loan documents, nor the Lease shall, prior to any acquisition of Landlord's Premises by Lender, operate to give rise to or create any responsibility or liability for the control, care, management or repair of the Landlord's Premises upon the Lender, or impose responsibility for the carrying out by Lender of any of the covenants, terms or conditions of the Lease, nor shall said instruments operate to make Lender responsible or liable for any waste committed on the Landlord's Premises by any party whatsoever, or for dangerous or defective conditions of the Landlord's Premises, or for any negligence in the management, upkeep, repair or control of the Landlord's Premises, which may result in loss, injury or death to Tenant, or to any tenant, licensee, invitee, guest, employee, agent or stranger.
- c. Lender may assign to any person or entity its interest under the Security Instrument and/or the related loan documents, without notice to, the consent of, or assumption of any liability to, any other party hereto. In the event Lender becomes the Successor Landlord, Lender may assign to any other party its interest as the Successor Landlord without the consent of any other party hereto.
- 7.5. Landlord's Rights and Obligations. Nothing herein contained is intended, nor shall it be construed, to abridge or adversely affect any right or remedy of Landlord under the Lease, including upon the occurrence of an Event of Default by Tenant under the Lease. This Agreement shall not alter, waive or diminish any of Landlord's obligations under the Security Instrument, any of the related loan documents, or the Lease.
- 7.6. Interpretation: Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the state where the Landlord's Premises are located, excluding its principles of conflict of laws.
- 7.7. Amendments. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the parties hereto.
- 7.8. Due Authorization. Tenant has full authority to enter into this Agreement, which has been duly authorized by all necessary actions.
- 7.9. Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.
- 7.10. Attorneys' Fees. All costs and attorneys' fees incurred in the enforcement hereof shall be paid by the non-prevailing party.
- 7.11. Headings. The headings in this Agreement are intended to be for convenience of reference only, and shall not define the scope, extent or intent or otherwise affect the meaning of any portion hereof.

EXHIBIT E

7.12. WAIVER OF JURY TRIAL. THE TENANT AND THE LANDLORD EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AFTER CAREFUL CONSIDERATION AND AN OPPORTUNITY TO SEEK LEGAL ADVICE, WAIVE THEIR RESPECTIVE RIGHTS TO HAVE A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF OR IN ANY WAY CONNECTED WITH ANY OF THE PROVISIONS OF THIS AGREEMENT, OR ANY OTHER DOCUMENTS EXECUTED IN CONJUNCTION HERewith OR WITH THE LOAN, ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT, THE LANDLORD'S PREMISES, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE LANDLORD, TENANT OR LENDER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDER TO ENTER INTO THIS AGREEMENT.

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EXHIBIT E

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IN WITNESS WHEREOF, this Agreement has been duly executed by Lender, Tenant and Landlord as of the Effective Date.

LENDER:

By: _____

Name: _____

Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of _____)

On _____, before me, _____,
(insert name of notary)

Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT E

TENANT:

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name of notary)

Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

LANDLORD:

_____,
a _____

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name of notary)

Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT E

EXHIBIT A TO EXHIBIT E

LEGAL DESCRIPTION OF REAL PROPERTY

PARCEL NO. 1:

That portion of the Southwest quarter of Section 23, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of the Southwest quarter of the Northwest quarter of said Southwest quarter;

thence South 89 degrees 32 minutes 34 seconds East (assumed bearing) along the North line of the Southwest quarter of the Northwest quarter of said Southwest quarter 51.98 feet to a point on a curve concave Northeasterly whose radius point bears North 73 degrees 56 minutes 49 seconds East 505.00 feet, said curve hereinafter referred to as "**Curve Number 1**", said point-on-curve being the TRUE POINT OF BEGINNING;

thence continuing along said North line and along the North line of the South half of the East half of the Northwest quarter of the Southwest quarter of said Section 23, South 89 degrees 32 minutes 34 seconds East 613.48 feet to a point of intersection with the Southerly prolongation of the West line of Tract B, Camelback Park Plaza, according to Book 86 of Maps, page 13, records of Maricopa County;

thence North 00 degrees 06 minutes 23 seconds East along said West line and Southerly prolongation a distance of 147.12 feet to the Northwest corner of said Tract B;

thence South 89 degrees 32 minutes 34 seconds East along the North line of said Tract B a distance of 73.13 feet (Record 73.00 feet) to the Northeast corner thereof,

thence South 00 degrees 07 minutes 46 seconds West (record South) along the East line of said Tract B and its Southerly prolongation a distance of 147.12 feet to a point on the North line of the Southeast quarter of the Northwest quarter of said Southwest quarter,

thence South 89 degrees 32 minutes 34 seconds East (record South 89 degrees 39 minutes 41 seconds East and South 89 degrees 38 minutes West) along last said North line 206.91 feet to a point of intersection with the Northerly prolongation of the East line of Tract A, Winfield Scott Plaza Unit Four, according to Book 70 of Maps, page 28, records of Maricopa County,

thence South 00 degrees 05 minutes 08. seconds West (record South 0 degrees 01 minutes 43 seconds East) along said East line and Northerly prolongation a distance of 165.85 feet;

thence North 89 degrees 33 minutes 20 seconds West (record North 89 degrees 41 minutes 21 seconds West) a distance of 288.07 feet along the South line of said Tract A and its Westerly prolongation to a point on the East line of the Southwest quarter of the Northwest quarter of said Southwest quarter; said point being the Southeast corner of the North half of the North half of said Southwest quarter of the Northwest quarter of the Southwest quarter, and said point also being the Northeast corner of Winfield Scott Plaza Unit Three, according to Book 70 of Maps, page 49, records of said county;

thence South 00 degrees 07 minutes 05 seconds West (record South 0 degrees 01 minutes 30 seconds East) along last said East line 105.92 feet;

thence North 89 degrees 32 minutes 38 seconds West 48.33 feet to a point of curvature of a curve concave Southeasterly having a radius of 205.00 feet

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thence Southwesterly along the arc of said curve through a central angle of 48 degrees 49 minutes 13 seconds a distance of 174.68 feet to a point on the North line of Lot 111 of said Winfield Scott Plaza Unit Three, which point lies North 89 degrees 33 minutes 43 seconds West (record North 89 degrees 41 minutes 21 seconds West) 33.58 feet from the Northeast corner thereof,

thence continuing along last said curve through a central angle of 6 degrees 46 minutes 17 seconds a distance of 24.23 feet to a point of tangency;

thence South 34 degrees 51 minutes 52 seconds West 17.33 feet to a point of curvature of a curve concave, Northerly having a radius of 25.00 feet;

thence Westerly along the arc of said curve through a central angle of 90 degrees 00 minutes 00 seconds a distance of 39.27 feet to a point of tangency,

thence North 55 degrees 08 minutes 08 seconds West 70.60 feet to a point on the North line of Lot 110 of said Winfield Scott Plaza Unit Three, which point lies South 89 degrees 33 minutes 43 seconds East (record South 89 degrees 41 minutes 21 seconds East) 24.85 feet from the Northwest corner thereof,

thence continuing along last said tangent line a distance of 34.93 feet;

thence North 34 degrees 51 minutes 52 seconds East a distance of 7.00 feet;

thence North 55 degrees 08 minutes 08 seconds West 76.53 feet to a point of curvature of a curve concave Northeasterly, being said "CURVE NUMBER 1", whose radius point bears North 34 degrees 51 minutes 52 seconds East 505.00 feet;

thence Northwesterly along the arc of said curve through a central angle of 39 degrees 04 minutes 57 seconds a distance of 344.47 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

That portion of the Southwest quarter of Section 23, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of the Southwest quarter of the Northwest quarter of said Southwest quarter;

thence South 00 degrees 07 minutes 06 seconds West (assumed bearing) (record South) along the monument line of Scottsdale Road a distance of 536.00 feet (record 535.82 feet) to the Northwest corner of Winfield Scott Plaza unit Two, according to Book 67 of Maps, page 41, records of Maricopa County;

thence South 89 degrees 33 minutes 19 seconds East along the North line of said Winfield Scott Plaza Unit Two, which North line is also the South line of Winfield Scott Plaza Unit Three, according to Book 70 of Maps, page 49, records of said County, a distance of 56.00 feet to a point on the Easterly right-of-way line of Scottsdale Road, said point being the TRUE POINT OF BEGINNING;

thence North 00 degrees 07 minutes 06 seconds East along said Easterly right-of-way line of Scottsdale Road a distance of 40.00 feet to the Southwest corner of Lot 96 of said Winfield Scott Plaza Unit Three;

thence South 89 degrees 33 minutes 19 seconds East (record South 89 degrees 42 minutes 10 seconds East) along the South line of said Lot 96, its Easterly prolongation, and along the South line of Lot 105 of said Winfield Scott Plaza Unit Three a distance of 123.40 feet to a point on last said South line which lies North 89 degrees 33 minutes 19 seconds West (record North 89 degrees 42 minutes 10 seconds West) 52.64 feet from the Southeast corner of said Lot 105;

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thence North 00 degrees 28 minutes 09 seconds East a distance of 36.34 feet;

thence South 89 degrees 31 minutes 51 seconds East a distance of 22.02 feet;

thence North 00 degrees 26 minutes 41 seconds East a distance of 25.57 feet;

thence South 89 degrees 33 minutes 00 seconds East along the North line of Lot 104 of said Winfield Scott Plaza Unit Three and its Easterly prolongation a distance of 70.21 feet to the Monument Line of Winfield Scott Plaza Street as shown on the plat of said Winfield Scott Plaza Unit Three;

thence North 00 degrees 04 minutes 50 seconds East (record North) along said Monument Line a distance of 19.87 feet;

thence South 55 degrees 08 minutes 08 seconds East a distance of 48.70 feet to a point on the West line of Lot 107 of said Winfield Scott Plaza Unit Three, from which point the Southwest corner of Lot 106 of said Winfield Scott Plaza Unit Three lies South 0 degrees 04 minutes 50 seconds West (assumed bearing) a distance of 54.21 feet;

thence continuing South 55 degrees 08 minutes 08 seconds East a distance of 34.17 feet to the point of curvature of a curve concave Westerly having a radius of 25.00 feet;

thence Southern, along the arc of said curve through a central angle of 90 degrees 00 minutes .00 seconds a distance of 39.27 feet to the point of tangency;

thence South 34 degrees 51 minutes 52 seconds West a distance of 0.15 feet to a point on the South line of said Lot 106, from which point the Southeast corner of Lot 115 of said Winfield Scott Plaza Unit Three lies South 89 degrees 35 minutes 15 seconds East a distance of 141.77 feet;

thence continuing South 34 degrees 51 minutes 52 seconds West a distance of 182.88 feet to the point of curvature of a curve concave Northwesterly having a radius of 145.00 feet;

thence Southwesterly along the arc of said curve through a central angle of 6 degrees 25 minutes 05 seconds a distance of 16.24 feet to a point on the East line of Lot 84 of said Winfield Scott Plaza Unit Two;

thence continuing along the arc of said curve through a central angle of 40 degrees 15 minutes 45 seconds a distance of 101.89 feet to a point on the Easterly prolongation of the South line of Lot 90 of said Winfield Scott Plaza Unit Two, which lies South 89 degrees 33 minutes 28 seconds East (record South 89 degrees 42 minutes 57 seconds East) 88.53 feet from the Southwest corner of said Lot 90;

thence continuing along the arc of said curve through a central angle of 8 degrees 14 minutes 12 seconds a distance of 20.85 feet to the point of tangency;

thence South 89 degrees 46 minutes 55 seconds West a distance of 67.76 feet to a point on the Easterly right-of-way line of Scottsdale Road which point is on the West line of Lot 91 of said Winfield Scott Plaza Unit Two, and which point lies South 0 degrees 07 minutes 06 seconds West (record South) a distance of 2.52 feet from said Southwest corner of Lot 90;

thence North 00 degrees 07 minutes 06 seconds East along said Easterly right-of-way line a distance of 174.64 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 3:

That part of the following described parcel designated and referred to as the "SUBSURFACE PARCEL" in that certain License Agreement recorded in Document No. 89-407772, records of Maricopa County, Arizona;

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That portion of the Southwest quarter of Section 23, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the intersection of the monument lines of Paradise Paseo (also known as 6th Avenue) and Winfield Scott Plaza as shown on the plat of Winfield Scott Plaza Unit Three as recorded in Book 70 (Maps) page 49 at the Maricopa County Recorder's Office, Maricopa County, Arizona;

thence South 89 degrees 35 minutes 15 seconds East (assumed bearing) along the monument line of said Paradise Pasco 82.96 feet;

thence North 34 degrees 51 minutes 52 seconds East 101.08 feet;

thence North 55 degrees 08 minutes 08 seconds West 50.00 feet to the TRUE POINT OF BEGINNING;

thence South 34 degrees 51 minutes 52 seconds West 48.51 feet to a point of non-tangency curvature of a curve concave Southwesterly whose radius point bears South 46 degrees 24 minutes 05 seconds West 25.00 feet;

thence Northwesterly along the arc of said curve through a central angle of 11 degrees 32 minutes 13 seconds a distance of 5.03 feet to a point of tangency;

thence North 55 degrees 08 minutes 08 seconds West 182.07 feet;

thence South 34 degrees 51 minutes 52 seconds West 2.00 feet to a point of non-tangency curvature of a curve concave Northeasterly whose radius point bears North 34 degrees 51 minutes 52 seconds East 610.00 feet, said curve hereinafter referred to as "**Curve Number 1**";

thence Northwesterly along the arc of said curve, through a central angle of 8 degrees 11 minutes 06 seconds a distance of 87.14 feet;

thence leaving the arc of said curve on a radial bearing North 43 degrees 02 minutes 58 seconds East 100.0 feet to a point on non-tangency curvature of a curve concave Northeasterly, concentric with said Curve Number 1, whose radius point bears North 43 degrees 02 minutes 58 seconds East 510.00 feet;

thence Southeasterly along the arc of said curve through a central angle of 8 degrees 11 minutes 06 seconds a distance of 87.14 feet;

thence leaving the arc of said curve on a radial line South 34 degrees 51 minutes 52 seconds West 2.00 feet;

thence South 55 degrees 08 minutes 08 seconds East 182.07 feet to a point of curvature of a curve concave Northeasterly having a radius of 25.00 feet;

thence Southeasterly along the arc of said curve through a central angle of 11 degrees 32 minutes 13 seconds a distance of 5.03 feet;

thence leaving the arc of said curve on a non-tangential line South 34 degrees 51 minutes 52 seconds West 48.51 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 4:

That part of the following described parcel designated and referred to as the "**AIR PARCEL**" in that certain License Agreement recorded in Document No. 89-407772, records of Maricopa County, Arizona;

EXHIBIT E

That portion of the Southwest quarter of Section 23, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the intersection of the monument lines of Paradise Paseo (also known as 6th Avenue) and Winfield Scott Plaza as shown on the plat of Winfield Scott Plaza Unit Three as recorded in Book 70 (Maps) page 49 at the Maricopa County Recorder's Office, Maricopa County, Arizona;

thence South 89 degrees 35 minutes 15 seconds East (assumed bearing) along the monument line of said Paradise Paseo 82.96 feet;

thence North 34 degrees 51 minutes 52 seconds East 101.08 feet;

thence North 55 degrees 08 minutes 08 seconds West 36.00 feet to the TRUE POINT OF BEGINNING;

thence South 34 degrees 51 minutes 52 seconds West 60.00 feet;

thence North 55 degrees 08 minutes 08 seconds West 80.00 feet;

thence North 34 degrees 51 minutes 52 seconds East 120.00 feet;

thence South 55 degrees 08 minutes 08 seconds East 80.00 feet;

thence South 34 degrees 51 minutes 52 seconds West 60.00 feet to the TRUE POINT OF BEGINNING; EXCEPT that part lying within the hereinabove described Parcel Nos. 1 and 2.

PARCEL NO. 5:

Lots 8, 9 and 10, SHOEMAN TRACT, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 42 of Maps, page 31.

PARCEL NO. 6:

Lots 72, 73, 74 and the West half of Lot 71, CAMELBACK PARK PLAZA, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 86 of Maps, page 13.

PARCEL NO. 7:

That portion of the alley lying Southerly and adjacent to Lots 72, 73, 74 and the West half of Lot 71, CAMELBACK PARK PLAZA, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona⁰ in Book 86 of Maps, page 13, as abandoned by City of Scottsdale Resolution No. 3207 recorded August 31, 1989 in Document No. 89-407767.

EXHIBIT E

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FIRST AMENDMENT TO AMENDED AND RESTATED LEASE

THIS FIRST AMENDMENT TO AMENDED AND RESTATED LEASE (this "First Amendment") is made and entered into as of the 30th day of July, 2015 (the "Effective Date"), by and between STOCKDALE GALLERIA PROJECT OWNER, LLC, a Delaware limited liability company, as "Landlord", and YELP INC., a Delaware corporation, as "Tenant".

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Amended and Restated Lease dated April 1, 2015 (the "Lease"), for the lease of certain space (the "Original Premises") in the Building commonly known and described as Galleria Corporate Centre having an address of 4343 North Scottsdale Road, Scottsdale, Arizona 85251, which Original Premises currently consists of approximately 92,669 rentable square feet of floor area in the aggregate;

WHEREAS, Tenant has requested that the following additional space be added to the Original Premises and that the Lease be appropriately amended:

(A) Approximately 9,890 rentable square feet of floor area commonly known as a portion of Suite 355, as shown on Exhibit A attached hereto (the "Suite 355 Expansion Space");

(B) Approximately 11,422 rentable square feet of floor area commonly known as Suite 345, as shown on Exhibit A attached hereto (the "Suite 345 Expansion Space"). Tenant currently subleases the Suite 345 Expansion Space from the existing tenant thereof (such existing tenant's direct lease with Landlord being the "Existing Suite 345 Lease"); and

(C) Approximately 14,008 rentable square feet of floor area commonly known as Suite 365, as shown on Exhibit A attached hereto (the "Suite 365 Expansion Space").

The Suite 355 Expansion Space, the Suite 345 Expansion Space and the Suite 365 Expansion Space are collectively referred to herein as the "Third Floor Expansion Space."

WHEREAS, Landlord is willing to expand the Original Premises to include the Third Floor Expansion Space on the following terms and conditions; and

WHEREAS, the parties desire to further modify the Lease as hereinafter set forth in this First Amendment.

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective Date: Capitalized Terms. The terms and provisions of this First Amendment shall be effective on the date of this First Amendment. All capitalized terms used in this First Amendment, unless otherwise defined herein, shall have the same meanings given to them in the Lease.

2. Expansion.

A. Suite 355 Expansion Space. Effective as of the Suite 355 Expansion Commencement Date (as defined below), the Premises, as defined in the Lease and as may have been previously expanded pursuant to this Section 2, shall be increased by the addition of the Suite 355 Expansion Space. The term for the Suite 355 Expansion Space shall commence on the Suite 355 Expansion Commencement Date and be coterminous with the Term of the Lease, as the same may be extended in accordance with the terms of the Lease. The Suite 355 Expansion Space is subject to all of the terms and conditions of the Lease, except as expressly modified herein, and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the Original Premises, except as expressly set forth herein. The "Suite 355 Expansion Commencement Date" shall mean August 1, 2015. Notwithstanding the foregoing, the Lease, as amended hereby, shall not be void, voidable or subject to termination, nor shall Landlord be liable to Tenant for any loss or damage, resulting from Landlord's inability to deliver the Suite 355 Expansion Space to Tenant by such date: provided, however, that if Landlord is unable to deliver possession of the Suite 355 Expansion Space to Tenant by August 1, 2015, for any reason whatsoever (other than as a result of the acts or omissions of Tenant or any of Tenant's employees, representatives, agents, contractors or invitees), then the Suite 355 Expansion Commencement Date shall be extended to the date that Landlord delivers possession of the Suite 355 Expansion Space to Tenant. In addition, if the Suite 355 Expansion Commencement Date does not occur by September 1, 2015, for any reason whatsoever, through no fault of Tenant (or any of Tenant's employees, representatives, agents, contractors or invitees), then the date Tenant is otherwise obligated to commence payment of Base Rent and Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes with respect to the Suite 355 Expansion Space shall be delayed by one (1) day for each day that delivery of possession of the Suite 355 Expansion Space in the condition required under this First Amendment is delayed beyond September 1, 2015 (but not later than October 1, 2015). If the Suite 355 Expansion Commencement Date does not occur by October 1, 2015, for any reason whatsoever, through no fault of Tenant (or any of Tenant's employees, representatives, agents, contractors or invitees), then the date Tenant is otherwise obligated to commence payment of Base Rent and Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes with respect to the Suite 355 Expansion Space shall be delayed by two (2) days for each day that delivery of possession of the Suite 355 Expansion Space in the condition required under this First Amendment is delayed beyond October 1, 2015. Promptly following the Suite 355 Expansion Commencement Date, Landlord and Tenant shall each execute and deliver a Commencement Letter substantially in the form of Exhibit B attached hereto.

B. Suite 345 Expansion Space. Effective as of the Suite 345 Expansion Commencement Date (as defined below), the Premises, as defined in the Lease and as may have been previously expanded pursuant to this Section 2, shall be increased by the addition of the Suite 345 Expansion Space. The term for the Suite 345 Expansion Space shall commence on the Suite 345 Expansion Commencement Date and be coterminous with the Term of the Lease, as the same may be extended in accordance with the terms of the Lease. The Suite 345 Expansion Space is subject to all of the terms and conditions of the Lease, except as expressly modified herein, and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the Original Premises, except as expressly set forth herein. The "Suite 345 Expansion Commencement Date" shall mean the expiration or earlier termination of the Existing Suite 345 Lease, which is currently estimated to be on or about October 1, 2016. Notwithstanding the foregoing, the Lease, as amended hereby, shall not be void, voidable or subject to termination, nor shall Landlord be liable to Tenant for any loss or damage, resulting from Landlord's inability to deliver the Suite 345 Expansion Space to Tenant by any particular date. Notwithstanding the foregoing, if the Suite 345 Expansion Commencement Date does not occur by November 1, 2016, for any reason whatsoever, through no fault of Tenant (or any of Tenant's employees, representatives, agents, contractors or invitees), then the date Tenant is otherwise obligated to commence payment of Base Rent and Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes with respect to the Suite 345 Expansion Space shall be delayed by one (1) day for each day that delivery of possession of the Suite 345 Expansion Space in the condition required under this First Amendment is delayed beyond November 1, 2016 (but not later than December 1, 2016). If the Suite 345 Expansion Commencement Date does not occur by December 1, 2016; for any reason whatsoever, through no fault of Tenant (or any of Tenant's employees, representatives, agents, contractors or invitees), then the date Tenant is otherwise obligated to commence payment of Base Rent and Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes with respect to the Suite 345 Expansion Space shall be delayed by two (2) days for each day that delivery of possession of the Suite 345 Expansion Space in the condition required under this First Amendment is delayed beyond December 1, 2016. Promptly following the Suite 345 Expansion Commencement Date, Landlord and Tenant shall each execute and deliver a Commencement Letter substantially in the form of Exhibit B attached hereto.

C. Suite 365 Expansion Space. Effective as of the Suite 365 Expansion Commencement Date (as defined below), the Premises, as defined in the Lease and as may have been previously expanded pursuant to this Section 2, shall be increased by the addition of the Suite 365 Expansion Space. The term for the Suite 365 Expansion Space shall commence on the Suite 365 Expansion Commencement Date and be coterminous with the Term of the Lease, as the same may be extended in accordance with the terms of the Lease. The Suite 365 Expansion Space is subject to all of the terms and conditions of the Lease, except as expressly modified herein, and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the Original Premises, except as expressly set forth herein. The "Suite 365 Expansion Commencement Date" shall mean the date that Landlord delivers possession of the Suite 365 Expansion Space to Tenant, which is currently estimated to be by the end of December, 2016 (provided that nothing herein shall limit Landlord from delivering possession of the Suite 365 Expansion Space to Tenant prior to such date). Notwithstanding the foregoing, the Lease, as amended hereby, shall not be void, voidable or subject to termination, nor shall Landlord be liable to Tenant for any loss or damage, resulting from Landlord's inability to deliver the Suite 365 Expansion Space to Tenant by any particular date. Notwithstanding the foregoing, if the Suite 365 Expansion Commencement Date does not occur by February 1, 2017, for any reason whatsoever, through no fault of Tenant (or any of Tenant's employees, representatives, agents, contractors or invitees), then the date Tenant is otherwise obligated to commence payment of Base Rent and Tenant's Share of Excess Operating Costs and Tenant's Share of Excess Taxes with respect to the Suite 365 Expansion Space shall be delayed by one (1) day for each day that delivery of possession of the Suite 365 Expansion Space in the condition required under this First Amendment is delayed beyond February 1, 2017. Promptly following the Suite 365 Expansion Commencement Date, Landlord and Tenant shall each execute and deliver a Commencement Letter substantially in the form of Exhibit B attached hereto.

3. Base Rent.

A Original Premises. Tenant shall continue to pay Base Rent with respect to the Original Premises in accordance with the terms and conditions of the Lease.

B. Third Floor Expansion Space. Commencing on the Effective Date, the schedule of Base Rent for the Third Floor Expansion Space shall be as follows, provided that Tenant shall not be obligated to pay Base Rent for any portion of the Third Floor Expansion Space until (i) the Suite 355 Expansion Commencement Date with respect to the Suite 355 Expansion Space, (ii) the Suite 345 Expansion Commencement Date with respect to the Suite 345 Expansion Space, and (iii) the date that is thirty (30) days after the Suite 365 Expansion Commencement Date, or the date Tenant commences operating for business within the Suite 365 Expansion Space, if sooner (the "**Suite 365 Rent Commencement Date**"), with respect to the Suite 365 Expansion Space:

Period	<u>Annual Basic Rent Rate</u> over Rentable Square Foot
08/01/15-03/31/16	\$32.00
04/01/16-03/31/17	\$33.00
04/01/17-03/31/18	\$34.00
04/01/18-03/31/19	\$35.00
04/01/19-03/31/20	\$36.00
04/01/20-03/31/21	\$37.00

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease, as amended hereby.

4. Additional Rent.

A. Original Premises. Tenant shall continue to pay Additional Rent with respect to the Original Premises in accordance with the terms and conditions of the Lease.

B. Third Floor Expansion Space. Commencing on each of the Suite 355 Expansion Commencement Date, the Suite 345 Expansion Commencement Date and the Suite 365 Rent Commencement Date, Tenant shall pay Additional Rent with respect to the Suite 355 Expansion Space, the Suite 345 Expansion Space and the Suite 365 Expansion Space, as applicable, as set forth in the Lease; provided, however, that:

(i) Commencing on each of the Suite 355 Expansion Commencement Date, the Suite 345 Expansion Commencement Date and the Suite 365 Rent Commencement Date, Tenant's Share shall be increased as a result of the expansion into the Suite 355 Expansion Space, the Suite 345 Expansion Space and the Suite 365 Expansion Space, as applicable;

(ii) The Base Year with respect to the entire Third Floor Expansion Space (regardless of the applicable commencement date) shall be calendar year 2015; and

(iii) Notwithstanding anything in Section 5.8 of the Lease to the contrary, Landlord agrees that in calculating Tenant's Share of Excess Operating Costs pursuant to Article 5 of the Lease, that portion of Operating Costs which are controllable by Landlord (specifically excluding, without limitation, insurance premiums, taxes [including Taxes] and costs of utilities) will not increase more than five percent (5%) per year, compounded annually, over the amount of such controllable Operating Costs for calendar year 2015 with respect to the Third Floor Expansion Space (and such cap shall not reset in calendar year 2016 with respect to the Third Floor Expansion Space as set forth in Section 5.8 of the Lease with respect to the Original Premises).

5. Condition.

A. Original Premises. Tenant is in possession of the Original Premises and agrees to accept the same on the Effective Date "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform or fund any alterations, repairs or improvements, except as expressly set forth in the Lease.

B. Suite 355 Expansion Space. Tenant agrees to accept possession of the Suite 355 Expansion Space on the Suite 355 Expansion Commencement Date "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform or fund any alterations, repairs or improvements, except as expressly set forth in this First Amendment. Promptly following the Suite 355 Expansion Commencement Date, Landlord and Tenant shall perform their respective obligations with respect to design and construction of any improvements to be constructed and installed in the Suite 355 Expansion Space (the "**SUITE 355 TENANT IMPROVEMENTS**") as provided in the Tenant Improvement Rider attached hereto and incorporated herein as **Exhibit C**.

C. Suite 345 Expansion Space. Tenant is in possession of the Suite 345 Expansion Space and agrees to accept the same on the Suite 345 Expansion Commencement Date "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform or fund any alterations, repairs or improvements, except as expressly set forth in this First Amendment. Promptly following the Suite 345 Expansion Commencement Date, Landlord and Tenant shall perform their respective obligations with respect to design and construction of any improvements to be constructed and installed in the Suite 345 Expansion Space (the "**SUITE 345 TENANT IMPROVEMENTS**") as provided in the Tenant Improvement Rider attached hereto and incorporated herein as **Exhibit C**.

D. Suite 365 Expansion Space. Tenant agrees to accept possession of the Suite 365 Expansion Space on the Suite 365 Expansion Commencement Date "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform or fund any alterations, repairs or improvements, except as expressly set forth in this First Amendment. Promptly following the Suite 365 Expansion Commencement Date, Landlord and Tenant shall perform their respective obligations with respect to design and construction of any improvements to be constructed and installed in the Suite 365 Expansion Space (the "**SUITE 365 TENANT IMPROVEMENTS**") as provided in the Tenant Improvement Rider attached hereto and incorporated herein as **Exhibit C**.

6. Parking.

A. Original Premises. Tenant shall continue to license the number of parking spaces set forth in Section 17.2 of the Lease with respect to the Original Premises, in accordance with the terms and conditions of the Lease.

B. Third Floor Expansion Space. Commencing on each of the Suite 355 Expansion Commencement Date, the Suite 345 Expansion Commencement Date and the Suite 365 Expansion Commencement Date, Landlord shall license to Tenant an additional four (4) parking spaces per one thousand (1,000) rentable square feet of floor area contained within the Suite 355 Expansion Space (i.e., a total of thirty-nine (39) additional parking spaces), the Suite 345 Expansion Space (i.e., a total of forty-five (45) additional parking spaces) and the Suite 365 Expansion Space (i.e., a total of fifty-six (56) additional parking spaces), as applicable, all in accordance with the terms and conditions of the Lease. Such additional parking spaces shall be allocated by Landlord between reserved and unreserved parking spaces based on prevailing market allocations and subject to availability, and shall be licensed at a charge equal to prevailing market rates, all in accordance with the terms and conditions of the Lease.

C. Parking Garage Expansion. As of the Effective Date, Landlord is contemplating expanding the existing parking garage serving the Building (the "**Parking Garage Expansion**"), without any obligation to do so. If Landlord elects to perform the Parking Garage Expansion, then during the performance of the Parking Garage Expansion, Landlord reserves the right (in its sole and absolute discretion) to temporarily relocate any parking spaces licensed by Tenant with respect to the Original Premises or the Third Floor Expansion Space to an off-site lot selected by Landlord, and in the event such off-site lot is more than three (3) blocks from the Building, Landlord shall provide shuttle service from such off-site lot to the Building.

7. Expansion. Landlord and Tenant acknowledge and agree that the Suite 345 Expansion Space is the same space as Suite 345 described in Section 17.5(c)(i) of the Lease, and the Suite 365 Expansion Space is the same space as Suite 350 described in Section 17.5(c)(ii) of the Lease (notwithstanding the use of different suite numbers). Accordingly, Section 17.5(c) of the Lease is hereby deleted in its entirety and of no further force and effect, and the terms of this First Amendment shall control with respect thereto.

8. Brokers. Tenant represents that Tenant has dealt with no brokers in connection with this First Amendment, other than CBRE, Inc. ("**Broker**"), and that insofar as Tenant knows, no broker (other than Broker) negotiated or participated in negotiations of this First Amendment or is entitled to any commission in connection therewith. Tenant shall defend, indemnify and hold harmless Landlord from and against any and all claims of brokers, finders or any like third party (other than Broker) claiming any right to commission or compensation by or through acts of Tenant in connection herewith. Landlord shall defend, indemnify and hold harmless Tenant from and against any and all claims of brokers, finders or any like third party (other than Broker) claiming any right to commission or compensation by or through acts of Landlord in connection herewith.

9. Ratification: Conflict. Except as otherwise expressly modified in this First Amendment, the terms and conditions of the Lease are and shall remain in full force and effect. In the event of any conflict or inconsistency between the terms and provisions of the Lease and the terms and provisions of this First Amendment, the terms and provisions of this First Amendment shall govern and control.

10. Counterparts. This First Amendment may be executed in any number of counterparts and the parties may deliver their respective signatures by electronic mail or PDF transmission, all of which together shall be deemed to constitute one instrument, and each of which shall be deemed an original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this First Amendment to Amended and Restated Lease as of the day and year first above written.

LANDLORD:

STOCKDALE GALLERIA PROJECT OWNER, LLC,
a Delaware limited liability company

By: Stockdale Galleria, LLC,
a Delaware limited liability company,
its sole member

By: Stockdale Galleria Manager, LLC,
a Delaware limited liability company,
its Managing Member

By: /s/ Steven Yari
Name: Steven Yari
Title: Authorized Signatory

TENANT:

YELP INC.,
a Delaware corporation

By: /s/ Rob Krolik
Name: Rob Krolik
Title: CFO

EXHIBIT A

SITE PLAN OF THIRD FLOOR EXPANSION SPACE

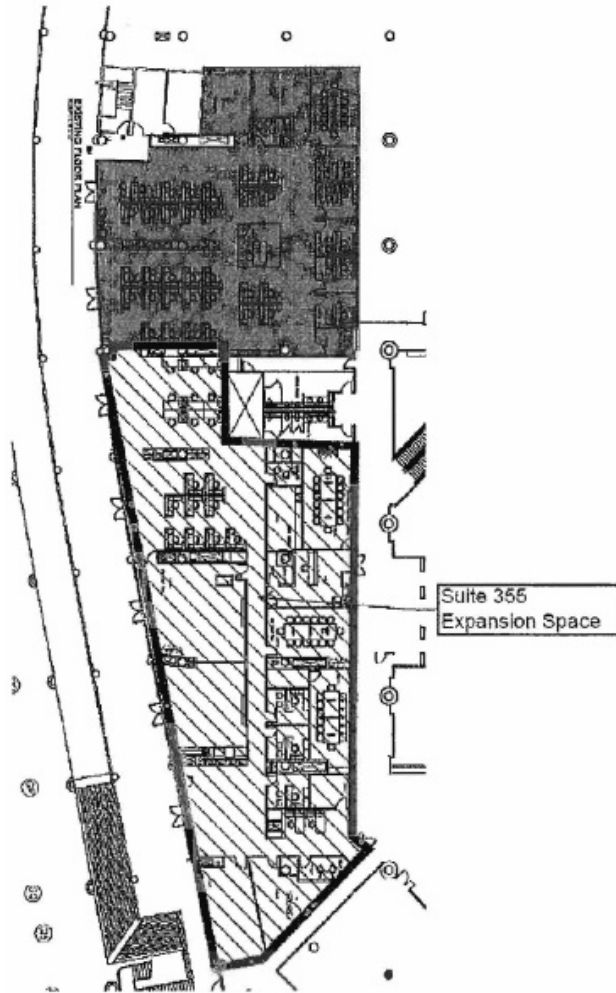


EXHIBIT A

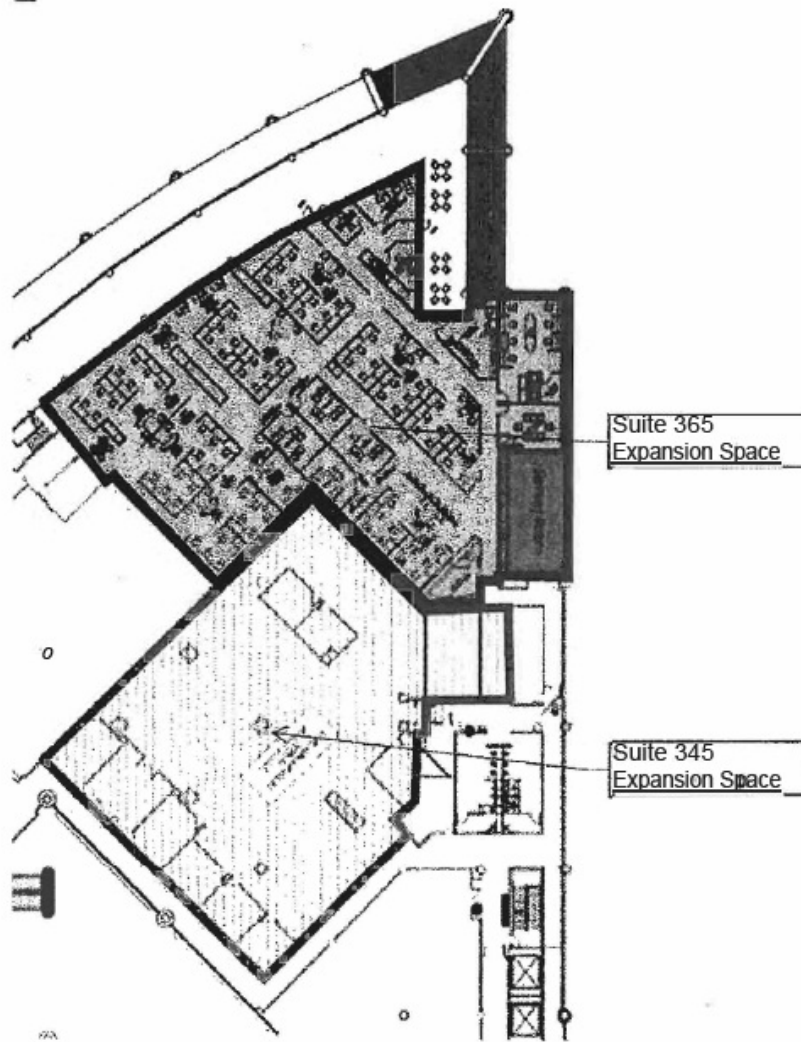


EXHIBIT A
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EXHIBIT B

COMMENCEMENT LETTER

____, _____ 20__

Yelp Inc.
140 New Montgomery Street
San Francisco, California 94105
Attn: John Lieu

Yelp Inc.
140 New Montgomery Street
San Francisco, California 94105
Attn: Legal Department

Re: *[Suite 355 Expansion Space/Suite 345 Expansion Space/Suite 365 Expansion Space]* Commencement Letter with respect to that certain First Amendment to Amended and Restated Lease dated July _____, 2015, by and between Stockdale Galleria Project Owner, LLC, as Landlord, and Yelp Inc. as Tenant

Dear Tenant:

In accordance with the terms and conditions of the above referenced First Amendment, Tenant hereby confirms that it has accepted possession of the *[Suite 355 Expansion Space/Suite 345 Expansion Space/Suite 365 Expansion Space]* and agrees as follows:

The *[Suite 355/Suite 345/Suite 365]* Expansion Commencement Date is

[The Suite 365 Rent Commencement Date is _____.]

The schedule of Base Rent payable with respect to the *[Suite 355 Expansion Space/Suite 345 Expansion Space/Suite 365 Expansion Space]* is as follows:

Period	<u>Annual Basic Rent Rate Over Rentable Square Foot</u>	<u>Monthly Installments for [Suite 355 Expansion Space/Suite 345 Expansion Space/Suite 365 Expansion 365 Space]</u>	<u>Total Monthly Installments for Entire Current Premises (including [Suite 355 Expansion Space/Suite 345 Expansion Space/Suite 365 Expansion Space])</u>
08/01/15-03/31/16	\$32.00		
04/01/16-03/31/17	\$33.00		
04/01/17-03/31/18	\$34.00		
04/01/18-03/31/19	\$35.00		
04/01/19-03/31/20	\$36.00		
04/01/20-03/31/21	\$37.00		

Tenant's Share with respect to the [Suite 355 Expansion Space/Suite 345 Expansion Space/Suite 365 Expansion Space] is _____%; and the total Tenant's Share for the entire current Premises (including the [Suite 355 Expansion Space/Suite 345 Expansion Space/Suite 365 Expansion Space]) is _____%.

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all three (3) copies of this Commencement Letter in the space provided and returning two (2) fully executed copies of the same to my attention.

Sincerely,

STOCKDALE GALLERIA PROJECT OWNER, LLC,
a Delaware limited liability company

By: Stockdale Galleria, LLC,
a Delaware limited liability company,
its sole member

By: Stockdale Galleria Manager, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: _____
Title: _____

Agreed and Accepted:

YELP INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBITS

EXHIBIT C

TENANT IMPROVEMENT RIDER
(THIRD FLOOR EXPANSION SPACE)

(Tenant performs work with Allowance provided by Landlord)

1. This Tenant Improvement Rider shall set forth the obligations of Landlord and Tenant with respect to the performance of the Suite 355 Tenant Improvements, the Suite 345 Tenant Improvements and the Suite 365 Tenant Improvements (as applicable, the "**Tenant Improvements**"). The rights set forth in this **EXHIBIT C** (including, without limitation, the right to receive the Suite 355 Construction Allowance, the Suite 345 Construction Allowance and the Suite 365 Construction Allowance (all as defined in Section 4 below)) shall be personal to Original Tenant (i.e., Yelp Inc.) or an Affiliate. Notwithstanding anything in the Lease, as amended hereby, or this **EXHIBIT C** to the contrary, the disbursement of the Suite 355 Construction Allowance, the Suite 345 Construction Allowance and the Suite 365 Construction Allowance shall be subject to Original Tenant or an Affiliate, as applicable, not being in default under the Lease, as amended hereby, beyond all applicable notice and cure periods. In no event shall the Suite 355 Construction Allowance, the Suite 345 Construction Allowance or the Suite 365 Construction Allowance be used to prepare the Third Floor Expansion Space (or any portion thereof) for any subtenant, assignee or other transferee of Original Tenant except to an Affiliate.
2. Prior to commencing the applicable Tenant Improvements, Tenant shall deliver to Landlord plans and specifications reasonably acceptable to Landlord; names and addresses of contractors reasonably acceptable to Landlord; copies of contracts; necessary permits and approvals; and evidence of Builders Risk (aka Course of Construction) insurance and such other insurance as is required of Tenant in accordance with Section 10.1 of the Lease. Tenant shall be responsible for insuring that all such persons procure and maintain insurance coverage against such risks, in such amounts as Landlord may reasonably require and with such companies as Landlord may reasonably approve, provided that such requirements do not exceed the insurance requirements of similar landlords of similar buildings in the vicinity of the Project. Tenant shall be responsible for all elements of the plans for the Tenant Improvements (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of such plans shall in no event relieve Tenant of the responsibility therefor. Landlord's approval of the contractors to perform the Tenant Improvements shall not be unreasonably withheld, conditioned or delayed. Landlord's approval of the general contractor to perform the Tenant Improvements shall not be considered to be unreasonably withheld if any such general contractor (a) does not have trade references reasonably acceptable to Landlord, (b) does not maintain insurance as required by Landlord, (c) does not have the ability to be bonded for the work in an amount reasonably satisfactory to Landlord, or (d) is not licensed as a contractor in the state and municipality in which the Building is located. Tenant shall not be required to remove the Tenant Improvements which are standard office improvements upon expiration or termination of the Term. However, Tenant shall remove all or part of the Tenant Improvements which are non-standard office improvements prior to or upon expiration or termination of the Term, unless Tenant, at the time Tenant requests Landlord's consent to the plans and specifications for such non-standard office improvements, requests in writing whether Landlord will require Tenant to remove such non-standard office improvements on or before the expiration or sooner termination of the Lease, and Landlord responds to Tenant in writing stipulating that Tenant will not be required to so remove such non-standard office improvements on or before the expiration or sooner termination of the Lease.

EXHIBIT C

3. Promptly after obtaining Landlord's approval of the plans for the applicable Tenant Improvements and before commencing construction of the applicable Tenant Improvements, Tenant shall deliver to Landlord a reasonably detailed estimate of the cost of the applicable Tenant Improvements and shall identify the amount (the "Excess Cost") equal to the difference between the amount of the total cost of the applicable Tenant Improvements (the "Total Cost") and the amount of the applicable Construction Allowance (as defined in Section 4 below). Tenant shall pay a percentage of each amount requested by the Contractor or otherwise to be disbursed under this Tenant Improvement Rider, which percentage shall be equal to the Excess Cost divided by the amount of the Total Cost, and such payments by Tenant shall be a condition to Landlord's obligation to pay any amounts from the applicable Construction Allowance.
4. Provided Tenant is not in default beyond all applicable notice and cure periods, Landlord agrees to contribute the following toward the cost of performing the Tenant Improvements (as applicable, the "Construction Allowance"):
 - A. Up to \$148,350.00 (i.e., \$15.00 per rentable square foot of the Suite 355 Expansion Space) (the "Suite 355 Construction Allowance") towards the Suite 355 Tenant Improvements only;
 - B. Up to \$57,110.00 (i.e., \$5.00 per rentable square foot of the Suite 345 Expansion Space) (the "Suite 345 Construction Allowance") towards the Suite 345 Tenant Improvements only; and
 - C. Up to \$70,040.00 (i.e., \$5.00 per rentable square foot of the Suite 365 Expansion Space) (the "Suite 365 Construction Allowance") towards the Suite 365 Tenant Improvements only.

The Construction Allowance may only be used for the cost of preparing design and construction documents and mechanical and electrical plans for the applicable Tenant Improvements and for hard costs in connection with the applicable Tenant Improvements. The Construction Allowance, less a ten percent (10%) retainage (which retainage shall be payable as part of the final draw), shall be paid to Tenant or, at Landlord's option, to the order of the general contractor that performs the applicable Tenant Improvements, in periodic disbursements within thirty (30) days after receipt of the following documentation: (a) an application for payment and sworn statement of contractor substantially in the form of AIA Document G-702 covering all work for which disbursement is to be made to a date specified therein; (b) a certification from an AIA architect substantially in the form of the Architect's Certificate for Payment which is located on AIA Document G702, Application and Certificate of Payment; (c) contractor's, subcontractor's and material supplier's waivers of liens which shall cover all Tenant Improvements for which disbursement is being requested and all other statements and forms required for compliance with the mechanics' lien laws of the state in which the Premises is located, together with such supporting data as Landlord or Landlord's mortgagee may reasonably require; (d) a cost breakdown for each trade or subcontractor performing the Tenant Improvements; (e) plans and specifications for the applicable Tenant Improvements (if routinely prepared for the particular applicable Tenant Improvements for which disbursement is being requested), together with a certificate from an AIA architect that such plans and specifications comply in all material respects with all laws affecting the Building, Project and Premises (if applicable); (f) copies of all construction contracts for the applicable Tenant Improvements, together with copies of all change orders, if any; and (g) a request to disburse from Tenant containing an approval by Tenant of the work done, paid invoices and receipts showing payment in full of the Excess Cost (if any) by Tenant, and a good faith estimate of the cost to complete the applicable Tenant Improvements. Upon completion of the applicable Tenant Improvements, and prior to final disbursement of the applicable Construction Allowance, Tenant shall furnish Landlord with: (i) general contractor and architect's completion affidavits; (ii) full and final waivers of lien; (iii) receipted bills covering all labor and materials expended and used; (iv) as-built plans of the applicable Tenant Improvements; (v) the certification of Tenant and its architect that the applicable Tenant Improvements have been installed in a good and workmanlike manner in accordance with the approved plans, and in accordance with applicable laws, codes and ordinances; and (vi) a certificate of occupancy for the Suite 355 Expansion Space, the Suite 345 Expansion Space or the Suite 365 Expansion Space, as applicable. In no event shall Landlord be required to disburse the Construction Allowance more than one (1) time per month. Notwithstanding anything herein to the contrary, Landlord shall not be obligated to disburse any portion of the Construction Allowance during the continuance of an uncured default under the Lease, as amended hereby, and Landlord's obligation to disburse shall only resume when and if such default is cured.

EXHIBIT C

5. In no event shall any portion of the Construction Allowance be used for the purchase of equipment, furniture or other items of personal property of Tenant. In the event Tenant does not submit to Landlord a written request for payment of the entire applicable Construction Allowance (together with all of the documents and certificates required for such payment) within six (6) months after the Suite 355 Expansion Commencement Date, the Suite 345 Commencement Date or the Suite 365 Commencement Date; as applicable, any portion of the applicable Construction Allowance not disbursed to Tenant shall accrue to the sole benefit of Landlord, it being understood that Tenant shall not be entitled to any credit, abatement or other concession in connection therewith, except as set forth below, and that Tenant shall not be entitled to apply any remaining portion of the applicable Construction Allowance to any other portion of the Third Floor Expansion Space. Tenant shall be responsible for all applicable state sales or use taxes, if any, payable in connection with the Tenant Improvements and/or Construction Allowance.
6. The Tenant Improvements shall be constructed in a good and workmanlike manner using Building standard materials or other new materials of equal or greater quality. Landlord, to the extent reasonably necessary to avoid any disruption to the tenants and occupants of the Project, shall have the right to designate the time when the Tenant Improvements may be performed and to otherwise designate reasonable rules, regulations and procedures for the performance of work in the Project. The Tenant Improvements shall be subject to and shall comply with all insurance requirements, all applicable codes, ordinances, laws and regulations, and the provisions of Section 7 of the Lease with respect to Alterations to the extent they do not conflict with the provisions of this Tenant Improvement Rider.
7. Tenant agrees to accept the Suite 355 Expansion Space, the Suite 345 Expansion Space and the Suite 365 Expansion Space in each of their "as-is" condition and configuration, without representation or warranty by Landlord or anyone acting on Landlord's behalf, it being agreed that Landlord shall not be required to perform any work or, except as provided above with respect to the applicable Construction Allowance, incur any costs in connection with the construction or demolition of any improvements in the Suite 355 Expansion Space, the Suite 345 Expansion Space or the Suite 365 Expansion Space; provided, however, that Suite 355 Expansion Space and the Suite 365 Expansion Space (but not the Suite 345 Expansion Space, since Tenant is the existing occupant of the Suite 345 Expansion Space as a subtenant under the Existing Suite 345 Lease), will be delivered broom clean with all Building systems providing service to the applicable space in good operating condition.

EXHIBIT C

8. This Tenant Improvement Rider shall not be deemed applicable to any additional space added to the Original Premises or Third Floor Expansion Space at any time or from time to time, whether by any options under the Lease, as amended hereby, or otherwise, or to any portion of the Original Premises or the Third Floor Expansion Space or any additions to the Premises in the event of a renewal or extension of the original Term, whether by any options under the Lease, as amended hereby, or otherwise, unless expressly so provided in the lease, as amended hereby, or any amendment or supplement to the Lease, as amended hereby. All capitalized terms used in this Tenant Improvement Rider but not defined herein shall have the same meanings ascribed to such terms in the Lease, as amended hereby.

9. In the event that Landlord does not fund any installment of the Construction Allowance within forty-five (45) days following Tenant's satisfaction of the applicable conditions under this Tenant Improvement Rider for the disbursement of same and Tenant's delivery of all applicable items under Section 4 above, Tenant may give to Landlord (and any mortgagee to which Tenant has delivered a SNDA) a notice of such failure, which notice shall contain the following phrase on page 1 of the notice in all capital letters and boldface type (or it shall not be deemed validly delivered to Landlord): **"FINAL NOTICE: LANDLORD'S FAILURE TO DISBURSE THE [SUITE 355/SUITE 345/SUITE 365] CONSTRUCTION ALLOWANCE WITHIN THIRTY (30) DAYS SHALL ENTITLE TENANT TO OFFSET SUCH AMOUNT AGAINST RENT."** If Landlord does not provide the requested Construction Allowance funds within thirty (30) days after Landlord's receipt of such notice, then Tenant shall be permitted to offset such amount against the Base Rent due and owing hereunder together with interest at the Interest Rate on a monthly basis until the full amount of the applicable installment of the applicable Construction Allowance has been recouped by Tenant; provided, however, that if Landlord notifies Tenant that Landlord disputes Tenant's entitlement to the applicable Construction Allowance or such portion thereof, Tenant may not offset any amount on account thereof unless and until such dispute is finally resolved. If any such disputes regarding Tenant's entitlement to the applicable Construction Allowance are not resolved between the parties within thirty (30) days following such notice by Landlord, Tenant may proceed with its remedies at law or in equity.

EXHIBIT C

SECOND AMENDMENT TO AMENDED AND RESTATED LEASE

THIS SECOND AMENDMENT TO AMENDED AND RESTATED LEASE (this "**SECOND AMENDMENT**") is made and entered into as of the 22nd day of April, 2016 (the "**EFFECTIVE DATE**") by and between STOCKDALE GALLERIA PROJECT OWNER, LLC, a Delaware limited liability company, as "**Landlord**", and YELP INC., a Delaware corporation, as "**Tenant**".

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Amended and Restated Lease dated April 1, 2015 (the "**Original Lease**"), as amended by that certain First Amendment to Amended and Restated Lease dated July 30, 2015 (the "**FIRST AMENDMENT**"), that certain Commencement Letter with respect to the Suite 355 Expansion Space (referred to therein as "Suite 360") dated August 26, 2015, that certain letter agreement dated September 24, 2015 (the "**Letter AGREEMENT**"), and that certain Commencement Letter with respect to the Suite 365 Expansion Space (referred to therein as "Suite 345") dated January 21, 2016 (collectively, the "**LEASE**"), for the lease of certain space (the "**EXISTING PREMISES**") in the Building commonly known and described as Galleria Corporate Centre having an address of 4343 North Scottsdale Road, Scottsdale, Arizona 85251, which Existing Premises currently consists of approximately 116,567 rentable square feet of floor area in the aggregate, as follows:

Suites	Approximate Size
200, 220, 270, 280 & 290	62,090 rentable square feet
100, 105, 110, 115, 120 & 130	30,579 rentable square feet
355 (sometimes referred to as Suite 360)	9,890 rentable square feet
365 (sometimes referred to as Suite 345)	14,008 rentable square feet

WHEREAS, the Suite 345 Expansion Commencement Date (as defined in the First Amendment) has not yet occurred;

WHEREAS, Tenant has requested that certain space in the Building containing approximately 30,008 rentable square feet of floor area commonly known as Suite 260, as shown on **EXHIBIT A** attached hereto (the "**SUITE 260 EXPANSION SPACE**"), be added to the Existing Premises and that the Lease be appropriately amended;

WHEREAS, the Suite 260 Expansion Space is currently occupied by an existing tenant (the "**Existing Tenant**"), whose lease of the Suite 260 Expansion Space (the "**Existing Lease**") is scheduled to expire on September 30, 2016;

WHEREAS, Landlord is willing to expand the Existing Premises to include the Suite 260 Expansion Space on the following terms and conditions; and

WHEREAS, the parties desire to further modify the Lease as hereinafter set forth in this Second Amendment.

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective Date: Capitalized Terms. The terms and provisions of this Second Amendment shall be effective on the date of this Second Amendment. All capitalized terms used in this Second Amendment, unless otherwise defined herein, shall have the same meanings given to them in the Lease.

2. Expansion.

A. Suite 260 Expansion Space: Suite 260 Term. Effective as of the date that is the later to occur of (i) the date that the Existing Tenant vacates the Suite 260 Expansion Space, and (ii) the date that the Existing Lease expires or is sooner terminated with respect to the Suite 260 Expansion Space (the "**Suite 260 Expansion Commencement Date**"), the Premises, as defined in the Lease, shall be increased by the addition of the Suite 260 Expansion Space. The term for the Suite 260 Expansion Space (the "**SUITE 260 TERM**") shall commence on the Suite 260 Expansion Commencement Date and shall continue until September 30, 2022 (and the Term of the Lease is hereby extended to September 30, 2022, with respect to the Suite 260 Expansion Space only), unless the Lease, as amended hereby, is sooner terminated, subject to extension as set forth below. The Suite 260 Expansion Space is subject to all of the terms and conditions of the Lease, except as expressly modified herein, and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the Existing Premises, except as expressly set forth herein. Further, the option to extend the Term of the Lease set forth in Section 3.3 of the Original Lease shall not apply to the Suite 260 Expansion Space, unless Tenant elects, at the same time and in the Exercise Notice delivered pursuant to Section 3.3(b) of the Original Lease, to extend the Term of the Lease with respect to the entire Premises leased by Tenant at such time (including, without limitation, the Suite 260 Expansion Space) for the Option Term, subject to the terms and conditions of Section 3.3 of the Original Lease and this Section 2.A. If Tenant so elects to extend the Term of the Lease with respect to the entire Premises leased by Tenant at such time, (i) the Term of the Lease with respect to the entire Premises leased by Tenant at such time (less the Suite 260 Expansion Space) shall be extended for the Option Term commencing as of the date immediately following the existing Expiration Date under the Lease with respect to the Existing Premises (i.e., the Option Term with respect to the entire Premises leased by Tenant at such time (less the Suite 260 Expansion Space) shall be April 1, 2021, through March 31, 2026, inclusive), (ii) the Term of the Lease with respect to the Suite 260 Expansion Space shall be extended for the Option Term commencing as of the date immediately following the expiration of the Suite 260 Term (i.e., the Option Term with respect to the Suite 260 Expansion Space shall be October 1, 2022, through September 30, 2027, inclusive), and (iii) the annual Base Rent payable by Tenant during the applicable Option Term for the entire Premises leased by Tenant at such time (less the Suite 260 Expansion Space) and the Suite 260 Expansion Space shall be the Option Base Rent as determined in accordance with Section 3.3(a) of the Original Lease, which Option Base Rent shall be payable commencing as of the first (1st) day of the applicable Option Term (i.e., commencing on April 1, 2021, with respect to the entire Premises leased by Tenant at such time (less the Suite 260 Expansion Space), and commencing on October 1, 2022, with respect to the Suite 260 Expansion Space). If Tenant does not elect to extend the Suite 260 Term in the Exercise Notice, then Tenant shall have no further right to extend the Suite 260 Term. Promptly following the Suite 260 Expansion Commencement Date, Landlord and Tenant shall each execute and deliver a Commencement Letter substantially in the form of **Exhibit B** attached hereto.

3. Base Rent.

A. Existing Premises. Tenant shall continue to pay Base Rent with respect to the Existing Premises in accordance with the terms and conditions of the Lease.

B. Suite 260 Expansion Space. Commencing on the Suite 260 Expansion Commencement Date and continuing throughout the Suite 260 Term (subject to Section 2.A above, the schedule of Base Rent for the Suite 260 Expansion Space shall be as follows:

Period Suite 260 Expansion Commencement Date-	Annual Basic Rent Rate per Rentable Square Foot	Monthly Installments for Suite 260 Expansion Space
03/31/17	\$32.00	\$80,021.33
04/01/17-03/31/18	\$33.00	\$82,522.00
04/01/18-03/31/19	\$34.00	\$85,022.67
04/01/19-03/31/20	\$35.00	\$87,523.33
04/01/20-03/31/21	\$36.00	\$90,024.00
04/01/21-03/31/22	\$37.00	\$92,524.67
04/01/22-09/30/22	\$38.00	\$95,025.33

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease, as amended hereby.

4. Additional Rent.

A. Existing Premises. Tenant shall continue to pay Additional Rent with respect to the Existing Premises in accordance with the terms and conditions of the Lease.

B. Suite 260 Expansion Space. Commencing on the Suite 260 Expansion Commencement Date and continuing throughout the Suite 260 Term, Tenant shall pay Additional Rent with respect to the Suite 260 Expansion Space as set forth in the Lease; provided, however, that:

- (i) Tenant's Share shall be increased as a result of the expansion into the Suite 260 Expansion Space; and
- (ii) The Base Year with respect to the Suite 260 Expansion Space shall be calendar year 2016.

5. Condition.

A. Existing Premises. Tenant is in possession of the Existing Premises and agrees to accept the same on the Effective Date "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform or fund any alterations, repairs or improvements, except as expressly set forth in the Lease.

B. Suite 260 Expansion Space. Tenant agrees to accept possession of the Suite 260 Expansion Space on the Suite 260 Expansion Commencement Date "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform or fund any alterations, repairs or improvements, except as expressly set forth in this Second Amendment. Promptly following the Suite 260 Expansion Commencement Date, Landlord and Tenant shall perform their respective obligations with respect to design and construction of any improvements to be constructed and installed in the Suite 260 Expansion Space (the "**SUITE 260 TENANT IMPROVEMENTS**") as provided in the Tenant Improvement Rider attached hereto and incorporated herein as **Exhibit C**.

6. Parking.

A Existing Premises. Tenant shall continue to license the number of parking spaces set forth in Section 17.2 of the Original Lease and Section 6 of the First Amendment with respect to the Existing Premises, in accordance with the terms and conditions of the Lease.

B. Suite 260 Expansion Space. Commencing on the Suite 260 Expansion Commencement Date and continuing throughout the Suite 260 Term, Landlord shall license to Tenant an additional four (4) parking spaces per one thousand (1,000) rentable square feet of floor area contained within the Suite 260 Expansion Space (i.e., a total of one hundred twenty (120) additional parking spaces), all in accordance with the terms and conditions of the Lease. Such additional parking spaces shall be allocated by Landlord between reserved and unreserved parking spaces based on prevailing market allocations and subject to availability, and shall be licensed at a charge equal to prevailing market rates, all in accordance with the terms and conditions of the Lease.

C. Parking Garage Expansion. As of the Effective Date, Landlord is contemplating expanding the existing parking garage serving the Building (the "**Parking Garage Expansion**"), without any obligation to do so. If Landlord elects to perform the Parking Garage Expansion, then during the performance of the Parking Garage Expansion, Landlord reserves the right (in its sole and absolute discretion) to temporarily relocate any parking spaces licensed by Tenant with respect to the Suite 260 Expansion Space to an off-site lot selected by Landlord, and in the event such off-site lot is more than three (3) blocks from the Building, Landlord shall provide shuttle service from such off-site lot to the Building.

7. Original Construction Allowance. The second (2nd) sentence of Section 5 of **EXHIBIT C** to the Original Lease, as amended by the Letter Agreement, is hereby further revised to read as follows:

"In the event Tenant does not submit to Landlord a written request for payment of the entire Construction Allowance (together with all of the documents and certificates required for such payment) by on or before February 1, 2017, any portion of the Construction Allowance not disbursed to Tenant shall accrue to the sole benefit of Landlord, it being understood that Tenant shall not be entitled to any credit, abatement or other concession in connection therewith, except as set forth below."

Nothing herein shall be deemed to modify the terms and conditions of the First Amendment, which will remain the same.

8. Brokers. Tenant represents that Tenant has dealt with no brokers in connection with this Second Amendment, other than CBRE, Inc. ("**BROKER**"), and that insofar as Tenant knows, no broker (other than Broker) negotiated or participated in negotiations of this Second Amendment or is entitled to any commission in connection therewith. Tenant shall defend, indemnify and hold harmless Landlord from and against any and all claims of brokers, finders or any like third party (other than Broker) claiming any right to commission or compensation by or through acts of Tenant in connection herewith. Landlord shall defend, indemnify and hold harmless Tenant from and against any and all claims of brokers, finders or any like third party (other than Broker) claiming any right to commission or compensation by or through acts of Landlord in connection herewith.

9. Ratification: Conflict. Except as otherwise expressly modified in this Second Amendment, the terms and conditions of the Lease are and shall remain in full force and effect. In the event of any conflict or inconsistency between the terms and provisions of the Lease and the terms and provisions of this Second Amendment, the terms and provisions of this Second Amendment shall govern and control.

10. Counterparts. This Second Amendment may be executed in any number of counterparts and the parties may deliver their respective signatures by electronic mail or PDF transmission, all of which together shall be deemed to constitute one instrument, and each of which shall be deemed an original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Amended and Restated Lease as of the day and year first above written.

LANDLORD:

STOCKDALE GALLERIA PROJECT OWNER, LLC,
a Delaware limited liability company

By: Stockdale Galleria, LLC,
a Delaware limited liability company,
its sole member

By: Stockdale Galleria Manager, LLC,
a Delaware limited liability company,
its Managing Member

By: /s/ Steven Yari
Name: Steven Yari
Title: Authorized Signatory

TENANT:

YELP INC.,
a Delaware corporation

By: /s/ Rob Krolik
Name: Rob Krolik
Title: CFO

EXHIBIT A

SITE PLAN OF SUITE 260 EXPANSION SPACE

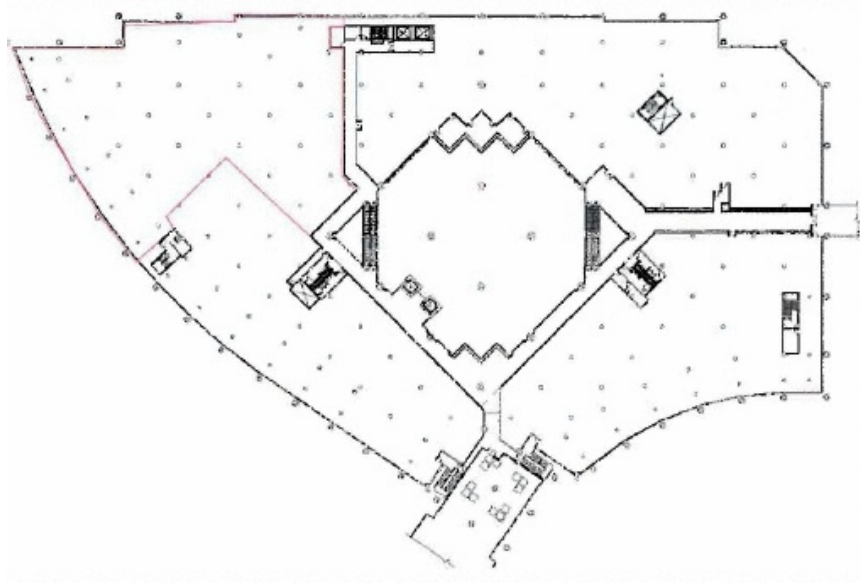


EXHIBIT A

EXHIBIT B

COMMENCEMENT LETTER

_____, 20____

Yelp Inc.
140 New Montgomery Street
San Francisco, California 94105
Attn: John Lieu

Yelp Inc.
140 New Montgomery Street
San Francisco, California 94105
Attn: Legal Department

Re: Suite 260 Expansion Space Commencement Letter with respect to that certain Second Amendment to Amended and Restated Lease dated April __, 2016, by and between Stockdale Galleria Project Owner, LLC, as Landlord, and Yelp Inc. as Tenant

Dear Tenant:

In accordance with the terms and conditions of the above referenced Second Amendment, Tenant hereby confirms that it has accepted possession of the Suite 260 Expansion Space and agrees as follows:

The Suite 260 Expansion Commencement Date is _____

The schedule of Base Rent payable with respect to the Suite 260 Expansion Space is as follows:

Period / / -03/31/17	Annual Basic Rent Rate per Rentable Square Foot	Monthly Installments for Suite 260 Expansion Space
04/01/17-03/31/18	\$32.00	\$80,021.33
04/01/18-03/31/19	\$33.00	\$82,522.00
04/01/19-03/31/20	\$34.00	\$85,022.67
04/01/20-03/31/21	\$35.00	\$87,523.33
04/01/21-03/31/22	\$36.00	\$90,024.00
04/01/22-09/30/22	\$37.00	\$92,524.67
	\$38.00	\$95,025.33

Tenant's Share with respect to the Suite 260 Expansion Space is _____%; and the total Tenant's Share for the entire current Premises (including the Suite 260 Expansion Space) is _____%.

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all three (3) copies of this Commencement Letter in the space provided and returning two (2) fully executed copies of the same to my attention.

EXHIBIT B

-1-

Sincerely,

STOCKDALE GALLERIA PROJECT OWNER, LLC,
a Delaware limited liability company

By: Stockdale Galleria, LLC,
a Delaware limited liability company,
its sole member

By: Stockdale Galleria Manager, LLC,
a Delaware limited liability company,
its Managing Member

By:
Name:
Title:

Agreed and Accepted:

YELP INC.,
a Delaware corporation

By:
Name:
Title:

EXHIBIT B

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EXHIBIT C

TENANT IMPROVEMENT RIDER
(SUITE 260 EXPANSION SPACE)

(Tenant performs work with Allowance provided by Landlord)

1. This Tenant Improvement Rider shall set forth the obligations of Landlord and Tenant with respect to the performance of the Suite 260 Tenant Improvements (sometimes also referred to herein as the "TENANT IMPROVEMENTS"). The rights set forth in this EXHIBIT C (including, without limitation, the right to receive the Suite 260 Construction Allowance (as defined in Section 4 below)) shall be personal to Original Tenant (ie., Yelp Inc.) or an Affiliate. Notwithstanding anything in the Lease, as amended hereby, or this Exhibit C to the contrary, the disbursement of the Suite 260 Construction Allowance shall be subject to Original Tenant or an Affiliate, as applicable, not being in default under the Lease, as amended hereby, beyond all applicable notice and cure periods. In no event shall the Suite 260 Construction Allowance be used to prepare the Suite 260 Expansion Space (or any portion thereof) for any subtenant, assignee or other transferee of Original Tenant except to an Affiliate.
2. Prior to commencing the Tenant Improvements, Tenant shall deliver to Landlord plans and specifications reasonably acceptable to Landlord; names and addresses of contractors reasonably acceptable to Landlord; copies of contracts; necessary permits and approvals; and evidence of Builders Risk (aka Course of Construction) insurance and such other insurance as is required of Tenant in accordance with Section 10.1 of the Original Lease. Tenant shall be responsible for insuring that all such persons procure and maintain insurance coverage against such risks, in such amounts as Landlord may reasonably require and with such companies as Landlord may reasonably approve, provided that such requirements do not exceed the insurance requirements of similar landlords of similar buildings in the vicinity of the Project. Tenant shall be responsible for all elements of the plans for the Tenant Improvements (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of such plans shall in no event relieve Tenant of the responsibility therefor. Landlord's approval of the contractors to perform the Tenant Improvements shall not be unreasonably withheld, conditioned or delayed. Landlord's approval of the general contractor to perform the Tenant Improvements shall not be considered to be unreasonably withheld if any such general contractor (a) does not have trade references reasonably acceptable to Landlord, (b) does not maintain insurance as required by Landlord, (c) does not have the ability to be bonded for the work in an amount reasonably satisfactory to Landlord, or (d) is not licensed as a contractor in the state and municipality in which the Building is located. Tenant shall not be required to remove the Tenant Improvements which are standard office improvements upon expiration or termination of the Term. However, Tenant shall remove all or part of the Tenant Improvements which are non-standard office improvements prior to or upon expiration or termination of the Term, unless Tenant, at the time Tenant requests Landlord's consent to the plans and specifications for such non-standard office improvements, requests in writing whether Landlord will require Tenant to remove such non-standard office improvements on or before the expiration or sooner termination of the Lease, and Landlord responds to Tenant in writing stipulating that Tenant will not be required to so remove such non-standard office improvements on or before the expiration or sooner termination of the Lease.

EXHIBIT C

-1-

3. Promptly after obtaining Landlord's approval of the plans for the Tenant Improvements and before commencing construction of the Tenant Improvements, Tenant shall deliver to Landlord a reasonably detailed estimate of the cost of the Tenant Improvements and shall identify the amount (the "Excess Cost") equal to the difference between the amount of the total cost of the Tenant Improvements (the "TOTAL COST") and the amount of the Construction Allowance (as defined in Section 4 below). Tenant shall pay a percentage of each amount requested by the Contractor or otherwise to be disbursed under this Tenant Improvement Rider, which percentage shall be equal to the Excess Cost divided by the amount of the Total Cost, and such payments by Tenant shall be a condition to Landlord's obligation to pay any amounts from the Construction Allowance.
4. Provided Tenant is not in default beyond all applicable notice and cure periods, Landlord agrees to contribute the following toward the cost of performing the Tenant Improvements (sometimes also referred to herein as the "**Construction Allowance**"):
 - A. Up to \$450,120.00 (i.e., \$15.00 per rentable square foot of the Suite 260 Expansion Space) (the "**SUITE 260 CONSTRUCTION ALLOWANCE**") towards the Suite 260 Tenant Improvements only.

The Construction Allowance may only be used for the cost of preparing design and construction documents and mechanical and electrical plans for the Tenant Improvements and for hard costs in connection with the Tenant Improvements. The Construction Allowance, less a ten percent (10%) retainage (which retainage shall be payable as part of the final draw), shall be paid to Tenant or, at Landlord's option, to the order of the general contractor that performs the Tenant Improvements, in periodic disbursements within thirty (30) days after receipt of the following documentation: (a) an application for payment and sworn statement of contractor substantially in the form of AIA Document G-702 covering all work for which disbursement is to be made to a date specified therein; (b) a certification from an AIA architect substantially in the form of the Architect's Certificate for Payment which is located on AIA Document G702, Application and Certificate of Payment; (c) contractor's, subcontractor's and material supplier's waivers of liens which shall cover all Tenant Improvements for which disbursement is being requested and all other statements and forms required for compliance with the mechanics' lien laws of the state in which the Premises is located, together with such supporting data as Landlord or Landlord's mortgagee may reasonably require; (d) a cost breakdown for each trade or subcontractor performing the Tenant Improvements; (e) plans and specifications for the Tenant Improvements (if routinely prepared for the particular Tenant Improvements for which disbursement is being requested), together with a certificate from an AIA architect that such plans and specifications comply in all material respects with all laws affecting the Building, Project and Premises (if applicable); (f) copies of all construction contracts for the Tenant Improvements, together with copies of all change orders, if any; and (g) a request to disburse from Tenant containing an approval by Tenant of the work done, paid invoices and receipts showing payment in full of the Excess Cost (if any) by Tenant, and a good faith estimate of the cost to complete the Tenant Improvements. Upon completion of the Tenant Improvements, and prior to final disbursement of the Construction Allowance, Tenant shall furnish Landlord with: (i) general contractor and architect's completion affidavits; (ii) full and final waivers of lien; (iii) receipted bills covering all labor and materials expended and used; (iv) as-built plans of the Tenant Improvements; (v) the certification of Tenant and its architect that the Tenant Improvements have been installed in a good and workmanlike manner in accordance with the approved plans, and in accordance with applicable laws, codes and ordinances; and (vi) a certificate of occupancy for the Suite 260 Expansion Space. In no event shall Landlord be required to disburse the Construction Allowance more than one (1) time per month. Notwithstanding anything herein to the contrary, Landlord shall not be obligated to disburse any portion of the Construction Allowance during the continuance of an uncured default under the Lease, as amended hereby, and Landlord's obligation to disburse shall only resume when and if such default is cured.

EXHIBIT C

5. In no event shall any portion of the Construction Allowance be used for the purchase of equipment, furniture or other items of personal property of Tenant. In the event Tenant does not submit to Landlord a written request for payment of the entire Construction Allowance (together with all of the documents and certificates required for such payment) by February 1, 2017, any portion of the Construction Allowance not disbursed to Tenant shall accrue to the sole benefit of Landlord, it being understood that Tenant shall not be entitled to any credit, abatement or other concession in connection therewith, except as set forth below, and that Tenant shall not be entitled to apply any remaining portion of the Construction Allowance to any other portion of the Existing Premises or the Third Floor Expansion Space (as defined in the First Amendment). Tenant shall be responsible for all applicable state sales or use taxes, if any, payable in connection with the Tenant Improvements and/or Construction Allowance.
6. The Tenant Improvements shall be constructed in a good and workmanlike manner using Building standard materials or other new materials of equal or greater quality. Landlord, to the extent reasonably necessary to avoid any disruption to the tenants and occupants of the Project, shall have the right to designate the time when the Tenant Improvements may be performed and to otherwise designate reasonable rules, regulations and procedures for the performance of work in the Project. The Tenant Improvements shall be subject to and shall comply with all insurance requirements, all applicable codes, ordinances, laws and regulations, and the provisions of Section 7 of the Original Lease with respect to Alterations to the extent they do not conflict with the provisions of this Tenant Improvement Rider.
7. Tenant agrees to accept the Suite 260 Expansion Space in its "as-is" condition and configuration, without representation or warranty by Landlord or anyone acting on Landlord's behalf, it being agreed that Landlord shall not be required to perform any work or, except as provided above with respect to the Construction Allowance, incur any costs in connection with the construction or demolition of any improvements in the Suite 260 Expansion Space.
8. This Tenant Improvement Rider shall not be deemed applicable to any additional space added to the Existing Premises or Third Floor Expansion Space at any time or from time to time, whether by any options under the Lease, as amended hereby, or otherwise, or to any portion of the Existing Premises or the Third Floor Expansion Space or any additions to the Premises in the event of a renewal or extension of the original Term, whether by any options under the Lease, as amended hereby, or otherwise, unless expressly so provided in the Lease, as amended hereby, or any amendment or supplement to the Lease, as amended hereby. All capitalized terms used in this Tenant Improvement Rider but not defined herein shall have the same meanings ascribed to such terms in the Lease, as amended hereby.

EXHIBIT C

9. In the event that Landlord does not fund any installment of the Construction Allowance within forty-five (45) days following Tenant's satisfaction of the applicable conditions under this Tenant Improvement Rider for the disbursement of same and Tenant's delivery of all applicable items under Section 4 above, Tenant may give to Landlord (and any mortgagee to which Tenant has delivered a SNDA) a notice of such failure, which notice shall contain the following phrase on page 1 of the notice in all capital letters and boldface type (or it shall not be deemed validly delivered to Landlord): **"FINAL NOTICE: LANDLORD'S FAILURE TO DISBURSE THE SUITE 260 CONSTRUCTION ALLOWANCE WITHIN THIRTY (30) DAYS SHALL ENTITLE TENANT TO OFFSET SUCH AMOUNT AGAINST RENT."** If Landlord does not provide the requested Construction Allowance funds within thirty (30) days after Landlord's receipt of such notice, then Tenant shall be permitted to offset such amount against the Base Rent due and owing hereunder together with interest at the Interest Rate on a monthly basis until the full amount of the applicable installment of the Construction Allowance has been recouped by Tenant; provided, however, that if Landlord notifies Tenant that Landlord disputes Tenant's entitlement to the Construction Allowance or such portion thereof, Tenant may not offset any amount on account thereof unless and until such dispute is finally resolved. If any such disputes regarding Tenant's entitlement to the Construction Allowance are not resolved between the parties within thirty (30) days following such notice by Landlord, Tenant may proceed with its remedies at law or in equity.
10. Notwithstanding anything in the Lease, as amended hereby, to the contrary, Tenant shall be entitled to apply any portion of the remaining Construction Allowance (as defined in the Original Lease) (the **"Original Construction Allowance"**) (specifically excluding any portion of the Suite 355 Construction Allowance, the Suite 345 Construction Allowance or the Suite 365 Construction Allowance (all as defined the First Amendment)) to the cost of the Suite 260 Tenant Improvements, provided that such use of the remaining Original Construction Allowance shall be subject to the terms and conditions of Sections 4, 5 and 9 of **EXHIBIT C** to the Original Lease, as amended by Section 7 of this Second Amendment. As of the date of this Second Amendment, Landlord and Tenant acknowledge and agree that \$847,371.08 of the Original Construction Allowance has not yet been disbursed to Tenant. Any portion of the Original Construction Allowance applied to the Suite 260 Tenant Improvements shall reduce the total Original Construction Allowance available for the Tenant Improvements (as defined in the Original Lease). For the avoidance of doubt, in no event shall Landlord be obligated to disburse more than the total Original Construction Allowance (in the aggregate) towards the Tenant Improvements (as defined in the Original Lease) and the Suite 260 Tenant Improvements (as defined in this Second Amendment), and in no event shall the Original Construction Allowance be applicable to any portion of the Third Floor Expansion Space (as defined in the First Amendment). Further, nothing herein shall be deemed to modify the terms and conditions of the First Amendment, which will remain the same.

EXHIBIT C

THIRD AMENDMENT TO AMENDED AND RESTATED LEASE

THIS THIRD AMENDMENT TO AMENDED AND RESTATED LEASE (this "Third **Amendment**") is made and entered into as of the 22nd day of July, 2016 (the "**Effective Date**"), by and between STOCKDALE GALLERIA PROJECT OWNER, LLC, a Delaware limited liability company, as "**LANDLORD**", and YELP INC., a Delaware corporation, as "**Tenant**".

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Amended and Restated Lease dated April 1, 2015, as amended by that certain First Amendment to Amended and Restated Lease dated July 30, 2015 (the "**First Amendment**"), that certain Commencement Letter with respect to the Suite 355 Expansion Space (referred to therein as "Suite 360") dated August 26, 2015, that certain letter agreement dated September 24, 2015, that certain Commencement Letter with respect to the Suite 365 Expansion Space (referred to therein as "Suite 345") dated January 21, 2016, and that certain Second Amendment to Amended and Restated Lease undated in April, 2016 (the "**Second Amendment**", and collectively, the "Lease"), for the lease of certain space (the "**Existing Premises**") in the Building commonly known and described as Galleria Corporate Centre having an address of 4343 North Scottsdale Road, Scottsdale, Arizona 85251, which Existing Premises currently consists of approximately 116,567 rentable square feet of floor area in the aggregate, as follows:

Suites	Approximate Size
200, 220, 270, 280 & 290	62,090 rentable square feet
100, 105, 110, 115, 120 & 130	30,579 rentable square feet
355 (sometimes referred to as Suite 360)	9,890 rentable square feet
365 (sometimes referred to as Suite 345)	14,008 rentable square feet

WHEREAS, pursuant to the First Amendment, the Existing Premises shall be expanded by the addition of that certain space in the Building containing approximately 11,422 rentable square feet of floor area commonly known as Suite 345, as more particularly described in the First Amendment, on the terms and conditions set forth in the First Amendment;

WHEREAS, the Suite 345 Expansion Commencement Date (as defined in the First Amendment) has not yet occurred;

WHEREAS, pursuant to the Second Amendment, the Existing Premises shall be expanded by the addition of that certain space in the Building containing approximately 30,008 rentable square feet of floor area commonly known as Suite 260, as more particularly described in the Second Amendment (the "**Suite 260 Expansion Space**"), on the terms and conditions set forth in the Second Amendment;

WHEREAS, the Suite 260 Expansion Commencement Date (as defined in the Second Amendment) has not yet occurred;

WHEREAS, Landlord and Tenant now desire to reconfigure the Suite 260 Expansion Space (which reconfiguration shall result in a net reduction in the Suite 260 Expansion Space of 21 rentable square feet), such that the Suite 260 Expansion Space shall consist of that certain space in the Building containing approximately 29,987 rentable square feet of floor area, as shown on **Exhibit A** attached hereto, on the terms and conditions hereinafter set forth in this Third Amendment; and

WHEREAS, the parties desire to further modify the Lease as hereinafter set forth in this Third Amendment.

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective Date: Capitalized Terms. The terms and provisions of this Third Amendment shall be effective on the date of this Third Amendment. All capitalized terms used in this Third Amendment, unless otherwise defined herein, shall have the same meanings given to them in the Lease.

2. Suite 260. Notwithstanding anything in the Lease to the contrary, effective as of the Effective Date set forth above, the Suite 260 Expansion Space shall be deemed to consist of approximately 29,987 rentable square feet of floor area, as shown on **Exhibit A** attached hereto, for all purposes of the Lease, as amended hereby. For the avoidance of doubt, **Exhibit A** attached to the Second Amendment is hereby deleted in its entirety and replaced with the **EXHIBIT A** attached hereto. Notwithstanding anything in the Lease, as amended hereby, to the contrary, Landlord shall have the right to remeasure the rentable area and/or usable area of the Suite 260 Expansion Space in accordance with the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1 - 2010 and accompanying guidelines. In the event that the rentable area and/or usable area of the Suite 260 Expansion Space shall increase or decrease due to such remeasurement, then all amounts, percentages and figures appearing or referred to in the Lease, as amended hereby, based upon such rentable area and/or usable area (including, without limitation, Base Rent, Tenant's Share, the Suite 260 Construction Allowance and Tenant's parking allotment) shall be adjusted in accordance with such determination.

3. Base Rent. The schedule of Base Rent for the Suite 260 Expansion Space as set forth in Section 3.8 of the Second Amendment is hereby deleted in its entirety and replaced with the following:

Period Suite 260 Expansion Commencement Date- 03/31/17	<u>Annual Basic Rent Rate</u> per Rentable Square Foot	<u>Monthly : Installments for</u> <u>Suite 260 Expansion Space</u> (Based on 29 987 RSF)
	\$32.00	\$79,965.33
04/01/17-03/31/18	\$33.00	\$82,464.25
04/01/18-03/31/19	\$34.00	\$84,963.17
04/01/19-03/31/20	\$35.00	\$87,462.08
04/01/20-03/31/21	\$36.00	\$89,961.00
04/01/21-03/31/22	\$37.00	\$92,459.92
04/01/22-09/30/22	\$38.00	\$94,958.83

4. Suite 260 Construction Allowance. Notwithstanding anything in the Second Amendment to the contrary, the Suite 260 Construction Allowance is hereby revised to be: "Up to \$449,805.00 (i.e., \$15.00 per rentable square foot of the Suite 260 Expansion Space, based on the Suite 260 Expansion Space containing 29,987 rentable square feet of floor area)".

5. Parking. Notwithstanding anything in the Second Amendment to the contrary, commencing on the Suite 260 Expansion Commencement Date and continuing throughout the Suite 260 Term (as defined in the Second Amendment), Landlord shall continue to license to Tenant an additional four (4) parking spaces per one thousand (1,000) rentable square feet of floor area contained within the Suite 260 Expansion Space (i.e., a total of one hundred twenty (120) additional parking spaces, based on the Suite 260 Expansion Space containing 29,987 rentable square feet of floor area), all in accordance with the terms and conditions of the Lease, as amended hereby.

6. Brokers. Tenant represents that Tenant has dealt with no brokers in connection with this Third Amendment, other than CBRE, Inc. ("**Broker**"), and that insofar as Tenant knows, no broker (other than Broker) negotiated or participated in negotiations of this Third Amendment or is entitled to any commission in connection therewith. Tenant shall defend, indemnify and hold harmless Landlord from and against any and all claims of brokers, finders or any like third party {other than Broker} claiming any right to commission or compensation by or through acts of Tenant in connection herewith. Landlord shall defend, indemnify and hold harmless Tenant from and against any and all claims of brokers, finders or any like third party (other than Broker) claiming any right to commission or compensation by or through acts of Landlord in connection herewith.

7. Ratification; Conflict. Except as otherwise expressly modified in this Third Amendment, the terms and conditions of the Lease are and shall remain in full force and effect. In the event of any conflict or inconsistency between the terms and provisions of the Lease and the terms and provisions of this Third Amendment, the terms and provisions of this Third Amendment shall govern and control.

8. Counterparts. This Third Amendment may be executed in any number of counterparts and the parties may deliver their respective signatures by electronic mail or PDF transmission, all of which together shall be deemed to constitute one instrument, and each of which shall be deemed an original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Third Amendment to Amended and Restated Lease as of the day and year first above written.

LANDLORD:

STOCKDALE GALLERIA PROJECT OWNER, LLC,
a Delaware limited liability company

By: Stockdale Galleria, LLC,
a Delaware limited liability company,
its sole member

By: Stockdale Galleria Manager, LLC,
a Delaware limited liability company,
its Managing Member

By: /s/ Steven Yari
Name: Steven Yari
Title: Authorized Signatory

TENANT:

YELP INC.,
a Delaware corporation

By: /s/ Charles Baker
Name: Charles Baker
Title: Chief Financial Officer

EXHIBIT A

SITE PLAN OF SUITE 260 EXPANSION SPACE
(APPROXIMATELY 29,987 RSF)



EXHIBIT A

OFFICE LEASE

140 NEW MONTGOMERY STREET

STOCKBRIDGE 138 NEW MONTGOMERY LLC,
a Delaware limited liability company,

as Landlord,

and

YELP INC.,
a Delaware corporation,

as Tenant.

140 NEW MONTGOMERY STREET
[Yelp Inc.]

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- A OUTLINE OF PREMISES
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- D RULES AND REGULATIONS
- E FORM OF TENANT'S ESTOPPEL CERTIFICATE
- F MARKET RENT ANALYSIS
- G FORM OF LETTER OF CREDIT
- H FORM OF SNDAA
- I TELECOMMUNICATIONS EQUIPMENT AREA

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[Yelp Inc.]

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140 NEW MONTGOMERY STREET

OFFICE LEASE

This Office Lease (the “**Lease**”), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the “**Summary**”), below, is made by and between STOCKBRIDGE 138 NEW MONTGOMERY LLC, a Delaware limited liability company (“**Landlord**”), and YELP INC., a Delaware corporation (“**Tenant**”).

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE	DESCRIPTION
1. Date:	May 9, 2012
2. Premises (<u>Article 1</u>).	
2.1 Building:	140 New Montgomery Street San Francisco, California 94105 containing 295,902 rentable square feet of space
2.2 Premises:	A total of 98,144 rentable square feet of space consisting of (i) 12,268 rentable square feet of space consisting of the entire 5 th floor of the Building and more commonly known as Suite 500; (ii) 12,268 rentable square feet of space consisting of the entire 6 th floor of the Building and more commonly known as Suite 600; (iii) 12,268 rentable square feet of space consisting of the entire 7 th floor of the Building and more commonly known as Suite 700; (iv) 12,268 rentable square feet of space consisting of the entire 8 th floor of the Building and more commonly known as Suite 800; (v) 12,268 rentable square feet of space consisting of the entire 9 th floor of the Building and more commonly known as Suite 900; (vi) 12,268 rentable square feet of space consisting of the entire 10 th floor of the Building and more commonly known as Suite 1000; (vii) 12,268 rentable square feet of space consisting of the entire 11 th floor of the Building and more commonly known as Suite 1100; and (viii) 12,268 rentable square feet of space consisting of the entire 12 th floor of the Building and more commonly known as Suite 1200, as further set forth in <u>Exhibit A</u> to the Office Lease.
3. Lease Term (<u>Article 2</u>).	
3.1 Length of Term:	Eight (8) years.
3.2 Lease Commencement Date:	October 1, 2013
3.3 Lease Expiration Date:	September 30, 2021

140 NEW MONTGOMERY STREET
[Yelp Inc.]

4. Base Rent (Article 3):

<u>Lease Year</u>	<u>Annual Base Rent</u>	<u>Monthly Installment of Base Rent</u>	<u>Approximate Annual Rental Rate per Rentable Square Foot</u>
1	\$5,299,776.00	\$441,648.00	\$ 54.00
2	\$5,458,769.28	\$454,897.44	\$ 55.62
3	\$5,622,532.36	\$468,544.36	\$ 57.29
4	\$5,791,208.33	\$482,600.69	\$ 59.01
5	\$5,964,944.58	\$497,078.71	\$ 60.78
6	\$6,143,892.92	\$511,991.08	\$ 62.60
7	\$6,328,209.70	\$527,350.81	\$ 64.48
8	\$6,518,056.00	\$543,171.33	\$ 66.41

5. Base Year
(Article 4):

Calendar year 2014.

6. Tenant's Share
(Article 4):

Approximately 33.17%.

7. Permitted Use
(Article 5):

General office use and business oriented events that are consistent with a first-class office building.

8. Initial Letter of Credit
(Article 21):

\$3,974,832.00.

10. Address of Tenant
(Section 29.18):

Prior to Lease Commencement Date:

Yelp Inc.
706 Mission Street
San Francisco, CA 94103
Attention: John Lieu

And

140 NEW MONTGOMERY STREET
[Yelp Inc.]

Yelp Inc.
706 Mission Street
San Francisco, CA 94103
Attention: General Counsel

After Lease Commencement Date:

Yelp Inc.
140 New Montgomery Street, Suite 1200
San Francisco, California 94105
Attention: John Lieu

And

Yelp Inc.
140 New Montgomery Street, Suite 1200
San Francisco, California 94105
Attention: General Counsel

See Section 29.18 of the Lease.

CAC Group, Inc.
255 California Street, 2nd Floor
San Francisco, California 94111

And

CBRE, Inc.
101 California Street, 44th Floor
San Francisco, California 94111

\$5,888,640.00 (*i.e.*, \$60.00 per rentable square foot of the Premises multiplied by 98,144 rentable square feet).

11. Address of Landlord
(Section 29.18):

12. Broker(s)
(Section 29.24):

13. Tenant Improvement Allowance
(**Exhibit B**):

140 NEW MONTGOMERY STREET
[Yelp Inc.]

ARTICLE 1

PREMISES, BUILDING, PROJECT, AND COMMON AREAS

1.1 Premises, Building, Project and Common Areas.

1.1.1 The Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the “**Premises**”). The outline of the Premises is set forth in Exhibit A attached hereto. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of Exhibit A is to show the approximate location of the Premises in the “Building,” as that term is defined in Section 1.1.2, below, only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the “Common Areas,” as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the “Project,” as that term is defined in Section 1.1.2, below. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as Exhibit B (the “**Tenant Work Letter**”), Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant’s business, except as specifically set forth in this Lease and the Tenant Work Letter. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and sanitary order, condition and repair.

1.1.2 The Building and The Project. The Premises are a part of the building set forth in Section 2.1 of the Summary (the “**Building**”). The Building is part of an office project currently known as “140 New Montgomery Street.” The term “**Project**,” as used in this Lease, shall mean (i) the Building and the Common Areas, (ii) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building and the Common Areas are located, and (iii) at Landlord’s discretion, any additional real property, areas, land, buildings or other improvements added thereto outside of the Project (collectively, “**Additional Property**”); provided, however, the addition of any such Additional Property shall not increase the Base Rent payable by Tenant under the terms of this Lease or otherwise increase Tenants’ obligations (including Tenant’s obligations to pay Additional Rent) or reduce Tenant’s rights under this Lease or interfere with Tenant’s access to and/or use of the Premises.

1.1.3 Common Areas. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project (such areas, together with such other portions of the Project designated by Landlord, in its discretion, including certain areas designated for the exclusive use of certain tenants, or to be shared by Landlord and certain tenants, are collectively referred to herein as the “**Common Areas**”). The Common Areas shall consist of the “**Project Common Areas**” and the “**Building Common Areas**.” The term “**Project Common Areas**,” as used in this Lease, shall mean the portion of the Project designated as such by Landlord. The term “**Building Common Areas**,” as used in this Lease, shall mean the portions of the Common Areas located within the Building designated as such by Landlord. The manner in which the Common Areas are maintained and operated shall be at the reasonable discretion of Landlord (but shall at least be consistent with the manner in which the common areas of the “Comparable Buildings,” as that term is defined in Section 4 of Exhibit F, attached hereto) and the use thereof shall be subject to such reasonable rules, regulations and restrictions as Landlord may make from time to time; provided, however, Landlord shall not enact any such rules and regulations intended to discriminate against Tenant vis-à-vis the other tenants of the Building, and provided further that Tenant’s access to and use of the Premises for the Permitted Use is not materially affected. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas.

1.2 Rentable Square Feet of Premises and Building. For purposes of this Lease, the “**usable square feet**” and “**rentable square feet**” in the Premises and the Building, as the case may be, shall be calculated pursuant to Office Buildings: Methods of Measurement and Calculating Rentable Area – 2010, and its accompanying guidelines

140 NEW MONTGOMERY STREET
[Yelp Inc.]

("BOMA"), as interpreted for the Building by Landlord's architect. Notwithstanding the foregoing, Landlord and Tenant hereby stipulate and agree that (i) the rentable area of the Building is as set forth in Section 2.1 of the Summary, and (ii) the rentable area of the Premises is as set forth in Section 2.2 of the Summary.

1.3 Expansion Space. Landlord hereby grants to the originally named Tenant herein ("**Original Tenant**"), and any "Permitted Transferee," as that term is defined in Section 14.8 of this Lease, below, the right to lease additional space in the Building upon the terms and conditions set forth in this Section 1.3 and this Lease.

1.3.1 Expansion Space/Delivery Periods. Original Tenant and any Permitted Transferee only (and not any other assignee, sublessee or "Transferee," as that term is defined in Section 14.1, below, of Tenant's interest in this Lease) shall have the right to lease the "Expansion Space," as that term is defined below, at the times set forth in this Section 1.3.1, and in the manner as set forth in this Section 1.3. The term "**Expansion Space**," as used in this Lease, shall refer, individually or collectively, as the context may require, to "Expansion Space 1," "Expansion Space 2," and "Expansion Space 3," respectively, as those terms are defined below. The date upon which Landlord shall deliver any Expansion Space to Tenant shall be referred to as the "**Delivery Date**."

<u>Expansion Space</u>	<u>Delivery Date</u>
A. 12,268 rentable square feet of space consisting of the entire 4 th floor of the Building and more commonly known as Suite 400 (" Expansion Space 1 ").	October 1, 2014
B. 12,268 rentable square feet of space consisting of the entire 3 rd floor of the Building and more commonly known as Suite 300 (" Expansion Space 2 "); provided, however, if Tenant does not exercise its right to lease Expansion Space 1 pursuant to the terms of this <u>Section 1.3</u> , then Expansion Space 2 shall be, in lieu of the third (3 rd) floor of the Building, the entire fourth (4 th) floor of the Building as more specifically described above as Expansion Space 1.	October 1, 2015
C. 12,268 rentable square feet of space consisting of the entire 2 nd floor of the Building and more commonly known as Suite 200 (" Expansion Space 3 "); provided, however, if Tenant does not exercise its right to lease Expansion Space 1 and/or Expansion Space 2, pursuant to the terms of this <u>Section 1.3</u> or <u>1.4</u> , above, as applicable, then, at Landlord's option, Expansion Space 3 may, in lieu of the second (2 nd) floor of the Building, be either (i) the entire fourth (4 th) floor of the Building as more specifically described above as Expansion Space 1, or (ii) the entire third (3 rd) floor of the Building as more specifically described above as Expansion Space 2.	The fifth (5 th) anniversary of the Lease Commencement Date

1.3.2 Method of Exercise. If Tenant desires to exercise Tenant's option to lease an Expansion Space, then Tenant shall exercise such option by delivering written notice thereof to Landlord (an "**Expansion Exercise Notice**") on or before the date which is (i) twelve (12) months prior to the Delivery Date with respect to Expansion Space 1 and Expansion Space 3, and (ii) eighteen (18) months prior to the Delivery Date with respect to Expansion Space 2.

1.3.3 Delivery of Expansion Space.

1.3.3.1 Delivery During the Delivery Period. Landlord shall deliver Expansion Space to Tenant on the Delivery Date applicable to such Expansion Space.

1.3.3.2 Delivery of Expansion Space 3. Tenant hereby acknowledges that Landlord shall have the right to lease Expansion Space 3 to a third party Tenant as long as such lease is not scheduled to expire after the Delivery Date applicable to Expansion Space 3. If Landlord is unable to deliver possession of the Expansion Space 3 to Tenant on the applicable Delivery Date because a then-existing tenant is holding over in such space, then, provided, Landlord uses commercially reasonable efforts to evict such holdover tenant in a timely manner, Landlord shall not be subject to any liability for its failure to deliver the Expansion Space 3 to Tenant on the applicable Delivery Date, and such failure shall not affect the validity of this Lease or the obligations of Tenant hereunder; provided, however, if Landlord is unable to deliver the Expansion Space 3 to Tenant on or before the date that occurs ninety (90) days following the fifth (5th) anniversary of the Lease Commencement Date (the “**Expansion Space 3 Outside Date**”), then Tenant shall receive one (1) day of rent abatement with respect to Expansion Space 3 for each day that occurs after the Expansion Space 3 Outside Date and before the date Landlord delivers the Expansion Space 3 to Tenant.

1.3.4 Expansion Rent. The annual “Base Rent,” as that term is defined in Section 3.1 of this Lease, payable by Tenant for Expansion Space leased by Tenant (the “**Expansion Rent**”) shall be equal to (i) \$51.50 with respect to Expansion Space 1, (ii) \$53.05 with respect to Expansion Space 2, and (iii) \$57.96 with respect to Expansion Space 3. The foregoing Base Rent amounts shall be increased by three percent (3%) on each anniversary of the “Expansion Space Commencement Date,” as that term is defined in Section 1.3.6 of this Lease, below, as applicable to each such Expansion Space. With respect to each Expansion Space leased by Tenant, Tenant shall also pay to Landlord Tenant’s Share of Direct Expenses pursuant to Article 4 of the Lease; provided that (a) Tenant’s Share with respect to each such Expansion Space shall be a percentage, which percentage shall be equal to a fraction, the numerator of which is the rentable square feet of the applicable Expansion Space and the denominator of which is the rentable square feet of the Building, and (b) the Base Year with respect to each such Expansion Space shall be calendar year in which Landlord delivers each such Expansion Space to Tenant. In addition, in the event that Tenant exercises its right to lease particular Expansion Space, then (x) the “L-C Amount,” as that term is defined in Article 21 of this Lease, below, shall thereafter be increased by an amount equal to the product of (A) an amount equal to \$40.50 for each rentable square foot in the applicable Expansion Premises, and (B) a percentage, which may be expressed as a fraction, the numerator of which shall be the number of Base Rent payments Tenant shall be required to make during the initial Lease Term with respect to the Expansion Premises, and denominator of which shall be ninety-six (96), and (y) Tenant shall deliver to Landlord, concurrently with Tenant’s execution of the applicable amendment to this Lease with respect to such Expansion Space, an additional L-C which, when combined with the L-C then being held by Landlord totals the full L-C Amount then required under Article 21 and this Section 1.3.

1.3.5 Construction in Expansion Space. Tenant shall accept the Expansion Space in its then existing “as is” condition. The construction of improvements in the Expansion Space shall comply with the terms of Article 8, below; provided, however, with respect to Expansion Space 1 and Expansion Space 2, (A) the delivery condition of the Expansion Space shall be consistent with the delivery condition of the Premises, as set forth in Section 1.2.2 of the Tenant Work Letter, subject to any changes required by Applicable Law, and (B) Tenant shall receive an improvement allowance (which shall be disbursed by Landlord pursuant to Landlord’s normal disbursement process for the Building), in an amount equal to the product of (i) \$60.00, and (ii) a fraction, the numerator of which shall be the number of monthly Base Rent payments to be made by Tenant with respect to the Expansion Space 1 and Expansion Space 2 during the initial Lease Term, and the denominator of which shall be ninety-six (96). Expansion Space 3 shall be delivered to Tenant in its then-existing “as is” condition and Tenant shall not receive an improvement allowance with respect to Expansion Space 3; provided, however, the Expansion Space 3 shall be delivered with an HVAC room, which HVAC room shall include an air handling unit, consistent with the existing HVAC room and air handling unit.

1.3.6 Amendment to Lease. If Tenant timely exercises its right to lease Expansion Space as set forth herein, then, within fifteen (15) days thereafter, Landlord and Tenant shall execute an amendment adding such Expansion Space to this Lease upon the same terms and conditions as the initial Premises, except as otherwise set forth in this Section 1.3, and provided that the terms of the Tenant Work Letter (except with respect to the delivery condition, as set forth in Section 1.3.5, above), and Section 3.2 of this Lease shall not apply with respect to the Expansion Space. The rentable square footage of such Expansion Space shall be as set forth in Section 1.3.1, above. Tenant shall commence payment of the Expansion Rent to Landlord and the term of the Expansion Space shall commence upon that date (the “**Expansion Space Commencement Date**”) upon which Landlord delivers the Expansion Space to Tenant. The lease term of the Expansion Space shall expire on the Lease Expiration Date.

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1.3.7 No Defaults. The rights contained in this Section 1.3 shall be personal to Original Tenant and any Permitted Transferee, may only be exercised by Original Tenant or a Permitted Transferee (and not any other assignee, sublessee or Transferee, of Tenant's interest in this Lease) if the Lease then remains in full force and effect and if Original Tenant or Permitted Transferee, as the case may be, occupies at least seventy-five percent (75%) of the Premises. Tenant shall not have the right to lease Expansion Space as provided in this Section 1.3 if, as of the date of the attempted exercise of the expansion option by Tenant, or as of the scheduled date of delivery of such Expansion Space to Tenant, an "Option Nullification Default," as that term is defined below, has occurred under this Lease and such default then remains uncured. As used in this Lease, an "**Option Nullification Default**" shall mean (A) Tenant is in monetary default under the terms of this Lease, beyond any applicable period of notice and cure expressly set forth in this Lease, or (B) Tenant is in material non-monetary default under this Lease, beyond any applicable period of notice and cure expressly set forth in this Lease.

ARTICLE 2

LEASE TERM; OPTION TERM; BENEFICIAL OCCUPANCY

2.1 Lease Term. The terms and provisions of this Lease shall be effective as of the date of this Lease. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set forth in Section 3.2 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date set forth in Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) month period during the Lease Term. Subject to the terms of Section 2.5, below, if Landlord is unable for any reason to deliver possession of the Premises to Tenant on any specific date, then Landlord shall not be subject to any liability for its failure to do so, and such failure shall not affect the validity of this Lease or the obligations of Tenant hereunder. At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in Exhibit C, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within fifteen (15) business days of receipt thereof.

2.2 Option Term.

2.2.1 Option Right. Landlord hereby grants to the Original Tenant, one (1) option to extend the Lease Term for a period of five (5) years (the "**Option Term**"). The option to extend shall be exercisable only by notice delivered by Tenant to Landlord as provided in Section 2.2.3, below, provided that, as of the date of delivery of such notice, an Option Nullification Default has not occurred under this Lease and then remains uncured. Upon the proper exercise of the option to extend, and provided that, at Landlord's option, as of the end of the initial Lease Term, an Option Nullification Default has not occurred under this Lease and then remains uncured, the Lease Term shall be extended for a period of five (5) years. The rights contained in this Section 2.2 shall be personal to the Original Tenant and any Permitted Transferee and may only be exercised by the Original Tenant or a Permitted Transferee (and not any other assignee or sublessee or Transferee of Tenant's interest in this Lease) if the Original Tenant or a Permitted Transferee, as the case may be, occupies at least seventy-five percent (75%) of the Premises. In the event that Tenant fails to timely and appropriately exercise its option to extend in accordance with the terms of this Section 2.2, then the option to extend granted to Tenant pursuant to the terms of this Section 2.2 shall automatically terminate and shall be of no further force or effect.

2.2.2 Option Rent. The Rent payable by Tenant during the Option Term (the "**Option Rent**") shall be equal to the "**Market Rent**," as that term is defined in Exhibit F, attached hereto, as such Market Rent is determined pursuant to Exhibit F, attached hereto. The calculation of the "**Market Rent**" shall be derived from a review of, and comparison to, the "Net Equivalent Lease Rates" of the "Comparable Transactions," as provided for in Exhibit F, and, thereafter, the Market Rent shall be stated as a "Net Equivalent Lease Rate" for the Option Term.

2.2.3 Exercise of Option. The option contained in this Section 2.2 shall be exercised by Tenant, if at all, and only in the following manner: (i) Tenant shall deliver written notice (the "**Option Interest Notice**") to Landlord not more than fifteen (15) months nor less than twelve (12) months prior to the expiration of the initial Lease Term, stating that Tenant is interested in exercising its option; (ii) Landlord shall, within thirty (30) days following Landlord's receipt of the Option Interest Notice, deliver notice (the "**Option Rent Notice**") to Tenant setting forth the Option Rent; and (iii) if Tenant wishes to exercise such option, Tenant shall, on or before the date occurring thirty (30)

days after Tenant's receipt of the Option Rent Notice, deliver written notice thereof to Landlord, and upon, and concurrent with, such exercise, Tenant may, at its option, accept or reject the Option Rent set forth in the Option Rent Notice. If Tenant exercises its option to extend the Lease but fails to accept or reject the Option Rent set forth in the Option Rent Notice, then Tenant shall be deemed to have accepted the Option Rent set forth in the Option Rent Notice.

2.2.4 Determination of Option Rent. In the event Tenant timely and appropriately exercises its option to extend the Lease but rejects the Option Rent set forth in the Option Rent Notice pursuant to Section 2.2.3, above, then Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement upon the Option Rent applicable to the Option Term on or before the date that is ninety (90) days prior to the expiration of the initial Lease Term (the "**Outside Agreement Date**"), then the Option Rent shall be determined by arbitration as required pursuant to the terms of this Section 2.2.4, and each party shall thereafter make a separate determination of the Option Rent, within five (5) business days following the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Sections 2.2.4.1 through 2.2.4.4, below.

2.2.4.1 Landlord and Tenant shall each appoint one arbitrator who shall by profession be a MAI appraiser or a real estate broker who shall have been active over the ten (10) year period ending on the date of such appointment in the appraising and/or leasing of first class office properties in the vicinity of the Building. The determination of the arbitrators shall be limited solely to the issue area of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Option Rent as determined by the arbitrators, taking into account the requirements of Section 2.2.2 of this Lease. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date. Landlord and Tenant may consult with their selected arbitrators prior to appointment and may select an arbitrator who is favorable to their respective positions (including an arbitrator who has previously represented Landlord and/or Tenant, as applicable). The arbitrators so selected by Landlord and Tenant shall be deemed "**Advocate Arbitrators**." The Advocate Arbitrators shall submit their determinations of Market Rent to both parties within fifteen (15) days after their selection. If the difference between the Market Rents submitted by the two (2) Advocate Arbitrators, based on the aggregate economic payments during the Option Term, as reasonably estimated using the "Net Equivalent Lease Rate" approach set forth on Exhibit F in order to allow an apples-to-apples comparison of the two submitted Market Rents, is five percent (5%) or less of the higher Net Equivalent Lease Rate, then the average between the two (2) determinations shall be the Option Rent for the Premises.

2.2.4.2 If the difference between the Market Rents submitted by the two (2) Advocate Arbitrators is greater than five percent (5%) (based on the Market Rent comparison method set forth in Section 2.2.4.1, above), then the two Advocate Arbitrators so appointed shall be specifically required pursuant to an engagement letter within ten (10) days of the date of the appointment of the last appointed Advocate Arbitrator to agree upon and appoint a third arbitrator ("**Neutral Arbitrator**") who shall be qualified under the same criteria set forth hereinabove for qualification of the two Advocate Arbitrators except that (i) neither the Landlord or Tenant or either parties' Advocate Arbitrator may, directly or indirectly, consult with the Neutral Arbitrator prior or subsequent to his or her appearance, and (ii) the Neutral Arbitrator cannot be someone who has represented Landlord and/or Tenant during the five (5) year period prior to such appointment. The Neutral Arbitrator shall be retained via an engagement letter jointly prepared by Landlord's counsel and Tenant's counsel.

2.2.4.3 Within ten (10) business days following the appointment of the Arbitrator, Landlord and Tenant shall enter into an arbitration agreement (the "**Arbitration Agreement**") which shall set forth the following:

2.2.4.3.1 Each of Landlord's and Tenant's best and final and binding determination of the Option Rent exchanged by the parties pursuant to Section 2.2.4, above;

2.2.4.3.2 An agreement to be signed by the Neutral Arbitrator, the form of which agreement shall be attached as an exhibit to the Arbitration Agreement, whereby the Neutral Arbitrator shall agree to undertake the arbitration and render a decision in accordance with the terms of this Lease, as modified by the Arbitration Agreement, and shall require the Neutral Arbitrator to demonstrate to the reasonable satisfaction of the parties that the Neutral Arbitrator has no conflicts of interest with either Landlord or Tenant;

2.2.4.3.3 Instructions to be followed by the Neutral Arbitrator when conducting such arbitration;

2.2.4.3.4 That Landlord and Tenant shall each have the right to submit to the Neutral Arbitrator (with a copy to the other party), on or before the date that occurs fifteen (15) days following the appointment of the Neutral Arbitrator, an advocate statement (and any other information such party deems relevant) prepared by or on behalf of Landlord or Tenant, as the case may be, in support of Landlord's or Tenant's respective determination of Option Rent (the "**Briefs**");

2.2.4.3.5 That within five (5) business days following the exchange of Briefs, Landlord and Tenant shall each have the right to provide the Neutral Arbitrator (with a copy to the other party) with a written rebuttal to the other party's Brief (the "**Rebuttals**"); provided, however, such Rebuttals shall be limited to the facts and arguments raised in the other party's Brief and shall identify clearly which argument or fact of the other party's Brief is intended to be rebutted;

2.2.4.3.6 The date, time and location of the arbitration, which shall be mutually and reasonably agreed upon by Landlord and Tenant, taking into consideration the schedules of the Neutral Arbitrator, the Advocate Arbitrators, Landlord and Tenant, and each party's applicable consultants, which date shall in any event be within forty-five (45) days following the appointment of the Neutral Arbitrator;

2.2.4.3.8 That no discovery shall take place in connection with the arbitration, other than to verify the factual information that is presented by Landlord or Tenant;

2.2.4.3.9 That the Neutral Arbitrator shall not be allowed to undertake an independent investigation or consider any factual information other than presented by Landlord or Tenant, except that the Neutral Arbitrator shall be permitted to visit the Project and the buildings containing the Comparable Transactions;

2.2.4.3.10 The specific persons that shall be allowed to attend the arbitration;

2.2.4.3.11 Tenant shall have the right to present oral arguments to the Neutral Arbitrator at the arbitration for a period of time not to exceed two (2) hours ("**Tenant's Initial Statement**");

2.2.4.3.12 Following Tenant's Initial Statement, Landlord shall have the right to present oral arguments to the Neutral Arbitrator at the arbitration for a period of time not to exceed two (2) hours ("**Landlord's Initial Statement**");

2.2.4.3.13 Following Landlord's Initial Statement, Tenant shall have up to one (1) additional hour to present additional arguments and/or to rebut the arguments of Landlord ("**Tenant's Rebuttal Statement**");

2.2.4.3.14 Following Tenant's Rebuttal Statement, Landlord shall have up to one (1) additional hour to present additional arguments and/or to rebut the arguments of Tenant ("**Landlord's Rebuttal Statement**");

2.2.4.3.15 That, not later than ten (10) days after the date of the arbitration, the Neutral Arbitrator shall render a decision (the "**Ruling**") indicating whether Landlord's or Tenant's submitted Option Rent is closer to the Option Rent;

2.2.4.3.16 That following notification of the Ruling, Landlord's or Tenant's submitted Option Rent determination, whichever is selected by the Neutral Arbitrator as being closer to the Option Rent shall become the then applicable Option Rent; and

2.2.4.3.17 That the decision of the Neutral Arbitrator shall be binding on Landlord and Tenant.

If a date by which an event described in Section 2.2.4.3, above, is to occur falls on a weekend or a holiday, the date shall be deemed to be the next business day.

2.2.4.4 In the event that the Option Rent shall not have been determined pursuant to the terms hereof prior to the commencement of the Option Term, Tenant shall be required to pay the Option Rent, initially provided by Landlord to Tenant, and upon the final determination of the Option Rent, the payments made by Tenant shall be reconciled with the actual amounts due, and the appropriate party shall make any corresponding payment to the other party.

2.3 Beneficial Occupancy. Tenant shall have the right to occupy the Premises prior to the Lease Commencement Date, provided that (A) Tenant shall give Landlord at least ten (10) days' prior notice of any such occupancy of the Premises, (B) a temporary certificate of occupancy, or its equivalent, shall have been issued by the appropriate governmental authorities for the Premises, and (C) all of the terms and conditions of the Lease shall apply, other than Tenant's obligation to pay "Base Rent," as that term is defined in Article 3 below, and "Tenant's Share" of the "Direct Expenses," as those terms are defined in Article 4, below, as though the Lease Commencement Date had occurred (although the Lease Commencement Date shall not actually occur until the occurrence of the same pursuant to the terms of the second sentence of Section 2.1).

2.4 Partial Termination Right.

2.4.1 Exercise of Partial Termination Right. Tenant shall have the right to terminate and cancel this Lease, effective anytime after fifth (5th) Lease Year, with respect to either (A) one (1) entire floor of the Premises, which must be either the highest floor leased by Tenant in the Building or the lowest floor leased by Tenant in the Building, or (B) two (2) contiguous entire floors of the Premises, one of which must be either the highest floor leased by Tenant in the Building or the lowest floor leased by Tenant in the Building (as applicable, the "**Terminated Space**"), provided that, not later than twelve (12) months prior to the "Termination Date," as that term is defined below, Landlord receives written notice from Tenant (the "**Termination Notice**") that Tenant intends to terminate this Lease pursuant to the terms of this Section 2.4, which Termination Notice shall set forth the Terminated Space and the date upon which this Lease shall terminate (the "**Termination Date**") with respect to the Terminated Space, which Termination Date shall in no event occur prior to the end of the fifth (5th) Lease Year. Upon Tenant's delivery of the Termination Notice to Landlord, all of Tenant's rights under Section 1.3 (with respect to the Expansion Space), shall automatically terminate and be of no further force. On or before the Termination Date, Tenant shall pay to Landlord cash in the amount of the "Termination Fee," as that term is defined below, as consideration for such early termination of the Terminated Space. As used in this Lease, the "**Termination Fee**" shall equal to the sum of (1) the aggregate amount of "Base Rent," as that term is defined in Article 3, below, which would otherwise be due and owing by Tenant (as if this Lease had not been terminated by Tenant pursuant to this Section 2.4) for the for the three (3) calendar month immediately following the Termination Date, and (2) the "Unamortized Value as of the Termination Date," as that term is defined below, of the "Lease Concessions," as that term is defined below, with respect to the Terminated Space. If Tenant fails to pay the Termination Fee to Landlord on or before the Termination Date, then Landlord may deliver written notice of such failure to Tenant, and if Tenant fails to pay the Termination Fee to Landlord within five (5) business days following Tenant's receipt of such notice from Landlord, then, at Landlord's option, the Termination Notice shall be null and void and of no force or effect. As used in this Lease, the "**Lease Concessions**" shall be equal to the sum of: (A) the amount of the Tenant Improvement Allowance expended by Landlord in connection with the Terminated Space and not reimbursed by Tenant; and (B) the amount of all real estate commissions paid to Tenant or any broker or brokerage company in connection with the Terminated Space. As used in this Lease, the "**Unamortized Value as of the Termination Date**" of the applicable Lease Concessions shall be equal to the present value as of the Termination Date of the right to receive an annuity of monthly payments equal to the applicable "Monthly Amortization Amount," as determined below, on the first day of each month for the remaining Lease Term following the Termination Date, such present value to be determined using a discount factor equal to the future value interest factor described in item (2), below. As used in this Lease, the "**Monthly Amortization Amount**" shall be determined in connection with the calculation of a missing component of an annuity, using: (1) the amount of the applicable Lease Concessions as the present value of such annuity; (2) the "Interest Rate," as that term is defined in Article 25 of this Lease, below, as the future value interest factor; (3) the number of months in the Lease Term as the number of monthly payments of the annuity; and (4) the Monthly Amortization Amount (the missing component) as the monthly payment amount under the annuity.

2.4.2 Termination of Lease. Provided that Tenant timely elects to terminate this Lease with respect to the Terminated Space in accordance with Section 2.4.1, above, this Lease shall automatically terminate and be of no further force or effect with respect to the Terminated Space, and Landlord and Tenant shall be relieved of their respective obligations under this Lease, as of the Termination Date, with respect to the Terminated Space, except with

respect to those obligations set forth in this Lease which specifically survive the expiration or earlier termination of this Lease, including, without limitation, the payment by Tenant of all amounts owed by Tenant under this Lease. The termination right contained in this [Section 2.4](#) shall be personal to the Original Tenant and any Permitted Transferee, and may only be exercised by Original Tenant or a Permitted Transferee (and not by any other assignee, sublessee or Transferee) if Original Tenant or Permitted Transferee, as the case may be, occupies the entire Premises.

2.4.3 No Tenant Default. Notwithstanding anything to the contrary contained in this [Section 2.4](#), Tenant shall have no right to exercise the termination right set forth in this [Section 2.4](#) if (i) an Option Nullification Default has occurred under this Lease and remains uncured as of the date of Tenant's delivery to Landlord of the Termination Notice or, at Landlord's option, at any time prior to the Termination Date, or (ii) Tenant has exercised its right to extend the Lease pursuant to [Section 2.2](#), above. If an Option Nullification Default occurs under this Lease following Tenant's delivery to Landlord of the Termination Notice but prior to the Termination Date, then, at Landlord's option, the Termination Notice shall be null and void and of no further force or effect.

2.5 Late Delivery of Premises. Landlord shall use commercially reasonable, good faith efforts to cause the "TI Commencement Delivery Date," as that term is defined in [Section 1.2.3](#) of the Tenant Work Letter, to occur on or before March 1, 2013. In the event (i) Landlord is unable to cause the TI Commencement Delivery Date to occur on or before June 1, 2013, (ii) as a result of such failure, and despite Tenant's good faith commercially reasonable efforts to manage the construction of the Tenant Improvements as quickly and efficiently as reasonably possible, Landlord is unable to substantially complete the Tenant Improvements on or before October 1, 2013, (iii) as a result of such failure, Tenant is forced to holdover in the space under Tenant's existing lease at 706 Mission Street, San Francisco (the "**Existing Lease**"), and (iv) provided that Tenant reasonably cooperates with Landlord and, in good faith, diligently pursues all commercially reasonable actions required of Tenant in order to avoid any such holdover, then (1) the Lease Commencement Date and Lease Expiration Date shall each be delayed by one day for each day that occurs after October 1, 2013 and before the date Landlord delivers the Premises to Tenant, and (2) Landlord shall pay to Tenant the increase in monthly "Base Rent" actually paid by Tenant under the Existing Lease after October 1, 2013, over the amount of monthly Base Rent paid by Tenant immediately preceding October 1, 2013, for the period commencing on October 1, 2013, and continuing through the earlier to occur of (A) the substantial completion of the Tenant Improvements, (B) the date which is reasonably determined by Landlord to be the date that the Tenant Improvements should have been substantially completed assuming Tenant's "Project Manager," as that term is defined in [Section 4.1.2](#) of the Tenant Work Letter, had used reasonable due diligence in connection therewith, (C) the date that occurs that number of days after October 1, 2013 as is equal to the number of days after June 1, 2013 that Landlord delivered the Premises to Tenant, and (D) the date Tenant ceases any such holdover (as applicable, the "**Holdover Period**"). Landlord shall make such payments to Tenant on a monthly basis. Tenant hereby represents to Landlord that, pursuant to the terms and conditions of the Existing Lease, which document shall govern the rent paid by Tenant for the 706 Mission Street premises during any such Holdover Period, the Base Rent to be paid by Tenant for the 706 Mission Street premises during any such Holdover Period shall be equal to (x) without the Existing Lease's landlord's consent, a monthly rate equal to two hundred percent (200%) of the Base Rent in effect immediately prior to the Holdover Period, or (y) with the Existing Lease's landlord's consent, a monthly rate equal to one hundred fifty percent (150%), of the greater of (a) the Base Rent applicable during the last rental period immediately prior to the Holdover Period, or (b) the fair market rental rate for the 706 Mission Street premises as of the commencement of such Holdover Period. Notwithstanding anything set forth in this [Section 2.5](#) to the contrary, in no event shall Landlord be liable to Tenant pursuant to the terms of this [Section 2.5](#) in an amount exceeding the incremental increase in Base Rent during any such Holdover Period, as determined pursuant to the foregoing formula (the "**Holdover Cap**"); provided, however, Landlord and Tenant shall reasonably cooperate in good faith in connection with the determination of the fair market rental rate for the 706 Mission Street premises during the Holdover Period. Notwithstanding the foregoing, if Landlord delivers written notice to Tenant on or before May 1, 2013 informing Tenant that Landlord will be unable to deliver the Premises to Tenant on or before June 1, 2013, and such notice sets forth Landlord's reasonable estimate of the date upon which Landlord shall deliver the Premises to Tenant (the period between October 1, 2013 and the reasonably estimated delivery date to be known as the "**Estimated Holdover Period**"), then Tenant shall use commercially reasonable efforts (which efforts will not include the requirement that Tenant pay any sums, other than the applicable holdover amount, to the 706 Mission Landlord) to negotiate an extension of the term of the Existing Lease and shall use its good faith efforts to minimize the amount of any increase in rent paid by Tenant during any such Estimated Holdover Period; including, without limitation, obtaining the consent of the landlord under the Existing Lease to such holdover by Tenant.

ARTICLE 3

BASE RENT; ABATED BASE RENT

3.1 Base Rent. Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the management office of the Project, or, at Landlord's option, at such other place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America or by Automated Clearing House ("ACH") or other means mutually agreed upon by the parties, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever. The Base Rent for the first full month of the Lease Term which occurs after the expiration of any free rent period shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 Abated Base Rent. Subject to the terms of Section 2.5 of the Tenant Work Letter, and provided that an Option Nullification Default has not occurred under this Lease, then during the first (1st), second (2nd), third (3rd), fourth (4th), thirteenth (13th) and thirty-seventh (37th) full calendar months of the Lease Term (the "**Rent Abatement Period**"), Tenant shall not be obligated to pay any Base Rent or Direct Expenses otherwise attributable to the Premises (the "**Rent Abatement**"). Tenant acknowledges and agrees that the foregoing Rent Abatement has been granted to Tenant as additional consideration for entering into this Lease, and for agreeing to pay the rental and performing the terms and conditions otherwise required under this Lease. If an Option Nullification Default shall occur under this Lease, or if this Lease is terminated for any reason other than Landlord's breach of this Lease, then the dollar amount of the unapplied portion of the Rent Abatement as of the date of such default or termination, as the case may be, shall be converted to a credit to be applied to the Base Rent applicable at the end of the Lease Term and Tenant shall immediately be obligated to begin paying Base Rent and Direct Expenses for the Premises in full.

ARTICLE 4

ADDITIONAL RENT

4.1 General Terms. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay "**Tenant's Share**" of the annual "**Direct Expenses**," as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease, respectively, which are in excess of the amount of Direct Expenses applicable to the "**Base Year**," as that term is defined in Section 4.2.1, below; provided, however, that in no event shall any decrease in Direct Expenses for any "**Expense Year**," as that term is defined in Section 4.2.6 below, below Direct Expenses for the Base Year entitle Tenant to any decrease in Base Rent or any credit against sums due under this Lease. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the "**Additional Rent**", and the Base Rent and the Additional Rent are herein collectively referred to as "**Rent**." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term.

4.2 Definitions of Key Terms Relating to Additional Rent. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 "Base Year" shall mean the period set forth in Section 5 of the Summary.

4.2.2 "Direct Expenses" shall mean "**Operating Expenses**," as that term is defined in Section 4.2.4 below, and "**Tax Expenses**," as that term is defined in Section 4.2.5.1 below.

4.2.3 “Expense Year” shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant’s Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.4 “Operating Expenses” shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement (except as otherwise excluded, below), restoration or operation of the Project, or any portion thereof. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities (excluding electrical cost that are either metered, sub-metered, or estimated by Landlord, and which relate to lighting or incidental use in spaces occupied by tenants in the Building), the cost of operating, repairing, maintaining, and renovating the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with a governmentally mandated transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord in connection with the Project as reasonably determined by Landlord; (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) the cost of parking area operation (but excluding the cost to operate the above-ground parking garage located adjacent to the Building, which is owned by Landlord or an affiliate of Landlord), repair, restoration, and maintenance; (vi) fees and other costs, including management and/or incentive fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project; (vii) payments under any equipment rental agreements and the fair rental value of any management office space; (viii) subject to item (f), below, wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; (ix) costs under any instrument pertaining to the sharing of costs by the Project, including as relating to any business improvement district; (x) operation, repair and maintenance of all systems and equipment and components thereof of the Project; (xi) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including interest on the unamortized cost) over a period of time consistent with sound real estate management and accounting principles, of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, or to reduce current or future Operating Expenses or to enhance the safety or security of the Project or its occupants, (B) that are required to comply with conservation programs which are first effective after the date of this Lease, (C) which are replacements or modifications of nonstructural items located in the Common Areas required to keep the Common Areas in good order or condition, or (D) that are required under any governmental law or regulation which is first enacted, or first interpreted to be applicable to the Project, after the date of this Lease; provided, however, that any capital expenditure shall be amortized (including interest on the amortized cost) over a period of time consistent with sound real estate management and accounting principles; and (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute Tax Expenses, and (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building, including, without limitation, any covenants, conditions and restrictions affecting the property, and reciprocal easement agreements affecting the property, any parking licenses, and any agreements with transit agencies affecting the Property (collectively, “**Underlying Documents**”). Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(a) costs, including legal fees, space planners’ fees, advertising and promotional expenses (except as otherwise set forth above), and brokerage fees incurred in connection with the original construction or development, or original or future leasing of the Project, and costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for new tenants initially occupying space in the Project after the Lease Commencement Date or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Project (excluding, however, such costs relating to any common areas of the Project or parking facilities);

(b) except as set forth in items (xii), (xiii), and (xiv) above, depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest, costs of capital repairs and alterations, and costs of capital improvements and equipment and depreciation on the Building or Project or any Common Areas;

(c) costs for which the Landlord is reimbursed by any tenant or occupant of the Project or by insurance by its carrier or any tenant's carrier or by anyone else, and electric power costs for which any tenant directly contracts with the local public service company;

(d) any bad debt loss, rent loss, or reserves for bad debts or rent loss, or fines or penalties due to violation of law unless directly related to Tenant's use of the Building or the Project;

(e) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Project (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Project). Costs associated with the operation of the business of the partnership or entity which constitutes the Landlord include costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Project, and costs incurred in connection with any disputes or negotiations between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants;

(f) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Project manager;

(g) amount paid as ground rental for the Project by the Landlord;

(h) except for a Project management fee to the extent allowed pursuant to item (l), below, overhead and profit increment paid to the Landlord or to subsidiaries or affiliates of the Landlord for services in the Project to the extent the same exceeds the costs of such services rendered by qualified, first-class unaffiliated third parties on a competitive basis;

(i) any compensation paid to clerks, attendants or other persons in commercial concessions operated by the Landlord, provided that any compensation paid to any concierge at the Project shall be includable as an Operating Expense;

(j) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment which if purchased the cost of which would be excluded from Operating Expenses as a capital cost, except equipment not affixed to the Project which is used in providing janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Project ;

(k) all items and services for which Tenant or any other tenant in the Project reimburses Landlord or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(l) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(m) rent for any office space occupied by Project management personnel to the extent the size or rental rate of such office space exceeds the size or fair market rental value of office space occupied by management personnel of the comparable buildings in the vicinity of the Building, with adjustment where appropriate for the size of the applicable project;

(n) costs arising from the gross negligence or willful misconduct of Landlord or its agents, employees, vendors, contractors, or providers of materials or services;

(o) costs incurred to comply with laws relating to the removal of hazardous material (as defined under applicable law) which was in existence in the Building or on the Project prior to the Lease Commencement Date, and was of such a nature that a federal, State or municipal governmental authority, if it had then had knowledge of the presence of such hazardous material, in the state, and under the conditions that it then existed in the Building or on the Project, would have then required the removal of such hazardous material or other remedial or containment action with respect thereto; and costs incurred to remove, remedy, contain, or treat hazardous material, which hazardous material is brought into the Building or onto the Project after the date hereof by Landlord or any other tenant of the Project and is of such a nature, at that time, that a federal, State or municipal governmental authority, if it had then had knowledge of the presence of such hazardous material, in the state, and under the conditions, that it then exists in the Building or on the Project, would have then required the removal of such hazardous material or other remedial or containment action with respect thereto;

(p) Prepayments, including prepayment of taxes, when such payment may be and are customarily paid in installments;

(q) Costs incurred to correct any defects in the original construction or in the renovation of the Building or Common Areas;

(r) The cost of repair or restoration due to fire and/or condemnation if such costs are in excess of the applicable proceeds or awards;

(s) payments in respect to overhead or profit to subsidiaries or affiliates of Landlord (excluding management services), for services in or to the Project, or for supplies or other materials to the extent that the costs of such services, supplies, or materials exceed the costs that would have been paid had the services, supplies or materials been provided by parties unaffiliated with the Landlord on a competitive basis;

(t) Repairs or replacements covered by warranties or guaranties, to the extent of the proceed actually received by Landlord, provided that Landlord has diligently attempted to obtain such proceeds;

(u) Costs arising from Landlord's charitable or political contributions;

(v) Costs of installing the initial landscaping (if any) and any sculpture, paintings and objects of art for the Building and Common Area;

(w) Advertising and promotional expenses;

(x) All costs related to the initial installation of all intrabuilding networking telecommunications cable, including cable television in the Building or the Project between: (1) the demarcation point or the minimum point of entry, and (2) the distribution terminal on each floor of the Building.

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not fully occupied during all or a portion of the Base Year or any Expense Year, Landlord shall make an appropriate adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been fully occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Operating Expenses for the Base Year shall not include market-wide cost increases due to extraordinary circumstances, including, but not limited to, "Force Majeure," as that term is defined in Section 29.16, below, boycotts, strikes, conservation surcharges, embargoes or shortages, or amortized costs relating to capital improvements. In no event shall the components of Direct Expenses for any Expense Year related to Project insurance, security or utility costs be less than the components of Direct Expenses related to Project insurance, security or utility costs, respectively, in the Base Year.

4.2.5 Taxes.

4.2.5.1 “Tax Expenses” shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election (“**Proposition 13**”) and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Project’s contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; (iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and (iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises.

4.2.5.3 If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord upon demand Tenant’s Share of any such increased Tax Expenses. Notwithstanding anything to the contrary contained in this Section 4.2.8 (except as set forth in Section 4.2.8.1, above), there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord’s general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease and (iv) tax penalties incurred as a result of Landlord’s failure to make payments and/or to file any tax or informational returns when due.

4.2.5.4 Notwithstanding anything to the contrary set forth in this Lease, the amount of Tax Expenses for the Base Year and any Expense Year shall be calculated without taking into account any decreases in real estate taxes obtained in connection with Proposition 8, and, therefore, the Tax Expenses in the Base Year and/or an Expense Year may be greater than those actually incurred by Landlord, but shall, nonetheless, be the Tax Expenses due under this Lease; provided that (i) any costs and expenses incurred by Landlord in securing any Proposition 8 reduction shall not be deducted from Tax Expenses nor included in Direct Expenses for purposes of this Lease, and (ii) tax refunds under Proposition 8 shall not be deducted from Tax Expenses nor refunded to Tenant, but rather shall be the sole property of Landlord. Landlord and Tenant acknowledge that the preceding sentence is not intended to in any way affect (A) the inclusion in Tax Expenses of the statutory two percent (2.0%) annual increase in Tax Expenses (as such statutory increase may be modified by subsequent legislation), or (B) the inclusion or exclusion of Tax Expenses pursuant to the terms of Proposition 13. Notwithstanding anything to the contrary set forth in this Lease, only Landlord may institute proceedings to reduce Tax Expenses and the filing of any such proceeding by Tenant without Landlord’s consent shall

constitute an event of default by Tenant under this Lease. Notwithstanding the foregoing, Landlord shall not be obligated to file any application or institute any proceeding seeking a reduction in Tax Expenses. The amount of Tax Expenses for the Base Year attributable to the valuation of the Project, inclusive of tenant improvements, shall be known as the “**Base Taxes**”. If in any comparison year subsequent to the Base Year, the amount of Tax Expenses decreases below the amount of Base Taxes, then for purposes of all subsequent comparison years, including the comparison year in which such decrease in Tax Expenses occurred, the Base Taxes, and therefore the Base Year, shall be decreased by an amount equal to the decrease in Tax Expenses.

4.2.6 “Tenant’s Share” shall mean the percentage set forth in Section 6 of the Summary.

4.3 Cost Pool. Landlord shall have the right, from time to time, to equitably allocate some or all of the Direct Expenses for the Project among different portions or occupants of the Project (the “**Cost Pools**”), in Landlord’s reasonable discretion. Such Cost Pools may include, but shall not be limited to, the office space tenants of a building of the Project or of the Project, and the retail space tenants of a building of the Project or of the Project. The Direct Expenses within each such Cost Pool shall be allocated and charged to the tenants within such Cost Pool in an equitable manner.

4.4 Calculation and Payment of Additional Rent. If for any Expense Year ending or commencing within the Lease Term, Tenant’s Share of Direct Expenses for such Expense Year exceeds Tenant’s Share of Direct Expenses applicable to the Base Year, then Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, an amount equal to the excess (the “**Excess**”).

4.4.1 Statement of Actual Direct Expenses and Payment by Tenant. Within one hundred twenty (120) days after the end of each Expense Year or as soon after such one hundred twenty (120) day period as reasonably practicable, Landlord shall give to Tenant a statement (the “**Statement**”) which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of the Excess. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, if an Excess is present, Tenant shall pay, within thirty (30) days after receipt of an invoice therefor, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as “**Estimated Excess**,” as that term is defined in Section 4.4.2, below, and if Tenant paid more as Estimated Excess than the actual Excess, Tenant shall receive a credit in the amount of Tenant’s overpayment against Rent next due under this Lease. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant’s Share of Direct Expenses for the Expense Year in which this Lease terminates, if an Excess is present, Tenant shall pay to Landlord such amount within thirty (30) days after such determination, and if Tenant paid more as Estimated Excess than the actual Excess, Landlord shall, within thirty (30) days, deliver a check payable to Tenant in the amount of the overpayment. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term.

4.4.2 Statement of Estimated Direct Expenses. In addition, prior to March 31st of each calendar year or as soon thereafter as is reasonably practical, Landlord shall give Tenant a yearly expense estimate statement (the “**Estimate Statement**”) which shall set forth Landlord’s reasonable estimate (the “**Estimate**”) of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated excess (the “**Estimated Excess**”) as calculated by comparing the Direct Expenses for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses for the Base Year. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Excess theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, with its next installment of Base Rent due, a fraction of the Estimated Excess for the then-current Expense Year (reduced by any amounts paid pursuant to the last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Excess set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.5 Taxes and Other Charges for Which Tenant Is Directly Responsible.

4.5.1 Tenant shall be liable for and shall pay ten (10) business days before delinquency, taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall within thirty (30) days after receipt of written demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.5.2 If the tenant improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's "building standard" in other space in the Building are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above.

4.5.3 Notwithstanding any contrary provision herein, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

4.6 Landlord's Books and Records. Notwithstanding anything to the contrary contained in this Lease, if, within one (1) year after receipt of a Statement by Tenant, Tenant (i) reasonably disputes any amounts set forth in any Statement described above in this Article 4, (ii) Tenant has paid such disputed amounts to Landlord (although Tenant may pay such amounts "under protest"), and (iii) an Option Nullification Default has not occurred and be continuing, then Tenant shall have the right to cause Landlord's general ledger of accounts with respect to such disputed Statement only to be audited by a nationally recognized firm of certified public accountants reasonably approved by Landlord, at no cost or expense to Landlord, which has prior experience in the review of financial statements and which shall not have provided primary accounting services to Tenant or any other tenant in the Project within the immediately preceding three (3) year period and which shall not be retained by Tenant on a contingency fee basis; provided, however, Tenant shall not have the right to perform any such audit more than one (1) time for any Expense Year during the Lease Term. Any audit conducted by or on behalf of Tenant shall be completed in a diligent manner and timely manner (but in any event within two (2) months after Tenant initially disputes the applicable Statement) and shall be performed at Landlord's office during Landlord's normal business hours and in a manner so as to minimize interference with Landlord's business operations. Landlord shall have no obligation to make photocopies of any of Landlord's ledgers, invoices or other items; provided, however, Tenant may, within the Building, make copies of such ledgers, invoices or other items; provided further, however, if Landlord is unable to make a copier machine available to Tenant for such copies, then Tenant may take such ledgers, invoices or other items to the Premises in order to make such copies. Tenant agrees to keep, and to cause Tenant's accountant and its employees to keep, all information revealed by any audit of Landlord's books and records strictly confidential and not to disclose any such information or permit any such information to be disclosed to anyone other than Landlord, unless compelled to do so by a court of law, and Tenant and its accountant and their employees shall sign a confidentiality agreement reflecting such confidentiality. Tenant's audit shall be limited to an on-site review of Landlord's general ledger of accounts and supporting documentation. If after such audit, Landlord and Tenant dispute the results of such audit, at Tenant's request, a certified public accounting firm selected by Landlord, and reasonably approved by Tenant, shall, at Tenant's cost, conduct an audit of the relevant Direct Expenses. The amounts payable under this Section 4.6 by Landlord to Tenant or by Tenant to Landlord, as the case may be, will be appropriately adjusted on the basis of such audit. If such audit discloses an overstatement of Direct Expenses in excess of four percent (4%) for such Expense Year, Landlord shall reimburse Tenant for all of the overcharges plus the reasonable cost of both audits within thirty (30) days after completion of such audit; otherwise the cost of such audits shall be borne by Tenant. Tenant agrees that this Section 4.6 shall be the sole method to be used by Tenant to dispute the amount of any Direct Expenses payable by Tenant pursuant to the terms of this Lease, and Tenant hereby waives any other rights at law or in equity relating thereto.

ARTICLE 5
USE OF PREMISES

5.1 Permitted Use. Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary, which shall include, subject to all Applicable Laws and Landlord's reasonable approval of the applicable plans and specification, the operation of a small (not to exceed 1,200 rentable square feet) catering kitchen, and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

5.2 Prohibited Uses. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations set forth in Exhibit D, attached hereto, or in violation of the laws of the United States of America, the State of California, the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project) including, without limitation, any such laws, ordinances, regulations or requirements relating to hazardous materials or substances, as those terms are defined by applicable laws now or hereafter in effect, or any Underlying Documents, or any of Landlord's initiatives to seek or maintain Building certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design ("**LEED Initiatives**"). Tenant shall not do or permit anything to be done in or about the Premises which will in any way damage the reputation of the Project or obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them or use or allow the Premises to be used for any improper, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with, and Tenant's rights and obligations under the Lease and Tenant's use of the Premises shall be subject and subordinate to, all recorded easements, covenants, conditions, and restrictions now or hereafter affecting the Project.

5.3 Fire Stairs. Tenant shall have the non-exclusive right, subject to Applicable Laws, to use the fire stairs connecting the floors of the Premises solely for the regular travel of employees between such floors. Tenant shall not make any improvements to such fire stairs; provided, however, Tenant shall have the right to have such fire stairs, and the door(s) access such fire stairs on each floor of the Premises, monitored and accessed by a security system installed by Tenant pursuant to Article 8 of this Lease. Tenant's use of such fire stairs shall be limited solely to the ingress and egress by Tenant's employees of the floors of the Building upon which the Premises is located. Tenant hereby acknowledges that such use of the fire stairs may not currently be allowed by Applicable Laws.

5.4 Tenant's Bicycles. Subject to the provisions of this Section 5.4, and such additional reasonable rules and regulations as may be promulgated by Landlord from time to time and provided to Tenant (provided that Landlord shall not enact any such rules and regulations intended to discriminate against Tenant vis-à-vis the other tenants of the Building), Tenant's employees shall be permitted to bring their bicycles ("**Bicycles**") into the Premises, but only to the extent such Bicycles are used for commuting to and from work by such employees. The right provided to Tenant and its employees in this Section 5.4 shall be subject to the following terms and conditions: (i) Bicycles may only enter and exit the Building through the Building's parking garage (the "**Garage**") entrance, and (ii) Bicycles must be taken directly from the Garage to the Premises via the Building's freight elevator.

5.5 Tenant's Dog.

5.5.1 In General. Subject to the provisions of this Section 5.5, and such additional reasonable rules and regulations as may be promulgated by Landlord from time to time (provided that Landlord shall not enact any such rules and regulations intended to discriminate against Tenant vis-à-vis the other tenants of the Building), Tenant shall be permitted to bring one (1) non-aggressive, fully-vaccinated, dog into the Premises (which dog is owned by Tenant or an officer or employee of Tenant) ("**Tenant's Dog**"). Tenant's Dog must be on a leash while in any area of the Project outside of the Premises. Within three (3) business days following Tenant's receipt of Landlord's request, Tenant shall provide Landlord with reasonable satisfactory evidence showing that all current vaccinations have been received by Tenant's Dog. Tenant's Dog shall not be brought to the Project if it is ill or contracts a disease that could potentially threaten the health or wellbeing of any tenant or occupant of the Building (which diseases may include, but shall not be

limited to, rabies, leptospirosis and lyme disease). While in the Building, Tenant's Dog must be taken directly to/from the Premises and Tenant shall use commercially reasonable efforts to use "Tenant's Dedicated Elevator," as that term is defined in Section 6.1.6, below, to bring Tenant's Dog to/from the Premises. Tenant shall not permit any objectionable dog related noises or odors to emanate from the Premises, and in no event shall Tenant's Dog be at the Project overnight. Tenant's Dog shall not bark excessively or otherwise create a nuisance at the Project. All bodily waste generated by Tenant's Dog in or about the Project shall be immediately removed and disposed of in trash receptacles designated by Landlord, and any areas of the Project affected by such waste shall be cleaned and otherwise sanitized to a condition consistent with Landlord's commercially reasonable standards applicable thereto. Tenant's Dog shall not be permitted to enter the Project if Tenant's Dog previously exhibited dangerously aggressive behavior. Tenant's Dog shall not interfere with other tenants or those having business in the Building or Project. Notwithstanding any provision to the contrary contained in this Amendment, Landlord shall have the unilateral right at any time to rescind Tenant's right to have Tenant's Dog in the Premises, if in Landlord's reasonable judgment, Tenant's Dog is found to be a substantial nuisance to the Project (for purposes hereof, Tenant's Dog may be found to be a "substantial nuisance" if Tenant's Dog defecates in the Common Areas, damages or destroys property in the Project or exhibits threatening behavior).

5.5.2 Costs and Expenses. Tenant shall pay to Landlord, within ten (10) business days after demand, all costs incurred by Landlord in connection with Tenant's Dog presence in the Building, Premises or Project, including, but not limited to, janitorial, waste disposal, landscaping, signage, repair, and legal costs and expenses.

5.5.3 Indemnity. The indemnification provisions of Article 10 of this Lease shall apply to any claims relating to any of Tenant's Dog.

5.5.4 Rights Personal to Original Tenant. The right to bring Tenant's Dog into the Premises pursuant to this Section 5.5 is personal to the Original Tenant and any Permitted Transferee. If Tenant assigns the Lease or sublets all or any portion of the Premises, then upon such assignment or subletting, the right to bring Tenant's Dog into such portion the Premises shall simultaneously terminate and be of no further force or effect.

ARTICLE 6

SERVICES AND UTILITIES

6.1 Standard Tenant Services. Landlord shall provide the following services on all days (unless otherwise stated below) during the Lease Term.

6.1.1 Subject to limitations imposed by all governmental rules, regulations and guidelines applicable thereto, Landlord shall provide Base Building heated and chilled water loops at the core of each floor of the Building (but not the horizontal distribution of such loops on each such floor). The heated and chilled water shall be available from 7:00 A.M. to 6:00 P.M. Monday through Friday (collectively, the "**Building Hours**"), except for the date of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and, at Landlord's discretion, other locally or nationally recognized holidays which are observed by other buildings comparable to and in the vicinity of the Building (collectively, the "**Holidays**"). Such heated and chilled water loops shall have sufficient capacity in order to allow Tenant to connect sufficient heating and air conditioning ("**HVAC**") equipment in the Premises for normal comfort for normal office use in the Premises.

6.1.2 Landlord shall furnish, during the Lease Term electricity to the electrical closet on each floor of the Building upon which the Premises is located as follows: (i) one (1) 42 circuit 150 amp 277/480 lighting panel, (ii) one (1) 42 circuit 150 amp 120/208 convenience panel, and (iii) one 45 KVA transformer. In addition, the electrical closets on floors 6, 9 and 12 (and floor 3 to the extent leased by Tenant pursuant to Section 1.3 of this Lease, above) shall also have one (1) 200 amp 277/480 panel to serve Tenant's supplemental HVAC requirements. The electrical service provided to the Premises shall be on a submetered basis, exclusive of the electric required for Base Building heated and chilled water loops for the Premises (but including electric required for any HVAC installed by Tenant in the Premises). Upon written request from Tenant, Landlord shall install a 75 KVA transformer at each floor of the Premises in lieu of the proposed 45 KVA transformer, and Tenant shall pay to Landlord, within thirty (30) days following its receipt of an invoice therefor, the additional cost incurred by Landlord as a result of the installation of the 75 KVA transformers in lieu of the 45 KVA transformers. If more than one meter measures the electrical consumption or demand of Tenant in the Building, the service rendered through each meter shall be aggregated, computed and billed as if one

meter measured all of Tenant's electrical consumption and demand for the Premises. Bills for such submetered electricity shall be rendered at such time or times as Landlord may elect, but not more than once a month, and shall be payable by Tenant as Additional Rent within thirty (30) days of rendition thereof. The amount to be charged to Tenant by Landlord per KW of electricity consumed in the Premises shall be 103% of the actual cost at which Landlord from time to time purchases such KW of electricity for the same period from the utility company calculated as set below. Such cost shall be determined by dividing the amount billed by the utility company for electricity consumed in the Building during each respective billing period by the total number of KWs consumed by the Building for such billing period as appearing on the utility company invoice. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises.

6.1.3 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes in the Building Common Areas.

6.1.4 Landlord shall provide janitorial services to the Premises, except on weekends and on the date of observation of the Holidays, in and about the Premises and window washing services in a manner consistent with other comparable buildings in the vicinity of the Building.

6.1.5 Landlord shall provide nonexclusive, non-attended automatic passenger elevator service during the Building Hours, shall have one elevator available at all other times, including on the Holidays.

6.1.6 Provided that Tenant leases at least six (6) full floors in the Building, Landlord shall cause one (1) of the Building passenger elevators ("**Tenant's Dedicated Elevator**") to exclusively serve the Premises (*i.e.*, such elevator shall be programmed to stop on only the first floor of the Building, and the floors of the Building on which all or any portion of the Premises is located).

6.1.7 Landlord shall provide nonexclusive freight elevator service subject to scheduling by Landlord.

6.1.8 Landlord shall provide an access control/reception desk in the Building lobby on the ground floor and shall cause such desk to be staffed during Building Hours. In addition, during non-Building Hours at least one (1) roving security person shall be available in the Building. Notwithstanding the foregoing, Landlord shall in no case be liable for personal injury or property damage for any error with regard to the admission to or exclusion from the Building or Project of any person. Tenant may, at its own expense, install its own security system ("**Tenant's Security System**") in the Premises pursuant to the terms of Article 8, below; provided, however, that Tenant shall coordinate the installation and operation of Tenant's Security System with Landlord to assure that Tenant's Security is compatible with Landlord's security system and the Building systems and equipment and to the extent that Tenant's Security System is not compatible with Landlord's security system and the Building systems and equipment, Tenant shall not be entitled to install or operate it. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the monitoring, operation and removal of Tenant's Security System.

6.1.9 Subject to Applicable Laws and the other provisions of this Lease, and except in the event of an emergency, Tenant shall have access to the Building, the Premises and the Common Areas of the Building, other than Common Areas requiring access with a Building engineer, twenty-four (24) hours per day, seven (7) days per week, every day of the year; provided, however, that Tenant shall only be permitted to have access to and use of the parking garage, freight elevator, loading dock, mailroom and other limited-access areas of the Building during the normal operating hours of such portions of the Building.

6.1.10 Subject to Landlord's rules, regulations, and restrictions (provided that Landlord shall not enact any such rules and regulations intended to discriminate against Tenant vis-à-vis the other tenants of the Building) and the terms of this Lease, Landlord shall permit Tenant to utilize Tenant's Share of the existing Building risers, raceways, shafts and conduit available for the use by tenants in the Building (*i.e.*, excluding Building risers, raceways, shafts and conduit dedicated to Landlord's use). Tenant may only use vendors reasonably approved by Landlord to provide services to Tenant through the use of the Building risers, raceways, shafts and conduit.

Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe (provided that Landlord shall not prescribe any such regulations and requirements intended to discriminate against Tenant vis-à-vis the other tenants of the Building) for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems.

6.2 Overstandard Tenant Use. Tenant shall not, without Landlord's prior written consent, use heat-generating machines, machines other than normal fractional horsepower office machines, or equipment or lighting other than Building standard lights in the Premises, which may affect the temperature otherwise maintained by the air conditioning system or increase the water normally furnished for the Premises by Landlord pursuant to the terms of Section 6.1 of this Lease. If Tenant uses water, electricity, heat or air conditioning in excess of that supplied by Landlord pursuant to Section 6.1 of this Lease, Tenant shall pay to Landlord, within thirty (30) days after receipt of invoice, the actual cost of such excess consumption, the cost of the installation, operation, and maintenance of equipment which is installed in order to supply such excess consumption, and the cost of the increased wear and tear on existing equipment caused by such excess consumption; and Landlord may install devices to separately meter any increased use and in such event Tenant shall pay the increased cost directly to Landlord, within thirty (30) days after written demand, at the rates charged by the public utility company furnishing the same, including the cost of installing, testing and maintaining of such additional metering devices. Tenant's use of electricity shall never exceed the capacity of the feeders to the Project or the risers or wiring installation. If Tenant desires to use heat, ventilation or air conditioning during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 6.1 of this Lease, Tenant shall give Landlord at least four (4) hours prior notice of Tenant's desired use in order to supply such utilities, and Landlord shall supply such utilities to Tenant at such hourly cost per zone to Tenant (which shall be treated as Additional Rent) as Landlord shall from time to time establish. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall, within thirty (30) days after receipt of invoice, pay to Landlord, Landlord's standard charge for any services provided to Tenant which Landlord is not specifically obligated to provide to Tenant pursuant to the terms of this Lease.

6.3 Interruption of Use. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent (except as specifically set forth in Section 19.5.2 of this Lease) or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause beyond Landlord's reasonable control; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent (except as specifically set forth in Section 19.5.2 of this Lease) or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6.

ARTICLE 7

REPAIRS

7.1 In General. Tenant shall, at Tenant's own expense, keep the Premises, including all improvements, fixtures, furnishings, and systems and equipment therein (including, without limitation, plumbing fixtures and equipment such as dishwashers, garbage disposals, and insta-hot dispensers), and the floor coverings on the floors upon which the Premises are located, in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense, but under the supervision and subject to the reasonable prior approval of Landlord, and within any reasonable period of time specified by Landlord, promptly and adequately repair all damage to the Premises which is not Landlord's responsibility under this Lease and replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant; provided however, that, if Tenant fails to make such repairs after receipt of written notice from Landlord, then Landlord, after an additional three (3) business days written notice to Tenant, may, but need not, make such repairs and replacements, and Tenant shall pay Landlord the cost thereof, including a percentage of the cost thereof (to be uniformly established for the Building and/or the Project) sufficient to reimburse Landlord for all reasonable overhead, general conditions, fees and other costs or

expenses arising from Landlord's involvement with such repairs and replacements within thirty (30) days after being billed for same. Notwithstanding the foregoing, Landlord shall be responsible for repairs to the exterior walls, foundation and roof of the Building, the structural portions of the floors of the Building, and the base building systems and equipment of the Building, except to the extent that such repairs are required due to the negligence or willful misconduct of Tenant; provided, however, that if such repairs are due to the negligence or willful misconduct of Tenant, Landlord shall nevertheless make such repairs at Tenant's expense, or, if covered by Landlord's insurance, Tenant shall only be obligated to pay any deductible in connection therewith. Landlord may, but shall not be required to, enter the Premises at all reasonable times to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect. The foregoing notwithstanding, Landlord may not install any pipes ducts, utility lines, conduits or equipment (herein collectively called "**Utility Lines**") in the Premises unless all of the following conditions be met:

7.1.1 the same are required by "Applicable Law," as that term is defined in Article 24 of this lease; and

7.1.2 such Utility Lines are located completely beneath the floor or completely within the walls of the Premises or completely above the Tenant's hung ceiling, provided, however, that: (i) the same may not displace or interfere with the location or placement of Tenant's Utility Lines serving the Premises, unless Landlord agree to relocate Tenant's Utility Line at Landlord's sole cost and expense, and (ii) if there is no finished ceiling, then such area will not be available to Landlord for this purpose and Landlord will be restricted to the sub-floor or interior walls as hereinbefore described;

7.1.3 such work is not performed during Business Hours (except in emergencies) unless Tenant, in the exercise of its reasonable discretion, agrees otherwise; and

7.1.4 Landlord will be liable for all loss, damage, or injury to persons or property resulting therefrom and will indemnify and hold Tenant harmless from all claims, losses, costs, expenses and liability, including reasonable attorney's fees, arising therefrom.

7.2 Tenant's Right to Make Repairs. Notwithstanding any of the terms set forth in this Lease to the contrary, if Tenant provides notice (or oral notice in the event of an Emergency) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance required on any full floor of the Building leased by Tenant, which event or circumstance materially and adversely affects the conduct of Tenant's business from the Premises, and Landlord fails to commence corrective action within a reasonable period of time, given the circumstances, after the receipt of such notice, but in any event not later than thirty (30) days after receipt of such notice, then Tenant may proceed to take the required action upon delivery of an additional ten (10) business days' notice to Landlord specifying that Tenant is taking such required action. The foregoing notwithstanding, Tenant shall not be required to give Landlord any prior notice (but shall notify Landlord as soon as reasonable under the circumstances) in the event of an Emergency, and shall be permitted to immediately take corrective action. If such action was required under the terms of this Lease to be taken by Landlord and (x) was not commenced by Landlord within such ten (10) business day period and thereafter diligently pursued to completion, or (y) was an Emergency, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable and actual out-of-pocket costs and expenses in taking such action. In the event Tenant takes such action, Tenant shall use only those contractors used by Landlord in the Building for work unless such contractors are unwilling or unable to perform, or timely perform, such work, in which event Tenant may utilize the services of any other qualified contractor which normally and regularly performs similar work in Comparable Buildings. Following completion of any work taken by Tenant pursuant to the terms of this Section 7.2, Tenant shall deliver a detailed invoice of the work completed, the materials used and the costs relating thereto. If Landlord does not deliver a detailed written objection to Tenant within thirty (30) days after receipt of an invoice from Tenant, then Tenant shall be entitled to deduct from Rent payable by Tenant under this Lease, the amount set forth in such invoice. If, however, Landlord delivers to Tenant, within thirty (30) days after receipt of Tenant's invoice, a written objection to the payment of such invoice, setting forth with reasonable particularity Landlord's reasons for its claim that such action did not have to be taken by Landlord pursuant to the terms of this Lease or that the charges are excessive (in which case Landlord shall pay the amount it contends would not have been excessive), then Tenant shall not then be

entitled to such deduction from Rent. On the other hand, Tenant may proceed to claim a default by Landlord or, if elected by either Landlord or Tenant, the matter shall proceed to resolution by judicial reference pursuant to Section 29.22 of this Lease. If Tenant prevails in the judicial reference, the amount of the award (which shall include interest at the Interest Rate from the time of each expenditure by Tenant until the date Tenant receives such amount by payment or offset and attorneys' fees and related costs) may be deducted by Tenant from the Rent next due and owing under this Lease. For purposes of this Section 7.2, an "**Emergency**" shall mean an event threatening immediate and material danger to people located in the Building or immediate, material damage to the Base Building, Tenant Improvements, or Alterations. In the event that Tenant exercises its right to make repairs pursuant to this Section 7.2 with respect to an event or circumstance that is also an "Abatement Event," as that term is defined in Section 19.5.2 of this Lease, below, then Tenant's right to abate rent pursuant to the terms of Section 19.5.2, below, shall cease upon the earlier of (i) the date such right to abate rent ceases pursuant to the terms of Section 19.5.2, and (ii) the date the Abatement Event would have ended had Tenant, following its election to exercise its right to make repairs pursuant to this Section 7.2, diligently pursued the completion of such repairs.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 Landlord's Consent to Alterations. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which consent shall not be unreasonably withheld, conditioned or delayed by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building, or is visible from the exterior of the Building, or is contrary to Landlord's LEED Initiatives. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations following ten (10) business days notice to Landlord, but without Landlord's prior consent, to the extent that such Alterations do not (i) involve the expenditure of more than \$100,000.00 in each instance; (ii) affect the exterior appearance of the Premises or Building, (iii) affect the Building systems or the Building structure, (iv) affect the certificate of occupancy, or its legal equivalent, for the Building, or (v) affect any of Landlord's LEED Initiatives (the "**Cosmetic Alterations**"). For purposes of determining the cost of an Alteration, work done in phases or stages shall be considered part of the same Alteration, and any Alteration shall be deemed to include all trades and materials involved in accomplishing a particular result. The construction of the initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8.

8.2 Manner of Construction. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises for which consent is required, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen reasonably approved by Landlord, the requirement that upon Landlord's request, subject to the terms of Section 8.5, below, Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination of the Lease Term. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the City of San Francisco, all in conformance with Landlord's construction rules and regulations; provided, however, that prior to commencing to construct any Alteration, Tenant shall meet with Landlord to discuss Landlord's design parameters and code compliance issues. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord shall, at Tenant's expense, make such changes to the Base Building. The "**Base Building**" shall include the structural portions of the Building, and the public restrooms, elevators, exit stairwells and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice

of Completion to be recorded in the office of the Recorder of the County of San Francisco in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Project construction manager a reproducible copy of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 Payment for Improvements. If payment is made by Tenant directly to contractors, Tenant shall (i) comply with Landlord's requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors, and (ii) sign Landlord's standard contractor's rules and regulations. If Tenant orders any work directly from Landlord, Tenant shall pay to Landlord an amount equal to three percent (3%) of the cost of such work to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such work. If Tenant does not order any work directly from Landlord, Tenant shall reimburse Landlord for Landlord's reasonable, actual, out-of-pocket costs and expenses actually incurred in connection with Landlord's review of such work.

8.4 Construction Insurance. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of such Alterations, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, if the Tenant under this Lease is not the Original Tenant or a Permitted Transferee, then Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 Landlord's Property. All Alterations, improvements, fixtures, equipment and/or appurtenances which may be installed or placed in or about the Premises, after the initial Tenant Improvements (which initial Tenant Improvements shall be governed by the terms of the Tenant Work Letter), shall be at the sole cost of Tenant and shall be and become the property of Landlord, except that Tenant may remove any Alterations, improvements, fixtures and/or equipment which Tenant can substantiate to Landlord have not been paid for with any Tenant improvement allowance funds provided to Tenant by Landlord, provided Tenant repairs any damage to the Premises and Building caused by such removal. Furthermore, Landlord may, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to remove any Alterations and/or improvements and/or systems and equipment within the Premises and to repair any damage to the Premises and Building caused by such removal; **PROVIDED; HOWEVER, THAT NOTWITHSTANDING THE FOREGOING, UPON REQUEST BY TENANT AT THE TIME OF TENANT'S REQUEST FOR LANDLORD'S CONSENT TO ANY ALTERATION OR IMPROVEMENT, LANDLORD SHALL NOTIFY TENANT WHETHER THE APPLICABLE ALTERATION OR IMPROVEMENT WILL BE REQUIRED TO BE REMOVED PURSUANT TO THE TERMS OF THIS SECTION 8.5.** If Tenant fails to complete any required removal and/or to repair any damage caused by the removal of any Alterations and/or improvements and/or systems and equipment in the Premises, Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under applicable laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within twenty (20) business days after notice by Landlord, and if Tenant shall fail to do so, Landlord may remove such lien or encumbrance by bond. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to

other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Building or Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises.

ARTICLE 10
INSURANCE

10.1 Indemnification. Tenant shall indemnify, defend, protect, and hold harmless Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "**Landlord Parties**") from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred (i) in connection with or arising from any cause in, on or about the Premises (including, but not limited to, a slip and fall), (ii) any negligence or willful misconduct of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or licensees of Tenant or any such person, in, on or about the Project, or (iii) any breach of the terms of this Lease, either prior to, during, or after to the extent Tenant continues to occupy the Premises) the expiration of the Lease Term, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as reasonable appraisers', accountants' and attorneys' fees. Landlord shall indemnify, defend, protect, and hold harmless Tenant, its partners, and their respective officers, agents, servants, employees, and independent contractors (collectively, "**Tenant Parties**") from any and all loss, cost, damage, expense and liability (including without limitation reasonable attorneys' fees) arising from (a) the negligence or willful misconduct of Landlord in, on or about the Project, except to the extent caused by the negligence or willful misconduct of the Tenant Parties, or (b) any breach of the terms of this Lease by Landlord. Notwithstanding anything to the contrary set forth in this Lease, either party's agreement to indemnify the other party as set forth in this Section 10.1 shall be ineffective to the extent the matters for which such party agreed to indemnify the other party are covered by insurance required to be carried by the non-indemnifying party pursuant to this Lease. Further, Tenant's agreement to indemnify Landlord and Landlord's agreement to indemnify Tenant pursuant to this Section 10.1 are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried pursuant to the provisions of this Lease, to the extent such policies cover, or if carried, would have covered the matters, subject to the parties' respective indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2 Tenant's Compliance With Landlord's Fire and Casualty Insurance. Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises which are provided to Tenant. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 Tenant's Insurance. Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance on an occurrence form covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements) including products and completed operations coverage, for limits of liability not less than:

Bodily Injury and Property Damage Liability	\$5,000,000 each occurrence \$5,000,000 annual aggregate
Personal Injury Liability	\$5,000,000 each occurrence \$5,000,000 annual aggregate 0% Insured's participation

Notwithstanding the foregoing, the above limit may be satisfied by a general liability policy and an umbrella policy providing total coverage of \$5,000,000 so long as all other requirements under this [Article 10](#) are met.

10.3.2 Physical Damage Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the "**Tenant Improvements**," as that term is defined in the Tenant Work Letter, and any other improvements which exist in the Premises as of the Lease Commencement Date (excluding the Base Building) (the "**Original Improvements**"), and (iii) all other improvements, alterations and additions to the Premises. Such insurance shall be written on a "Special Form" (formerly known as "**all risks**") of physical loss or damage basis, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for work being performed at the Premises for a period of six (6) months.

10.3.3 Workers' Compensation Insurance as required by any Applicable Law, and Employers' Liability Insurance in amounts not less than One Million Dollars (\$1,000,000) each accident for bodily injury by accident; One Million Dollars (\$1,000,000) policy limit for bodily injury by disease; and One Million Dollars (\$1,000,000) each employee for bodily injury by disease.

10.3.4 Commercial auto liability insurance with a combined limit of not less than One Million Dollars (\$1,000,000) for bodily injury and property damage for each accident. Such insurance shall cover liability relating to any auto owned (if any) or hired by Tenant.

10.4 Form of Policies. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, and any other party the Landlord so specifies, as an additional insured, including Landlord's managing agent, if any; (ii) be issued by an insurance company having a rating of not less than A-VII in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of California; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant, but only to the extent of Tenant's indemnity obligations pursuant to this Lease; and (v) be in form and content widely accepted in the industry. In addition, Tenant shall provide Landlord and any mortgagee of Landlord at least thirty (30) days' prior written notice before any policy is canceled or coverage materially changed. The deductible amounts under all insurance policies required to be carried by Tenant under this Lease shall be commercially reasonable. Payment of any deductibles shall be the sole responsibility of Tenant. Tenant shall deliver certificates of insurance to Landlord on or before the Lease Commencement Date and at least thirty (30) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such certificate, Landlord may, at its option, but only after providing a minimum of ten (10) days prior written notice to Tenant, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor.

10.5 Subrogation. Landlord and Tenant intend that their respective property loss risks shall be borne by reasonable insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. The parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right to the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall be, endorsed such that the waiver of subrogation shall not affect the right of the insured to recover thereunder, so long as no material additional premium is charged therefor.

10.6 Additional Insurance Obligations. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord, but in no event in excess of the amounts and types of insurance then being required by landlords of buildings comparable to and in the vicinity of the Building and with tenant engaged in a similar business.

10.7 Landlord's Insurance.

10.7.1 Required insurance. Landlord shall maintain (i) insurance against loss or damage with respect to the Building on an "all risk" type insurance form, with customary exceptions, subject to such deductibles and self-insured retentions as Landlord may determine, in an amount equal to at least the replacement value of the Building; and (ii) commercial general liability insurance with respect to the Building in an amount not less than \$5,000,000 per occurrence and \$5,000,000 annual aggregate, with deductibles and self-insured retentions as reasonably determined by Landlord. The cost of such insurance shall be treated as a part of Operating Expenses. Such insurance shall be maintained with an insurance company or companies having a rating of not less than A-VII in Best's Insurance Guide and licensed to do business in the State of California. Payment for losses thereunder shall be made solely to Landlord.

10.7.2 Optional insurance. Landlord may maintain such additional insurance with respect to the Building and the Project, including, without limitation, earthquake insurance, terrorism insurance, flood insurance, and/or rent insurance, as Landlord may in its reasonable discretion elect. Landlord may also maintain such other insurance as may from time to time be required by any mortgagee of Landlord. Such insurance shall be maintained with an insurance company or companies and licensed to do business in the State of California. Payment for losses thereunder shall be made solely to Landlord. The cost of all such additional insurance shall also be part of the Operating Expenses.

10.7.3 Blanket and self-insurance. Any or all of Landlord's insurance may be provided by (i) blanket coverage maintained by Landlord or any affiliate of Landlord under its insurance program for its portfolio of properties, provided that (a) such insurance specifically references the Building (which may be satisfied with a "per location" endorsement), and (b) such insurance shall guaranty a minimum limit available for the Building equal to the limits of liability required under this Lease; or (ii) by Landlord or any affiliate of Landlord under a program of self-insurance, provided that Landlord maintains (either internally or through a third-party administrator) a self-insurance program that maintains sufficient reserves on its balance sheet committed to its self-insurance program liabilities. In either event, Operating Expenses shall include the portion of the reasonable cost of blanket insurance or self-insurance that is allocated to the Building.

10.7.4 No obligation. Landlord shall not be obligated to insure, and shall not assume any liability of risk of loss for, Tenant's property, including any such property or work of tenant's subtenants or occupants. Landlord will also have no obligation to carry insurance against, nor be responsible for, any loss suffered by Tenant, subtenants or other occupants due to interruption of Tenant's or any subtenant's or occupant's business.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 Repair of Damage to Premises by Landlord. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Base Building and such Common Areas. Such restoration shall be to substantially the same condition of the Base Building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, which are consistent with the character of the Project, provided that access to the Premises and any common restrooms serving the Premises shall not be materially impaired. Upon the occurrence of any damage to the Premises, upon notice (the "**Landlord Repair Notice**") to Tenant from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance

proceeds payable to Tenant under Tenant's insurance required under Section 10.3 of this Lease, and Landlord shall repair any injury or damage to the Tenant Improvements and the Original Improvements installed in the Premises and shall return such Tenant Improvements and Original Improvements to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's commencement of repair of the damage. In the event that Landlord does not deliver the Landlord Repair Notice within sixty (60) days following the date the casualty becomes known to Landlord, Tenant shall, at its sole cost and expense, repair any injury or damage to the Tenant Improvements and the Original Improvements installed in the Premises and shall return such Tenant Improvements and Original Improvements to their original condition. Whether or not Landlord delivers a Landlord Repair Notice, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall select the contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, and the Premises are not occupied by Tenant as a result thereof, then during the time and to the extent the Premises are unfit for occupancy, the Rent shall be abated in proportion to the ratio that the amount of rentable square feet of the Premises which is unfit for occupancy for the purposes permitted under this Lease bears to the total rentable square feet of the Premises. In the event that Landlord shall not deliver the Landlord Repair Notice, Tenant's right to rent abatement pursuant to the preceding sentence shall terminate as of the date which is reasonably determined by Landlord to be the date Tenant should have completed repairs to the Premises assuming Tenant used reasonable due diligence in connection therewith.

11.2 Landlord's Option to Repair. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building or Project shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within two hundred seventy (270) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) the damage is not fully covered by Landlord's insurance policies; (iv) the damage occurs during the last twelve (12) months of the then-current Lease Term; or (v) any owner of any other portion of the Project, other than Landlord, does not intend to repair the damage to such portion of the Project; provided, however, that if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and the repairs cannot, in the reasonable opinion of Landlord, be completed within two hundred seventy (270) days after being commenced, Tenant may elect, no earlier than sixty (60) days after the date of the damage and not later than ninety (90) days after the date of such damage, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant.

11.3 Waiver of Statutory Provisions. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein

contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13
CONDEMNATION

If the whole or any part of the Premises, Building or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises, Building or Project, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. If more than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or if access to the Premises is substantially impaired, in each case for a period in excess of one hundred eighty (180) days, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claims do not diminish the award available to Landlord, its ground lessor with respect to the Building or Project or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14
ASSIGNMENT AND SUBLETTING

14.1 Transfers. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the

“**Transfer Premium**”, as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, provided that Landlord shall have the right to require Tenant to utilize Landlord’s standard Transfer documents in connection with the documentation of such Transfer, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information reasonably required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee’s business and proposed use of the Subject Space, and (v) an executed estoppel certificate from Tenant in the form attached hereto as **Exhibit E**. Any Transfer made without Landlord’s prior written consent shall, at Landlord’s option, be null, void and of no effect, and shall, at Landlord’s option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord’s reasonable review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys’, accountants’, architects’, engineers’ and consultants’ fees) incurred by Landlord, within thirty (30) days after written request by Landlord.

14.2 Landlord’s Consent. Landlord shall not unreasonably withhold or delay its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The rent charged by Tenant to such Transferee during the term of such Transfer, calculated using a present value analysis, is less than sixty percent (60%) of the rent being quoted by Landlord at the time of such Transfer for comparable space in the Project for a comparable term, calculated using a present value analysis, and the term of such Transfer, including any option or extension terms, is greater than three (3) years;

14.2.5 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested;

14.2.6 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease; or

14.2.7 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, (i) occupies space in the Project at the time of the request for consent, or (ii) is negotiating with Landlord or has negotiated with Landlord during the four (4) month period immediately preceding the date Landlord receives the Transfer Notice, to lease space in the Project, unless Landlord is unable to reasonably accommodate such existing or prospective tenant’s space needs.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within six (6) months after Landlord’s consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant’s original Transfer Notice, Tenant shall again submit the Transfer to

Landlord for its approval and other action under this [Article 14](#) (including Landlord's right of recapture, if any, under [Section 14.4](#) of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under [Section 14.2](#) or otherwise has breached or acted unreasonably under this [Article 14](#), their sole remedies shall be a suit for contract damages (other than damages for injury to, or interference with, Tenant's business including, without limitation, loss of profits, however occurring) or declaratory judgment and an injunction for the relief sought, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee.

14.3 Transfer Premium. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "**Transfer Premium**," as that term is defined in this [Section 14.3](#), received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements (including demising costs) to the Premises in connection with the Transfer, (ii) any free base rent reasonably provided to the Transferee in connection with the Transfer (provided that such free rent shall be deducted only to the extent the same is included in the calculation of total consideration payable by such Transferee), and (iii) any brokerage commissions in connection with the Transfer and (iv) legal fees reasonably incurred in connection with the Transfer (collectively, "**Tenant's Subleasing Costs**"). "Transfer Premium" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. The determination of the amount of Landlord's applicable share of the Transfer Premium shall be made on a monthly basis as rent or other consideration is received by Tenant under the Transfer.

14.4 Landlord's Option as to Subject Space. Notwithstanding anything to the contrary contained in this [Article 14](#), in the event Tenant contemplates a Transfer of all or a portion of the Premises, Tenant may give Landlord notice (the "**Intention to Transfer Notice**") of such contemplated Transfer (whether or not the contemplated Transferee or the terms of such contemplated Transfer have been determined); provided, however, that Landlord hereby acknowledges and agrees that Tenant shall have no obligation to deliver an Intention to Transfer Notice hereunder, and Landlord shall have no right to recapture space with respect to, (A) a sublease, which, when combined with any and all space previously subleased by Tenant constitutes less than fifty percent (50%) of the Premises, and which is for less than substantially the remainder of the Lease Term (for purposes hereof, a sublease shall be deemed to be substantially for the remainder of the Lease Term if, assuming all sublease renewal or extension rights are exercised, such sublease shall expire during the final twelve (12) months of the Lease Term or Option Term), or (B) an assignment or sublease pursuant to the terms of [Section 14.8](#), below. The Intention to Transfer Notice shall specify the portion of and amount of rentable square feet of the Premises which Tenant intends to Transfer (the "**Contemplated Transfer Space**"), the contemplated date of commencement of the Contemplated Transfer (the "**Contemplated Effective Date**"), and the contemplated length of the term of such contemplated Transfer, and shall specify that such Intention to Transfer Notice is delivered to Landlord pursuant to this [Section 14.4](#) in order to allow Landlord to elect to recapture the Contemplated Transfer Space. Thereafter, Landlord shall have the option, by giving written notice to Tenant within thirty (30) days after receipt of any Intention to Transfer Notice, to recapture the Contemplated Transfer Space. Such recapture shall cancel and terminate this Lease with respect to such Contemplated Transfer Space as of the Contemplated Effective Date. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner, to recapture such Contemplated Transfer Space under this [Section 14.4](#), then, subject to the other terms of this [Article 14](#), for a period of nine (9) months (the "**Nine Month Period**") commencing on the last day of such thirty (30) day period, Landlord shall not have any right to recapture the Contemplated Transfer Space with respect to any Transfer Notice delivered to Landlord pursuant to [Section 14.1](#), above, during the Nine Month Period, provided that any such Transfer is substantially on the terms set forth in the Intention to Transfer Notice, and provided further that any such Transfer shall be subject to the remaining terms of this [Article 14](#). If such a Transfer is not so consummated within the Nine Month Period (or if a Transfer is so consummated, then upon the expiration of the term of any Transfer of such Contemplated Transfer Space consummated within such Nine Month Period), Tenant shall again be required to submit a new Intention to Transfer Notice to Landlord with respect any contemplated Transfer, as provided above in this [Section 14.4](#).

14.5 Effect of Transfer. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than two percent (2%), Tenant shall pay Landlord's costs of such audit.

14.6 Additional Transfers. For purposes of this Lease, the term "Transfer" shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of fifty percent (50%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (*i.e.*, whose stock is not publicly held and not traded through an exchange or over the counter), (A) the dissolution, merger, consolidation or other reorganization of Tenant or (B) the sale or other transfer of an aggregate of fifty percent (50%) or more of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period, or (C) the sale, mortgage, hypothecation or pledge of an aggregate of fifty percent (50%) or more of the value of the unencumbered assets of Tenant within a twelve (12)-month period.

14.7 Occurrence of Default. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

14.8 Non-Transfers. Notwithstanding anything to the contrary contained in this Lease, none of (i) an assignment of this Lease to a Transferee of all or substantially all of the assets or capital stock of Tenant, (ii) an assignment of this Lease to a Transferee which is either (A) the resulting entity of a merger or consolidation of Tenant with another entity, or (B) acquiring all or substantially all of the assets of Tenant, or (iii) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant), (collectively, a "Permitted Transfer") shall be deemed a Transfer under this Article 14 (and thus shall not be subject to Landlord's prior consent or recapture rights pursuant to Sections 14.4 or rights to receive any Transfer Premium pursuant to Section 14.3), provided that (1) Tenant notifies Landlord of any such assignment or sublease at least five (5) business days prior to the effective thereof, and thereafter promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such transfer or transferee, (2) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, and (3) in the case of an assignment, such Transferee shall have a tangible net worth computed in accordance with generally accepted accounting principles sufficient to satisfy the obligations and responsibilities to be undertaken in connection with such assignment. As used

herein, “**Permitted Transferee**” shall mean an entity to which Tenant’s entire interest under this Lease is assigned (or which succeeds to Tenant’s entire interest under this Lease) in accordance with this Section 14.8. “**control**,” as used in this Section 14.8, shall mean shall mean the ownership, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether by the ownership of voting securities, by contract or otherwise.

ARTICLE 15

SURRENDER OF PREMISES: OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 Surrender of Premises. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 Removal of Tenant Property by Tenant. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in good order and condition, reasonable wear and tear, damage by fire or other casualty and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

ARTICLE 16

HOLDING OVER

If Tenant holds possession of the Premises after expiration of the term of this Lease with Landlord’s written consent, Tenant will become a tenant from month-to-month upon the terms specified herein, except that Rent will be one hundred fifty percent (150%) of the Rent in effect immediately prior to such expiration. Such month-to-month tenancy may be terminated by either Landlord or Tenant by giving sixty (60) days written notice of termination to the other. If Tenant holds over without Landlord’s written consent, Tenant shall be a tenant at sufferance. In such event, Tenant shall pay Rent equal to two hundred percent (200%) of the Rent payable during the last month of the Term. If Tenant (a) fails to surrender the Premises within thirty (30) days after either Tenant or Landlord have terminated the month to month tenancy; or (b) if Tenant fails to surrender the Premises within thirty (30) days after receipt of a notice to quit if Tenant is a tenant at sufferance; or (c) if Tenant fails to surrender the Premises within thirty (30) days after the expiration of this Lease whether it be an expiration or an earlier expiration due to default (time being of the essence), Tenant shall be liable to Landlord for all losses, costs, liabilities and damages which Landlord may incur by reason thereof, including, without limitation, reasonable attorneys’ fees, and Tenant shall indemnify, defend and hold Landlord harmless against all claims made by any succeeding occupant against Landlord or otherwise arising out of or resulting from the failure of Tenant to timely surrender and vacate the Premises in accordance with the provisions of this Lease.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within ten (10) business days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of Exhibit E, attached hereto (or such other form as may be reasonably required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term, but not more than two (2) times during any calendar year, Landlord may require Tenant to provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Failure of Tenant to timely execute, acknowledge and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception. Notwithstanding the foregoing, in the event that (i) stock in the entity which constitutes Tenant under this Lease (as opposed to an entity that "controls" Tenant or is otherwise an "affiliate" of Tenant, as those terms are defined in Section 14.8 of this Lease) is publicly traded on a national stock exchange, and (ii) Tenant has its own, separate and distinct 10K and 10Q filing requirements (as opposed to joint or cumulative filings with an entity that controls Tenant or with entities which are otherwise Affiliates of Tenant), then Tenant's obligation to provide Landlord with a copy of its most recent current financial statement shall be deemed satisfied.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto (collectively, the "**Superior Holders**"). Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within ten (10) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale. Concurrently with the full execution and delivery of this Lease by Landlord and Tenant, Landlord shall deliver to Tenant a subordination non-disturbance and attornment agreement (an "**SNDA**"), in the form attached hereto as Exhibit H, from any and all Superior Holders existing as of the date of this Lease.

ARTICLE 19
DEFAULTS; REMEDIES

19.1 Events of Default. The occurrence of any of the following shall constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) business days after notice; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default; or

19.1.3 Abandonment of all or a substantial portion of the Premises by Tenant; or

19.1.4 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord; or

19.1.5 Tenant's failure to occupy the Premises within thirty (30) business days after the Lease Commencement Date.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 Remedies Upon Default. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of the unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Section 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 Subleases of Tenant. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 Efforts to Relet. No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.5 Landlord Default.

19.5.1 General. Landlord shall not be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease unless Landlord fails to perform such obligation within thirty (30) days after the receipt of notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursue the same to completion. Upon any such default by Landlord under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity.

19.5.2 Abatement of Rent. Notwithstanding anything to the contrary set forth in Section 19.5.1 of this Lease, In the event that Tenant is prevented from using, and does not use, the Premises or any portion thereof, as a result of (i) any repair, maintenance or alteration performed by Landlord, or which Landlord failed to perform, after the Lease Commencement Date and required by this Lease, which substantially interferes with Tenant's use of the Premises, or (ii) any failure to provide services, utilities or access to the Premises as required by this Lease (either such set of circumstances as set forth in items (i) or (ii), above, to be known as an "Abatement Event"), then Tenant shall give Landlord notice of such Abatement Event, and if such Abatement Event continues for five (5) consecutive business days after Landlord's receipt of any such notice (the "Eligibility Period") and either (A) Landlord does not diligently commence and pursue to completion the remedy of such Abatement Event or (B) Landlord receives proceeds from its

rental interruption insurance which covers such Abatement Event, then the Base Rent, Tenant's Share of Direct Expenses, and Tenant's obligation to pay for parking (to the extent not utilized by Tenant) shall be abated or reduced, as the case may be, after expiration of the Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use for the normal conduct of Tenant's business, the Premises or a portion thereof (but subject to the terms of Section 7.2, if applicable), in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises; provided, however, in the event that Tenant is prevented from using, and does not use, a portion of the Premises for a period of time in excess of the Eligibility Period and the remaining portion of the Premises is not sufficient to allow Tenant to effectively conduct its business therein, and if Tenant does not conduct its business from such remaining portion, then for such time after expiration of the Eligibility Period during which Tenant is so prevented from effectively conducting its business therein, the Base Rent and Tenant's Share of Direct Expenses for the entire Premises and Tenant's obligation to pay for parking shall be abated for such time as Tenant continues to be so prevented from using, and does not use, the Premises. If, however, Tenant reoccupies any portion of the Premises during such period, the Rent allocable to such reoccupied portion, based on the proportion that the rentable area of such reoccupied portion of the Premises bears to the total rentable area of the Premises, shall be payable by Tenant from the date Tenant reoccupies such portion of the Premises. To the extent an Abatement Event is caused by an event covered by Articles 11 or 13 of this Lease, then Tenant's right to abate rent shall be governed by the terms of such Article 11 or 13, as applicable, and the Eligibility Period shall not be applicable thereto. Such right to abate Base Rent and Tenant's Share of Direct Expenses shall be Tenant's sole and exclusive remedy for rent abatement at law or in equity for an Abatement Event. Except as provided in this Section 19.5.2, nothing contained herein shall be interpreted to mean that Tenant is excused from paying Rent due hereunder.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

LETTER OF CREDIT

21.1 Delivery of Letter of Credit. Tenant shall deliver to Landlord, no later than May 18, 2012 (or such other later date as may be agreed upon by the parties in writing), an unconditional, clean, irrevocable letter of credit (the "L-C") in the amount set forth in Section 21.3 below (the "**L-C Amount**"), which L-C shall be issued by a money-center, solvent and nationally recognized bank (a bank which accepts deposits, maintains accounts, has a Northern California office which will negotiate a letter of credit, and whose deposits are insured by the FDIC) reasonably acceptable to Landlord (such approved, issuing bank being referred to herein as the "**Bank**"), which Bank must have a short term Fitch Rating which is not less than "F1", and a long term Fitch Rating which is not less than "A" (or in the event such Fitch Ratings are no longer available, a comparable rating from Standard and Poor's Professional Rating Service or Moody's Professional Rating Service) (collectively, the "**Bank's Credit Rating Threshold**"), and which L-C shall be in the form of Exhibit G, attached hereto. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining the L-C. The L-C shall (i) be "callable" at sight, irrevocable and unconditional, (ii) be maintained in effect, whether through renewal or extension, for the period commencing on the date of this Lease and continuing until the date (the "**L-C Expiration Date**") that is no less than one hundred twenty (120) days after the expiration of the Lease Term as the same may be extended, and Tenant shall deliver a new L-C or certificate of renewal or extension to Landlord at least sixty (60) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, (iii) be fully assignable by Landlord, its successors and assigns, (iv) permit partial draws and multiple presentations and drawings, and (v) be otherwise subject to the Uniform Customs and Practices for Documentary Credits (1993-Rev), International Chamber of Commerce Publication #500, or the International Standby Practices-ISP 98, International Chamber of Commerce Publication #590. Landlord, or its then managing agent, shall have the right to

draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is due to Landlord under the terms and conditions of this Lease, or (B) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code, or (D) the Lease has been rejected, or is deemed rejected, under Section 365 of the U.S. Bankruptcy Code, following the filing of a voluntary petition by Tenant under the Bankruptcy Code, or the filing of an involuntary petition against Tenant under the Bankruptcy Code, or (E) the Bank has notified Landlord that the L-C will not be renewed or extended through the L-C Expiration Date, or (F) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (G) Tenant executes an assignment for the benefit of creditors, or (H) if (1) any of the Bank's Fitch Ratings (or other comparable ratings to the extent the Fitch Ratings are no longer available) have been reduced below the Bank's Credit Rating Threshold, or (2) there is otherwise a material adverse change in the financial condition of the Bank, and Tenant has failed to provide Landlord with a replacement letter of credit, conforming in all respects to the requirements of this Article 21 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in this Section 21.1 above), in the amount of the applicable L-C Amount, within ten (10) business following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) (each of the foregoing being an "**L-C Draw Event**"). The L-C shall be honored by the Bank regardless of whether Tenant disputes Landlord's right to draw upon the L-C. In addition, in the event the Bank is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said L-C shall be deemed to fail to meet the requirements of this Article 21, and, within ten (10) business days following Landlord's notice to Tenant of such receivership or conservatorship (the "**L-C FDIC Replacement Notice**"), Tenant shall (1) replace such L-C with a substitute letter of credit from a different issuer (which issuer shall meet or exceed the Bank's Credit Rating Threshold and shall otherwise be acceptable to Landlord in its reasonable discretion) and that complies in all respects with the requirements of this Article 21, or (2) in the event Tenant demonstrates to Landlord that Tenant is reasonably unable to obtain a substitute L-C from a different issuer reasonably acceptable to Landlord and that complies in all respects with the requirements of this Article 21 within the foregoing ten (10) business day period, deposit with Landlord cash in the L-C Amount (the "**Interim Cash Deposit**"). If Tenant fails to replace such L-C with such conforming, substitute letter of credit pursuant to the terms and conditions of this Section 21.1, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid ten (10) business day period). Tenant shall be responsible for the payment of any and all costs incurred with the review of any replacement L-C (including without limitation Landlord's reasonable attorneys' fees), which replacement is required pursuant to this Section or is otherwise requested by Tenant. In the event of an assignment by Tenant of its interest in the Lease (and irrespective of whether Landlord's consent is required for such assignment), the acceptance of any replacement or substitute letter of credit by Landlord from the assignee shall be subject to Landlord's prior written approval, in Landlord's reasonable discretion, and the attorney's fees incurred by Landlord in connection with such determination shall be payable by Tenant to Landlord within thirty (30) days of billing.

21.2 Application of L-C. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C upon the occurrence of any L-C Draw Event. In the event of any L-C Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant (except in connection with an L-C Draw Event under Section 21.1(H) above), draw upon the L-C, in part or in whole, to cure any such L-C Draw Event and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default of the Lease or other L-C Draw Event and/or to compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable law, it being intended that Landlord shall not first be required to proceed against the L-C, and such L-C shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. Tenant agrees not to interfere in any way with payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw upon the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional to justify the issuer of the L-C in failing to honor a drawing upon such L-C in a timely manner. Tenant agrees and acknowledges that (i) the L-C constitutes a separate and independent contract between Landlord and the Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant

becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, and/or there is an event of a receivership, conservatorship or a bankruptcy filing by, or on behalf of, Tenant, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise.

21.3 L-C Amount; Maintenance of L-C by Tenant; Liquidated Damages.

21.3.1 L-C Amount. The L-C Amount shall be equal to the amount set forth in Section 8 of the Summary.

21.3.2 Reduction of L-C Amount. To the extent that Tenant is not in default under this Lease, the L-C Amount shall be reduced as follows:

<u>Date of Reduction</u>	<u>L-C Amount*</u>
Fifth (5 th) anniversary of the Lease Commencement Date	\$2,649,888.00
Sixth (6 th) anniversary of the Lease Commencement Date	\$1,324,944.00

* To the extent the L-C Amount has been increased pursuant to the terms of Section 1.3.4 of this Lease, above, the reduced L-C Amounts set forth in this table, above, shall be proportionally increased (based on the same ratio of the initial L-C Amount to the reduced L-C Amount set forth above) by the amount of the increase to the L-C Amount pursuant to Section 1.3.4.

Notwithstanding anything to the contrary set forth in this Section 21.3.2, in no event shall the L-C Amount as set forth above decrease during any period in which Tenant is in default under this Lease, but such decrease shall take place retroactively after such default is cured, provided that no such decrease shall thereafter take effect in the event this Lease is terminated early due to such default by Tenant.

21.3.3 Conditional Reduction of L-C Amount. If, at any time during the Lease Term, Tenant, based on its most recent audited financial statements, has (i) adjusted EBITDA (as defined in the company's S-1 filings with the SEC) of Four Million Dollars (\$4,000,000.00), for each of four (4) consecutive fiscal quarters, or (ii) achieved an average Market Capitalization (i.e., the closing price of Tenant's publicly traded common stock multiplied by the number of outstanding shares of such common stock) of Two Billion Five Hundred Million Dollars (\$2,500,000,000.00) over a ten (10) consecutive trading day period, and provided that Tenant is not then in default under the terms of this Lease, then the L-C Amount shall be reduced to Zero Dollars (\$0.00) for the remainder of the initial Lease Term and any Option Term.

21.3.4 In General. If, as a result of any drawing by Landlord of all or any portion of the L-C, the amount of the L-C shall be less than the L-C Amount, Tenant shall, within five (5) business days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency, and any such additional letter(s) of credit shall comply with all of the provisions of this Article 21. Tenant further covenants and warrants that it will neither assign nor encumber the L-C or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the L-C expires earlier than the L-C Expiration Date, Landlord will accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than sixty (60) days prior to the expiration of the L-C), which shall be irrevocable and automatically renewable as above provided through the L-C Expiration Date upon the same terms as the expiring L-C or such other terms as may be acceptable to Landlord in its sole discretion. If Tenant exercises its option to extend the Lease Term pursuant to Section 2.2 of this Lease then, not later than one hundred twenty (120) days prior to the commencement of the Option Term, and provided that Tenant is still

required to provide a L-C, Tenant shall deliver to Landlord a new L-C or certificate of renewal or extension evidencing the L-C Expiration Date as one hundred twenty (120) days after the expiration of the Option Term. However, if the L-C is not timely renewed, or if Tenant fails to maintain the L-C in the amount and in accordance with the terms set forth in this Article 21, Landlord shall have the right to either (x) present the L-C to the Bank in accordance with the terms of this Article 21, and the proceeds of the L-C may be applied by Landlord against any Rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease, or (y) pursue its remedy under Section 21.3.3 below. In the event Landlord elects to exercise its rights under the foregoing item (x), (I) any unused proceeds shall constitute the property of Landlord (and not Tenant's property or, in the event of a receivership, conservatorship, or a bankruptcy filing by, or on behalf of, Tenant, property of such receivership, conservatorship or Tenant's bankruptcy estate) and need not be segregated from Landlord's other assets, and (II) Landlord agrees to pay to Tenant within thirty (30) days after the L-C Expiration Date the amount of any proceeds of the L-C received by Landlord and not applied against any Rent payable by Tenant under this Lease that was not paid when due or used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease; provided, however, that if prior to the L-C Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused L-C proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed.

21.3.5 Interim Cash Deposit. During any period that Landlord remains in possession of the Interim Cash Deposit (any such period, a "**Deposit Period**"), it is understood by the parties that such Interim Cash Deposit shall be held by Landlord as security for the full and faithful performance of Tenant's covenants and obligations under this Lease. The Interim Cash Deposit shall not constitute an advance of any Rent, an advance payment of any other kind, nor a measure of Landlord's damages in case of Tenant's default. If, during any such Deposit Period, Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of Rent, the removal of property and the repair of resultant damage, then Landlord may but shall not be required to, from time to time, without notice to Tenant and without waiving any other remedy available to Landlord, use the Interim Cash Deposit, or any portion of it, to the extent necessary to cure or remedy such default or failure or to compensate Landlord for all damages sustained by Landlord or which Landlord reasonably estimates that it will sustain resulting from Tenant's default or failure to comply fully and timely with its obligations pursuant to this Lease. Tenant shall immediately pay to Landlord on demand any amount so applied in order to restore the Interim Cash Deposit to its original amount, and Tenant's failure to immediately do so shall constitute a default under this Lease. In the event Landlord is in possession of the Interim Cash Deposit at the expiration or earlier termination of this Lease, and Tenant is in compliance with the covenants and obligations set forth in this Lease at the time of such expiration or termination, then Landlord shall return to Tenant the Interim Cash Deposit, less any amounts deducted by Landlord to reimburse Landlord for any sums to which Landlord is entitled under the terms of this Lease, within sixty (60) days following both such expiration or termination and Tenant's vacation and surrender of the Premises. Landlord's obligations with respect to the Interim Cash Deposit are those of a debtor and not a trustee. Landlord shall not be required to maintain the Interim Cash Deposit separate and apart from Landlord's general or other funds, and Landlord may commingle the Interim Cash Deposit with any of Landlord's general or other funds. Tenant shall not at any time be entitled to interest on the Interim Cash Deposit. In the event of a transfer of Landlord's interest in the Building, Landlord shall transfer the Interim Cash Deposit, in whole or in part, to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole or any portion of said Interim Cash Deposit to a new landlord. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, or any successor statute.

21.4 Transfer and Encumbrance. The L-C shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) all or any portion of its interest in and to the L-C to Landlord's lender, regardless of whether or not such transfer is from or as a part of the assignment by Landlord of its rights and interests in and to this Lease, or to any other party, person or entity, provided such transfer is part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in under this Lease, Landlord shall transfer the L-C, in whole or in part, to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole of said L-C to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall, at Tenant's sole cost and

expense, execute and submit to the Bank such applications, documents and instruments as may be reasonably necessary to effectuate such transfer and Landlord shall be responsible for paying the Bank's transfer and processing fees in connection therewith to the extent such fees are expressly set forth on Exhibit G, attaché hereto.

21.5 L-C Not a Security Deposit. Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the L-C or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context, including, but not limited to, Section 1950.7 of the California Civil Code, as such Section now exists or as it may be hereafter amended or succeeded (the "Security Deposit Laws"), (2) acknowledge and agree that the L-C (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (3) waive any and all rights, duties and obligations that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes the provisions of Section 1950.7 of the California Civil Code and any successor statute, and all other provisions of law, now or hereafter in effect, which (x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 21 and/or those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant's breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code.

21.6 Non-Interference By Tenant. Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of all or any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw down all or any portion of the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional and thereby afford the Bank a justification for failing to honor a drawing upon such L-C in a timely manner. Tenant shall not request or instruct the Bank of any L-C to refrain from paying sight draft(s) drawn under such L-C.

21.7 Waiver of Certain Relief. Tenant unconditionally and irrevocably waives (and as an independent covenant hereunder, covenants not to assert) any right to claim or obtain any of the following relief in connection with the L-C:

(a) 21.7.1 A temporary restraining order, temporary injunction, permanent injunction, or other order that would prevent, restrain or restrict the presentment of sight drafts drawn under any L-C or the Bank's honoring or payment of sight draft(s); or

(b) 21.7.2 Any attachment, garnishment, or levy in any manner upon either the proceeds of any L-C or the obligations of the Bank (either before or after the presentment to the Bank of sight drafts drawn under such L-C) based on any theory whatever.

21.8 Remedy for Improper Drafts. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any L-C shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, together with interest at the Interest Rate and reasonable actual out-of-pocket attorneys' fees, provided that at the time of such refund, Tenant increases the amount of such L-C to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any L-C, or the Bank's payment of sight drafts drawn under such L-C, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) business days after demand, Tenant shall have the right to deduct the amount thereof together with interest thereon at the Interest Rate from the next installment(s) of Base Rent.

ARTICLE 22

ROOFTOP SATELLITE DISH

22.1 In General. At any time during the Lease Term, subject to the terms of this Lease, including this Article 22, Tenant may install, at Tenant's sole cost and expense, three (3) telecommunications antennas, and associated equipment (collectively, the "**Telecommunications Equipment**") upon the roof of the Building, in the area shown on Exhibit I, attached hereto, to serve Tenant's needs within the Premises. All such antennas shall be of reasonable size, taking into account the size of antennas that the landlords of the Comparable Buildings are allowing their tenants to install upon the roof of the Comparable Buildings, and any transmitting antenna installed by Tenant shall be a uni-directional antenna (as opposed to omni-directional or bi-directional) for point-to-point transmission only in order to reasonable minimize any potential interference with any antennas installed on the roof of the Building by Landlord or other tenant of the Building. Tenant shall not be obligated to pay any rent or other additional charge for the use of such roof space. Tenant shall also have reasonable access to Building shafts as necessary to accommodate the use of the Telecommunications Equipment. The Telecommunications Equipment shall be deemed an Alteration and the installation thereof shall be subject to the terms of Article 8 of this Lease. The physical appearance and all plans and specifications of the Telecommunications Equipment shall be subject to Landlord's reasonable approval, the location of any such installation of the Telecommunications Equipment shall be designated by Landlord, and Landlord may require Tenant to install screening around such Telecommunications Equipment, at Tenant's sole cost and expense, as reasonably designated by Landlord. Tenant shall be responsible, at Tenant's sole cost and expense, for (i) obtaining all permits or other governmental approvals required in connection with the Telecommunications Equipment, (ii) repairing and maintaining and causing the Telecommunications Equipment to comply with all applicable laws, and (iii) prior to the expiration or earlier termination of this Lease, removal of the Telecommunications Equipment and all associated wiring (and the restoration of all affected areas to the condition existing prior to the installation thereof). In no event shall Tenant permit the Telecommunications Equipment to interfere with the Building systems or any other communications equipment at the Building. Tenant will be responsible for resolving technical interference problems between its Telecommunications Equipment and other equipment located at the Building as of the Lease Commencement Date or between any additional or replacement Telecommunications Equipment installed by Tenant from time to time pursuant to the terms of this Lease and other equipment then located on the Building. The Telecommunications Equipment will not disturb the communications configurations, equipment and frequency which exist at the Building as of the Lease Commencement Date and the Telecommunications Equipment will comply with all non-interference rules of the FCC. Provided that the Telecommunications Equipment does not unreasonably restrict Landlord's ability to allow other equipment to be installed on the roof of the Building without interfering with the Telecommunication Equipment, Landlord will not permit the installation of any future equipment on the Building which results in technical interference problems with Tenant's then existing Telecommunications Equipment. In the event of such interference with Tenant's operations, Tenant will notify Landlord in writing, and Landlord shall correct such interference within ten (10) business days.

22.2 Tenant Indemnity. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause related to Tenant's installation, use, repair or maintenance or any other matter relating to or in connection with the Telecommunications Equipment. Tenant shall not be entitled to license its Telecommunications Equipment to any third party, nor shall Tenant be permitted to receive any revenues, fees or any other consideration for the use of such Telecommunications Equipment by a third party. Tenant's right to install such Telecommunication Equipment shall be non-exclusive, and Tenant hereby expressly acknowledges Landlord's continued right (i) to itself utilize any rooftop space, and (ii) to re-sell, license or lease any rooftop space to an unaffiliated third party. In the event Tenant elects to exercise its right to install the Telecommunication Equipment, then Tenant shall give Landlord prior notice thereof and, at Landlord's option, Landlord and Tenant shall execute an amendment to this Lease covering the matters addressed in this Article 22, the payment for installation costs of the Telecommunications Equipment, the installation and maintenance of such Telecommunications Equipment, Tenant's indemnification of Landlord with respect thereto, Tenant's obligation to remove such Telecommunications Equipment (and restore the roof to its previously existing condition) upon the expiration or earlier termination of this Lease, and other related matters.

ARTICLE 23

SIGNS

23.1 Full Floors. Subject to Landlord's prior written approval, in its sole discretion, and provided all signs are in keeping with the quality of the Building and Project and do not alter or damage the historic materials in the Building, Tenant, if the Premises comprise an entire floor of the Building, at its sole cost and expense, may install identification signage anywhere in the Premises including in the elevator lobby of the Premises, provided that such signs must not be visible from the exterior of the Building.

23.2 Multi-Tenant Floors. If other tenants occupy space on the floor on which the Premises is located, Tenant's identifying signage shall be provided by Landlord, at Tenant's cost, and such signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord's then-current Building standard signage program.

23.3 Prohibited Signage and Other Items. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed after two (2) business days prior notice by Landlord at the sole expense of Tenant. Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

23.4 Building Directory. If Landlord elects, in Landlord sole and absolute discretion, to install an electronic building directory in the Building lobby, then Tenant shall have the right, at no charge to Tenant, to have Tenant's name and the names of all of Tenant's employees at the Premises entered into such electronic directory in the lobby of the Building. If Landlord does not install an electronic building directory, Tenant shall be entitled to its prorata share of any other directory maintained by Landlord in the Building lobby.

23.5 Tenant Exterior Signage Rights. Tenant's rights to the "Tenant's Signage," as defined in this Section 23.5, below, shall be personal to the Original Tenant and any Permitted Transferee. The exact location of, and specifications for, the Tenant Signage shall be subject to Landlord's reasonable approval. Provided the Original Tenant or a Permitted Transferee leases and occupies not less than seventy-five percent (75%) of the initial Premises, Original Tenant and any Permitted Transferee shall be entitled to install one street-level plaque on the outside of the Building near the primary lobby entrance ("Tenant's Signage"). Tenant's Signage shall be subject to the terms and conditions set forth in Sections 23.5.1 through 23.5.3, below.

23.5.1 Specifications and Permits. Tenant's Signage shall set forth Tenant's name and logo; provided, however, in no event shall Tenant's Signage include an "Objectionable Name," as that term is defined in Section 23.5.2, of this Lease. The graphics, materials, color, design, lettering, lighting, size, illumination, specifications and exact location of Tenant's Signage (collectively, the "Sign Specifications") shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be consistent and compatible with the quality and nature of the Project. For purposes of this Section 23.5, the reference to "name" shall mean name and/or logo. In addition, Tenant's Signage shall be subject to Tenant's receipt of all required governmental permits and approvals and shall be subject to all applicable laws. Tenant hereby acknowledges that, notwithstanding Landlord's approval of Tenant's Signage, Landlord has made no representation or warranty to Tenant with respect to the probability of obtaining all necessary governmental approvals and permits for Tenant's Signage. In the event Tenant does not receive the necessary governmental approvals and permits for Tenant's Signage, Tenant's and Landlord's rights and obligations under the remaining terms and conditions of this Lease shall be unaffected.

23.5.2 Objectionable Name. Original Tenant's name and/or logo set forth on Tenant's Signage shall not have a name which relates to an entity which is of a character or reputation, or is associated with a political faction or orientation, which is inconsistent with the quality of the Project, or which would otherwise reasonably offend a landlord of the Comparable Buildings (an "Objectionable Name"). The parties hereby agree that the name "Yelp" or any reasonable derivation thereof, shall not be deemed an Objectionable Name.

23.5.3 Cost and Maintenance. The costs of the actual signs comprising Tenant's Signage and the installation, design, construction, and any and all other costs associated with Tenant's Signage, including, without limitation, utility charges and hook-up fees, permits, required Building structural upgrades, and maintenance and repairs, shall be the sole responsibility of Tenant. Should Tenant's Signage require repairs and/or maintenance, as determined in Landlord's reasonable judgment, Landlord shall have the right to provide notice thereof to Tenant and Tenant shall cause such repairs and/or maintenance to be performed within thirty (30) days after receipt of such notice from Landlord, at Tenant's sole cost and expense; provided, however, if such repairs and/or maintenance are reasonably expected to require longer than thirty (30) days to perform, Tenant shall commence such repairs and/or maintenance within such thirty (30) day period and shall diligently prosecute such repairs and maintenance to completion. Should Tenant fail to perform such repairs and/or maintenance within the periods described in the immediately preceding sentence, Landlord shall have the right to cause such work to be performed and to charge Tenant as Additional Rent for the cost of such work. Upon the expiration or earlier termination of this Lease, or in the event Tenant fails to maintain the leasing and occupancy thresholds identified in Sections 23.5, above, Tenant shall, at Tenant's sole cost and expense, cause Tenant's Signage to be removed and shall cause the areas in which such Tenant's Signage was located to be restored to the condition existing immediately prior to the placement of such Tenant's Signage (excepting normal wear and tear). If Tenant fails to timely remove such Tenant's Signage or to restore the areas in which such Tenant's Signage was located, as provided in the immediately preceding sentence, then Landlord may perform such work, and all costs incurred by Landlord in so performing shall be reimbursed by Tenant to Landlord within thirty (30) days after Tenant's receipt of an invoice therefor. The terms and conditions of this Section 23.5 shall survive the expiration or earlier termination of this Lease.

ARTICLE 24

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated (collectively, "**Applicable Laws**"). At its sole cost and expense, Tenant shall promptly comply with any Applicable Laws which relate to (i) Tenant's use of the Premises, (ii) any Alterations made by Tenant to the Premises, and any Tenant Improvements in the Premises, or (iii) the Base Building, but as to the Base Building, only to the extent such obligations are triggered by Alterations made by Tenant to the Premises to the extent such Alterations are not normal and customary business office improvements, or triggered by the Tenant Improvements to the extent such Tenant Improvements are not normal and customary business office improvements, or triggered by Tenant's use of the Premises for non-general office use. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations. Tenant shall be responsible, at its sole cost and expense, to make all alterations to the Premises as are required to comply with the governmental rules, regulations, requirements or standards described in this Article 24. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Landlord shall comply with all Applicable Laws relating to the Base Building, provided that compliance with such Applicable Laws is not the responsibility of Tenant under this Lease, and provided further that Landlord's failure to comply therewith would prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, or would affect the safety of Tenant's employees or create a health hazard for Tenant's employees, or would otherwise adversely affect Tenant's use of or access to the Premises. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this Article 24 to the extent not prohibited by the terms of Section 4.2.4 above.

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee when due, then Tenant shall pay to Landlord a late charge equal to the greater of (a) three percent (3%) of the overdue amount, and (b) \$150.00, plus any reasonable attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to

require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within thirty (30) days after the date they are due shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) twelve percent (12%) (the "Interest Rate"), and (ii) the highest rate permitted by applicable law.

ARTICLE 26

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 Landlord's Cure. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 Tenant's Reimbursement. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all reasonable legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord reserves the right, on not less than one (1) business days prior written notice and during Building Hours (except in the case of an Emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers or, during the last twelve (12) months of the Lease Term, to prospective tenants; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment, subject, however to the requirements of Section 7.1 above. Notwithstanding anything to the contrary contained in this Article 27, Landlord may enter the Premises at any time to (A) perform services required of Landlord, including janitorial service; (B) take possession due to any breach of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails to perform. Landlord may make any such entries without the abatement of Rent, except as otherwise provided in this Lease, and may take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business and/or lost profits occasioned thereby, provided that the foregoing shall not limit Landlord's liability, if any, pursuant to Applicable Law for personal injury and property damage to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Provided that Landlord employs commercially reasonable efforts to minimize interference with the conduct of Tenant's business in connection with entries into the Premises, Tenant hereby waives any claims for loss of occupancy or quiet enjoyment of the Premises in connection with such entries. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

COMMUNICATIONS AND COMPUTER LINES

Tenant may install, maintain, replace, remove or use any communications or computer wires and cables serving the Premises (collectively, the “Lines”), provided that (i) Tenant shall obtain Landlord’s prior written consent, use an experienced and qualified contractor reasonably approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this Lease, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord’s reasonable opinion, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, shall be surrounded by a protective conduit reasonably acceptable to Landlord, and shall be identified in accordance with the “Identification Requirements,” as that term is set forth hereinbelow, (iv) any new or existing Lines servicing the Premises shall comply with all applicable governmental laws and regulations, (v) as a condition to permitting the installation of new Lines, Landlord may require that Tenant remove existing Lines located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith. All Lines shall be clearly marked with adhesive plastic labels (or plastic tags attached to such Lines with wire) to show Tenant’s name, suite number, telephone number and the name of the person to contact in the case of an emergency (A) every four feet (4’) outside the Premises (specifically including, but not limited to, the electrical room risers and other Common Areas), and (B) at the Lines’ termination point(s) (collectively, the “Identification Requirements”). Landlord reserves the right (by notice to Tenant at any time prior to the expiration or earlier termination of this Lease) to require that Tenant, prior to the expiration or earlier termination of this Lease, remove any Lines located in or serving the Premises.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 Terms; Captions. The words “Landlord” and “Tenant” as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 Binding Effect. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 No Air Rights. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant’s obligations under this Lease.

29.4 Modification of Lease. Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) business days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within ten (10) business days following the request therefor.

29.5 Transfer of Landlord’s Interest. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall be released from all liability under this Lease if the new owner agrees in writing that all such liabilities and obligations are binding upon the new owner, and Tenant agrees to look solely to such transferee for the

performance of Landlord's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord, including the return of any Security Deposit, and Tenant shall attorn to such transferee.

29.6 Prohibition Against Recording. Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 Landlord's Title. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 Application of Payments. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.10 Time of Essence. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 Partial Invalidity. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 No Warranty. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 Landlord Exculpation. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the equity interest of Landlord in the Building and the rents, issues and profits therefrom. Neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 Entire Agreement. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 Right to Lease. Except as expressly provided in this Section 29.15, Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project. Landlord agrees, during any time that the Original Tenant is continuously operating its business from at least 75% of the Premises, Landlord shall not enter into a lease for space in the Building with Google Inc. (“Google”); provided, however, in no event shall Landlord be deemed to be in breach of this Section 29.15 if any tenant in the Building is acquired by or otherwise merges with Google after the date of such tenant’s lease. If Tenant fails to continuously operate its business from within at least 75% the Premises for more than six (6) months, or if the restriction set forth in this Section 29.15 is deemed to be in violation of Applicable Law, then the leasing restrictions set forth in this Section 29.15 will automatically terminate. Tenant does hereby indemnify, defend and hold Landlord harmless from any claim, cost, loss or damage (including reasonable attorneys’ fees) incurred or alleged against Landlord by any person, firm, corporation or other entity whatsoever by reason of Landlord’s compliance, or attempted compliance, with this Section 29.15, and in the event Landlord is made subject to any action, proceeding or penalty with respect to the provisions of this Section 29.15, Tenant will indemnify, defend and hold Landlord harmless from any cost, loss, claim or expense in respect thereto with counsel approved by Landlord, the actual out-of-pocket costs of such indemnification and defense (including reasonable attorneys fees) to be paid entirely by Tenant. Notwithstanding the foregoing, this Section 29.15 will not apply to any leases entered into by Landlord prior to the date of this Lease (or any leases being circulated for signature prior to the date of this Lease), nor to any amendments or renewals of such leases.

29.16 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a “Force Majeure”), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party’s performance caused by a Force Majeure.

29.17 Waiver of Redemption by Tenant. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant’s right of occupancy of the Premises after any termination of this Lease.

29.18 Notices. All notices, demands, statements, designations, approvals or other communications (collectively, “Notices”) given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) transmitted by telecopy, if such telecopy is promptly followed by a Notice sent by Mail, (B) delivered by a nationally recognized overnight courier, or (C) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) the date the telecopy is transmitted, (ii) the date the overnight courier delivery is made, or (iii) the date personal delivery is made. As of the date of this Lease, any Notices to Landlord must be sent, transmitted, or delivered, as the case may be, to the following addresses:

Wilson Meany Sullivan
4 Embarcadero Center, Suite 3300
San Francisco, CA 94111
Attention: Paul Richards

and

Stockbridge Capital Group
4 Embarcadero Center, Suite 3300
San Francisco, CA 94111
Attention: Stephen Pilch

and

Allen Matkins Leck Gamble Mallory & Natsis LLP
1901 Avenue of the Stars
Suite 1800
Los Angeles, California 90067
Attention: Anton N. Natsis, Esq.

29.19 Joint and Several. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 Authority. Each person executing this Lease on behalf of Landlord and Tenant hereby covenants and warrants that: (a) the entity on whose behalf such person is signing is duly organized and validly existing under the laws of its state of organization; (b) such entity has and is qualified to do business in California; (c) such entity has full right and authority to enter, into this Lease and to perform all Landlord’s or Tenant’s, as the case may be, obligations hereunder; and (d) each person (and both of the persons if more than one signs) signing this Lease on behalf of Landlord or Tenant, as applicable, is duly and validly authorized to do so.

29.21 Attorneys’ Fees. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys’ fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 Governing Law; JUDICIAL REFERENCE. This Lease shall be construed and enforced in accordance with the laws of the State of California. THE PARTIES HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE. IF THE JURY WAIVER PROVISIONS OF THIS SECTION 29.22 ARE NOT ENFORCEABLE UNDER CALIFORNIA LAW, THEN THE FOLLOWING PROVISIONS SHALL APPLY. IT IS THE DESIRE AND INTENTION OF THE PARTIES TO AGREE UPON A MECHANISM AND PROCEDURE UNDER WHICH CONTROVERSIES AND DISPUTES ARISING OUT OF THIS LEASE OR RELATED TO THE PREMISES WILL BE RESOLVED IN A PROMPT AND EXPEDITIOUS MANNER. ACCORDINGLY, EXCEPT WITH RESPECT TO ACTIONS FOR UNLAWFUL OR FORCIBLE DETAINER OR WITH RESPECT TO THE PREJUDGMENT REMEDY OF ATTACHMENT, ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER (AND/OR AGAINST ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR SUBSIDIARIES OR AFFILIATED ENTITIES) ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, TENANT’S USE OR OCCUPANCY OF THE PREMISES AND/OR ANY CLAIM OF INJURY OR DAMAGE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, SHALL BE HEARD AND RESOLVED BY A REFEREE UNDER THE PROVISIONS OF THE CALIFORNIA CODE OF CIVIL

PROCEDURE, SECTIONS 638 — 645.1, INCLUSIVE (AS SAME MAY BE AMENDED, OR ANY SUCCESSOR STATUTE(S) THERETO) (THE “REFEREE SECTIONS”). ANY FEE TO INITIATE THE JUDICIAL REFERENCE PROCEEDINGS AND ALL FEES CHARGED AND COSTS INCURRED BY THE REFEREE SHALL BE PAID BY THE PARTY INITIATING SUCH PROCEDURE (EXCEPT THAT IF A REPORTER IS REQUESTED BY EITHER PARTY, THEN A REPORTER SHALL BE PRESENT AT ALL PROCEEDINGS WHERE REQUESTED AND THE FEES OF SUCH REPORTER – EXCEPT FOR COPIES ORDERED BY THE OTHER PARTIES – SHALL BE BORNE BY THE PARTY REQUESTING THE REPORTER); PROVIDED HOWEVER, THAT ALLOCATION OF THE COSTS AND FEES, INCLUDING ANY INITIATION FEE, OF SUCH PROCEEDING SHALL BE ULTIMATELY DETERMINED IN ACCORDANCE WITH SECTION 29.21 ABOVE. THE VENUE OF THE PROCEEDINGS SHALL BE IN THE COUNTY IN WHICH THE PREMISES ARE LOCATED. WITHIN TEN (10) DAYS OF RECEIPT BY ANY PARTY OF A WRITTEN REQUEST TO RESOLVE ANY DISPUTE OR CONTROVERSY PURSUANT TO THIS SECTION 29.22, THE PARTIES SHALL AGREE UPON A SINGLE REFEREE WHO SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, AND REPORT A FINDING AND JUDGMENT ON SUCH ISSUES AS REQUIRED BY THE REFEREE SECTIONS. IF THE PARTIES ARE UNABLE TO AGREE UPON A REFEREE WITHIN SUCH TEN (10) DAY PERIOD, THEN ANY PARTY MAY THEREAFTER FILE A LAWSUIT IN THE COUNTY IN WHICH THE PREMISES ARE LOCATED FOR THE PURPOSE OF APPOINTMENT OF A REFEREE UNDER THE REFEREE SECTIONS. IF THE REFEREE IS APPOINTED BY THE COURT, THE REFEREE SHALL BE A NEUTRAL AND IMPARTIAL RETIRED JUDGE WITH SUBSTANTIAL EXPERIENCE IN THE RELEVANT MATTERS TO BE DETERMINED, FROM JAMS, THE AMERICAN ARBITRATION ASSOCIATION OR SIMILAR MEDIATION/ARBITRATION ENTITY. THE PROPOSED REFEREE MAY BE CHALLENGED BY ANY PARTY FOR ANY OF THE GROUNDS LISTED IN THE REFEREE SECTIONS. THE REFEREE SHALL HAVE THE POWER TO DECIDE ALL ISSUES OF FACT AND LAW AND REPORT HIS OR HER DECISION ON SUCH ISSUES, AND TO ISSUE ALL RECOGNIZED REMEDIES AVAILABLE AT LAW OR IN EQUITY FOR ANY CAUSE OF ACTION THAT IS BEFORE THE REFEREE, INCLUDING AN AWARD OF ATTORNEYS’ FEES AND COSTS IN ACCORDANCE WITH THIS LEASE. THE REFEREE SHALL NOT, HOWEVER, HAVE THE POWER TO AWARD PUNITIVE DAMAGES, NOR ANY OTHER DAMAGES WHICH ARE NOT PERMITTED BY THE EXPRESS PROVISIONS OF THIS LEASE, AND THE PARTIES HEREBY WAIVE ANY RIGHT TO RECOVER ANY SUCH DAMAGES. THE PARTIES SHALL BE ENTITLED TO CONDUCT ALL DISCOVERY AS PROVIDED IN THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE REFEREE SHALL OVERSEE DISCOVERY AND MAY ENFORCE ALL DISCOVERY ORDERS IN THE SAME MANNER AS ANY TRIAL COURT JUDGE, WITH RIGHTS TO REGULATE DISCOVERY AND TO ISSUE AND ENFORCE SUBPOENAS, PROTECTIVE ORDERS AND OTHER LIMITATIONS ON DISCOVERY AVAILABLE UNDER CALIFORNIA LAW. THE REFERENCE PROCEEDING SHALL BE CONDUCTED IN ACCORDANCE WITH CALIFORNIA LAW (INCLUDING THE RULES OF EVIDENCE), AND IN ALL REGARDS, THE REFEREE SHALL FOLLOW CALIFORNIA LAW APPLICABLE AT THE TIME OF THE REFERENCE PROCEEDING. THE PARTIES SHALL PROMPTLY AND DILIGENTLY COOPERATE WITH ONE ANOTHER AND THE REFEREE, AND SHALL PERFORM SUCH ACTS AS MAY BE NECESSARY TO OBTAIN A PROMPT AND EXPEDITIOUS RESOLUTION OF THE DISPUTE OR CONTROVERSY IN ACCORDANCE WITH THE TERMS OF THIS SECTION 29.22. IN THIS REGARD, THE PARTIES AGREE THAT THE PARTIES AND THE REFEREE SHALL USE BEST EFFORTS TO ENSURE THAT (A) DISCOVERY BE CONDUCTED FOR A PERIOD NO LONGER THAN SIX (6) MONTHS FROM THE DATE THE REFEREE IS APPOINTED, EXCLUDING MOTIONS REGARDING DISCOVERY, AND (B) A TRIAL DATE BE SET WITHIN NINE (9) MONTHS OF THE DATE THE REFEREE IS APPOINTED. IN ACCORDANCE WITH SECTION 644 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, THE DECISION OF THE REFEREE UPON THE WHOLE ISSUE MUST STAND AS THE DECISION OF THE COURT, AND UPON THE FILING OF THE STATEMENT OF DECISION WITH THE CLERK OF THE COURT, OR WITH THE JUDGE IF THERE IS NO CLERK, JUDGMENT MAY BE

ENTERED THEREON IN THE SAME MANNER AS IF THE ACTION HAD BEEN TRIED BY THE COURT. ANY DECISION OF THE REFEREE AND/OR JUDGMENT OR OTHER ORDER ENTERED THEREON SHALL BE APPEALABLE TO THE SAME EXTENT AND IN THE SAME MANNER THAT SUCH DECISION, JUDGMENT, OR ORDER WOULD BE APPEALABLE IF RENDERED BY A JUDGE OF THE SUPERIOR COURT IN WHICH VENUE IS PROPER HEREUNDER. THE REFEREE SHALL IN HIS/HER STATEMENT OF DECISION SET FORTH HIS/HER FINDINGS OF FACT AND CONCLUSIONS OF LAW. THE PARTIES INTEND THIS GENERAL REFERENCE AGREEMENT TO BE SPECIFICALLY ENFORCEABLE IN ACCORDANCE WITH THE CODE OF CIVIL PROCEDURE. NOTHING IN THIS SECTION 29.22 SHALL PREJUDICE THE RIGHT OF ANY PARTY TO OBTAIN PROVISIONAL RELIEF OR OTHER EQUITABLE REMEDIES FROM A COURT OF COMPETENT JURISDICTION AS SHALL OTHERWISE BE AVAILABLE UNDER THE CODE OF CIVIL PROCEDURE AND/OR APPLICABLE COURT RULES.

29.23 Submission of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 Brokers. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

29.25 Independent Covenants. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 Project or Building Name and Signage. Landlord shall have the right at any time to change the name of the Project or Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire, provided that it does not materially interfere with Tenant's exterior signage, if any. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.27 Counterparts. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 Confidentiality. Tenant acknowledges that the content of this Lease and any related documents are confidential information. Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal, and space planning consultants, provided that the foregoing shall not apply to the extent Tenant is legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, civil investigative demand or similar process) or by law or regulation to disclose any such confidential information. In addition, neither party will publish, release or publicize in any medium, print or electronic, or otherwise disclose anything about this Lease or the negotiations regarding the Lease without the express written consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Landlord and Tenant shall reasonably cooperate in good faith in order to mutually issue a press release, and a notice to the Mayor of San Francisco's office, with respect to the execution of this Lease and, when applicable, with respect to the commencement of business from the Premises by Tenant.

29.29 Building Renovations. It is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as specifically set forth herein or in the Tenant Work Letter. However, Tenant hereby acknowledges that Landlord is currently renovating or may during the Lease Term renovate, improve, alter, or modify (collectively, the “**Renovations**”) the Project, the Building and/or the Premises. Landlord shall use commercially reasonable efforts to complete any Renovations in a manner which does not adversely affect Tenant’s use of or access to the Premises. Notwithstanding the foregoing, Tenant hereby agrees that such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility and shall not be liable to Tenant for any injury to or interference with Tenant’s business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant’s personal property or improvements resulting from the Renovations, or for any inconvenience or annoyance occasioned by such Renovations.

29.30 No Violation. Each party hereby warrants and represents to the other that neither its execution of nor performance under this Lease shall cause such party to be in violation of any agreement, instrument, contract, law, rule or regulation by which such party is bound, and each party shall protect, defend, indemnify and hold the other party harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys’ fees and costs, arising from such indemnifying party’s breach of this warranty and representation.

29.31 Transportation Management. Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Project and/or the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities. Such programs may include, without limitation: (i) restrictions on the number of peak-hour vehicle trips generated by Tenant; (ii) increased vehicle occupancy; (iii) implementation of an in-house ridesharing program and an employee transportation coordinator; (iv) working with employees and any Project, Building or area-wide ridesharing program manager; (v) instituting employer-sponsored incentives (financial or in-kind) to encourage employees to rideshare; and (vi) utilizing flexible work shifts for employees.

29.32 Tenant Parking. Original Tenant and any Permitted Transferee may rent, on a month-to-month basis, up to one (1) non-transferable parking pass for each full floor leased by Tenant in the Building, which passes shall be for unreserved parking spaces in the Building. If at any time during the Lease Term Tenant rents less than the full number of parking passes that Tenant is allowed to rent pursuant to the terms of this Section 29.32, then the number of parking passes that Tenant shall have the right to rent pursuant to the terms of this Section 29.32 shall be decreased for the remainder of the Lease Term to the number of parking passes actually rented by Tenant. Tenant shall pay Landlord each automobile parking pass on a monthly basis the prevailing rate charged from time to time at the location of such parking passes. Tenant shall supply Landlord with an identification roster listing, for each parking pass, the name of the employee and the make, color and registration number of the vehicle to which such parking pass has been assigned, and shall provide a revised roster to Landlord monthly indicating changes thereto. Tenant’s continued right to use the parking passes is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking passes are located, including any sticker or other identification system established by Landlord, Tenant’s cooperation in seeing that Tenant’s employees and visitors also comply with such rules and regulations and Tenant not being in default under this Lease; provided, however, Landlord shall not enact any such rules and regulations intended to discriminate against Tenant vis-à-vis the other tenants of the Building. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking facility at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, close-off or restrict access to the Project parking facility for purposes of permitting or facilitating any such construction, alteration or improvements. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord. The parking passes rented by Tenant pursuant to this Section 29.32 are provided to Tenant solely for use by Tenant’s own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord’s prior approval. The rights contained in this Section 29.32 shall be personal to Original Tenant and any Permitted Transferee, may only be exercised by Original Tenant or a Permitted Transferee (and not any other assignee, sublessee or Transferee, of Original Tenant’s interest in this Lease) if the Lease then remains in full force and effect and if Original Tenant or Permitted Transferee occupies at least seventy-five percent (75%) of the Premises.

29.33 OFAC Compliance.

29.33.1 Representations and Warranties. Tenant represents and warrants that (a) Tenant and each person or entity owning an interest in Tenant is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury (“**OFAC**”) and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the “**List**”), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (b) none of the funds or other assets of Tenant constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person (as hereinafter defined), (c) no Embargoed Person has any interest of any nature whatsoever in Tenant (whether directly or indirectly), (d) none of the funds of Tenant have been derived from any unlawful activity with the result that the investment in Tenant is prohibited by law or that the Lease, as amended, is in violation of law, and (e) Tenant has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times. The term “**Embargoed Person**” means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Tenant is prohibited by law or Tenant is in violation of law.

29.33.2 Compliance with Laws. Tenant covenants and agrees (a) to comply with all requirements of law relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (b) to immediately notify Landlord in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding Section are no longer true or have been breached or if Tenant has a reasonable basis to believe that they may no longer be true or have been breached, (c) not to use funds from any “Prohibited Person” (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due to Landlord under the Lease, as amended, and (d) at the request of Landlord, to provide such information as may be requested by Landlord to determine Tenant’s compliance with the terms hereof.

29.33.3 Event of Default; Indemnity. Tenant hereby acknowledges and agrees that Tenant’s inclusion on the List at any time during the term of this Lease, shall be an event of default under this Lease. Notwithstanding anything herein to the contrary, Tenant shall not permit the Premises or any portion thereof to be used or occupied by any person or entity on the List or by any Embargoed Person (on a permanent, temporary or transient basis), and any such use or occupancy of the Premises by any such person or entity shall be an event of default under this Lease. Tenant shall indemnify and hold Landlord harmless and against from all losses, damages, liabilities, cost and expenses (including, without limitation, reasonable attorneys’ fees and expenses) that are incurred by Landlord and/or its affiliate that derive from a claim made by a third party against Landlord and/or its affiliates arising or alleged to arise from a misrepresentation made by Tenant hereunder or a breach of any covenant to be performed by Tenant under this Section 29.33.

29.33.4 Documentation. Tenant shall provide documentary and other reasonable evidence of Tenant’s identity and ownership as may be reasonably requested by Landlord at any time to enable Landlord to verify Tenant’s identity or to comply with any legal request.

29.34 Storage Space. Tenant shall lease from Landlord during the Term and any Option Term up to one thousand rentable square feet of storage space for Tenant’s exclusive use as storage for personal property used in connection with Tenant’s occupancy of the Premises. The location of the storage space shall be in the basement of the Building in an area reasonably designated by Landlord. Tenant agrees to accept the storage space in its then existing “as is” condition and to lease the storage space from Landlord in accordance with this Section 29.34 for the entire Lease Term (as the same may be extended). Tenant, at its sole cost and expense, will replace and pay for all lighting bulbs, tubes, ballasts and starters required for the storage space and must provide its own janitorial services and any other services necessary for Tenant’s use of the storage space. Tenant must maintain the storage space in good and clean condition during the term of this Lease. Tenant hereby agrees to pay monthly Base Rent for the storage space in an

amount equal to the product of Two Dollars (\$2.00) multiplied by the number of rentable square feet of floor area contained within such storage space. Tenant's insurance and indemnity obligations set forth this Lease apply to the storage space as if it were a part of the Premises. Landlord has the right at any time during the Lease Term, upon giving Tenant at least thirty (30) days prior written notice, at Landlord's sole cost and expense, to move Tenant from the storage space to comparable storage space (as reasonably determined by Landlord) elsewhere in the Building of approximately the same size as the prior storage space. At Landlord's option, Landlord and Tenant shall execute a separate storage agreement, in Landlord's standard form for the Building, covering the matters addressed in this Section 29.34.

29.35 Leasehold Title Insurance. Tenant has the right, exercisable within ninety (90) days after execution of this Lease, at Tenant's sole cost and expense, to order and obtain a title insurance policy, ensuring tenant's leasehold estate in the Premises, subject only to such exceptions as Tenant reasonably approves.

29.36 Payment/Work Under Protest. If at any time a dispute arises regarding any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay is asserted has the right to make payment "under protest" any such payment will not be regarded as a voluntary payment. In addition the right on the part of said party to institute suit for the recovery of such sum will survive. If it is adjudged that there was no legal obligation on the part of said party to pay such sum or any part thereof, said party will be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease, with interest thereon at the Interest Rate. If at any time a dispute arises between the parties hereto regarding any work to be performed by either of them under the provisions hereof, the party against whom the obligation to perform the work is asserted may perform such work and pay the cost thereof "under protest". The performance of such work in no event shall be regarded as a voluntary performance, and the right on the part of said party to institute suit for the recovery of the costs of such work will survive. If it is adjudged that there was no legal obligation on the part of said party to perform the same or any part thereof, said party will be entitled to recover the cost of such work or the cost of so much thereof as said party was not legally required to perform under the provisions of this Lease, with interest thereon at the Interest Rate as may be adjusted from time-to-time. Whenever a payment is made or work is done "under protest", as provided in this Section, the party doing so before making any such payment or doing any such work, must notify the other party in writing that it is doing so "under protest". Landlord may collect any sum it is entitled to under this Section as additional rent, and Tenant may, if it chooses, to the extent the Landlord entity is the same entity to which the payment under protest was made, deduct any such sum from rents and many other sums thereafter becoming due hereunder from Tenant to Landlord.

[Signatures follow on next page]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

LANDLORD:

STOCKBRIDGE 138 NEW MONTGOMERY LLC, a
Delaware limited liability company

By: /s/ Kristin Renaudin

Name: Kristin Renaudin

Title: Vice President

TENANT:

YELP INC.,
a Delaware corporation

By: /s/ Rob Krolik

Name: Rob Krolik

Title: CFO

By: _____

Name:

Title:

140 NEW MONTGOMERY STREET
[Yelp Inc.]

EXHIBIT A

**140 NEW MONTGOMERY STREET
OUTLINE OF PREMISES**

Note: The following is applicable to floors 5 through 12

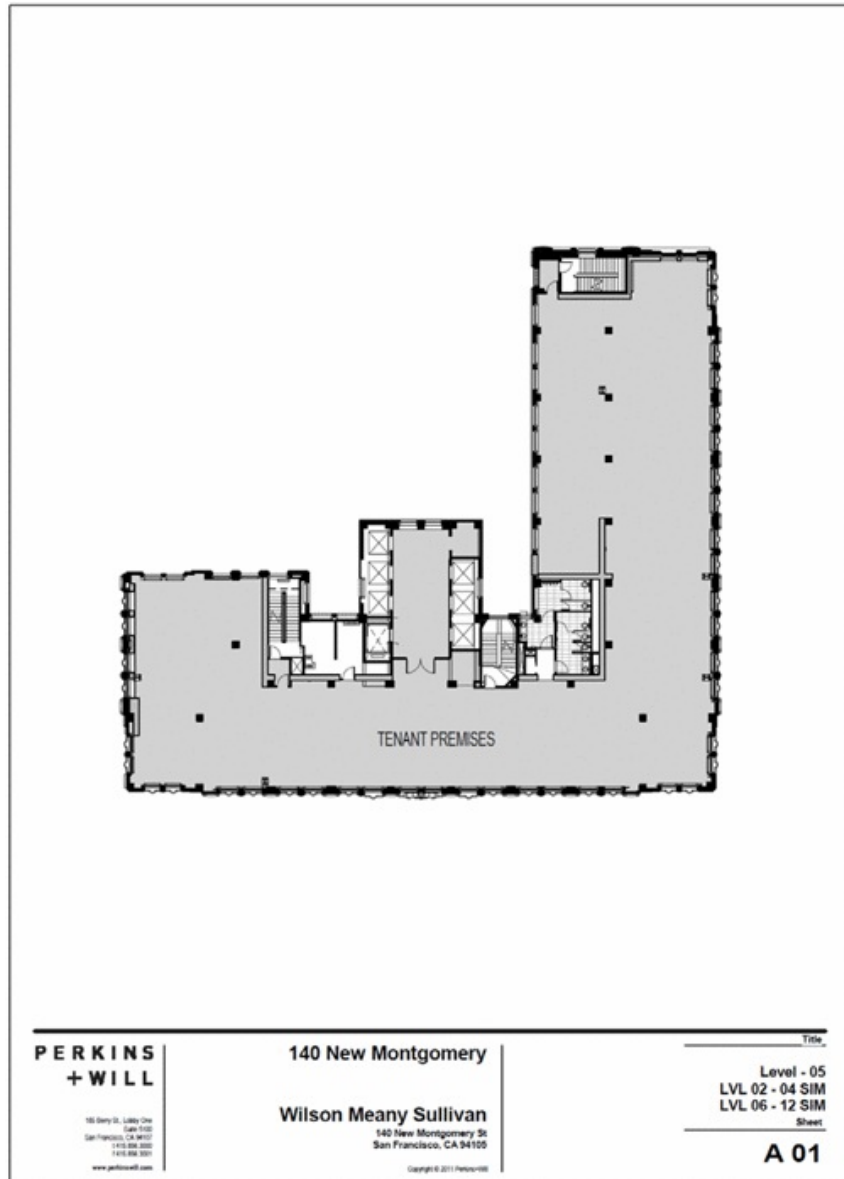


EXHIBIT B

140 NEW MONTGOMERY STREET

TENANT WORK LETTER

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Tenant Work Letter to Articles or Sections of "this Lease" shall mean the relevant portions of Articles 1 through 29 of the Office Lease to which this Tenant Work Letter is attached as Exhibit B, and all references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portions of Sections 1 through 5 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE PREMISES AND BASE BUILDING

1.1 **Delivery of Premises.** Except as expressly set forth to the contrary in the Lease or this Tenant Work Letter, including without limitation in Section 1.2, below, Landlord shall deliver the Premises and Base Building to Tenant, and Tenant shall accept the Premises and Base Building from Landlord, in their presently existing, "as-is" condition.

1.2 **Landlord Work; Delivery Condition.**

1.2.1 **Landlord Work.** Landlord shall, to the extent required in order to allow Tenant to obtain a certificate of occupancy, or its legal equivalent, for the Premises for general office use, cause the Common Areas to comply with applicable building codes and other governmental laws, ordinances and regulations, related to handicap access, which were enacted and enforced as of the date of the Lease.

1.2.2 **Delivery Condition.** Subject to changes required by Applicable Law, Landlord shall cause the Base Building to comply with the conditions set forth on Schedule 1, attached hereto, on or before the Lease Commencement Date.

1.2.3 **Delivery Dates.** The date upon which Landlord, either itself or through its contractor, commences the Landlord Work shall be known as the "**Landlord Work Delivery Date.**" The date upon which Landlord delivers the Premises to Tenant in a condition which allows the construction of the Tenant Improvements pursuant to the terms of this Tenant Work Letter without material interference from Landlord and/or its contractors in connection with the work being performed by Landlord pursuant to this Section 1.2 (the "**Landlord Work**"), shall be known as the "**TI Commencement Delivery Date.**" In connection with the performance of that portion the Landlord Work to be completed concurrently with the construction of the Tenant Improvements, Landlord and Tenant agree to reasonably cooperate in good faith with each other in order to minimize any interference with the work being performed by the other party. The date upon which the Tenant Improvements are substantially complete shall be known as the "**TI Completion Delivery Date.**"

1.3 **Substantial Completion of the Tenant Improvements.** Except as expressly set forth in Section 2.5 of the Lease, and even though Landlord shall retain the "Contractor," as that term is defined in Section 4.1.1 of this Tenant Work Letter, below, Landlord shall have no liability to Tenant, and the Lease Commencement Date shall not be adjusted, based on any delay in the TI Completion Delivery Date.

SECTION 2
TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance.** Tenant shall be entitled to a one-time tenant improvement allowance (the “**Tenant Improvement Allowance**”) in the amount set forth in Section 13 of the Summary for the costs relating to the initial design and construction of Tenant’s improvements, which are permanently affixed (including furniture, fixtures and equipment attached to the walls, ceiling or slab) to the Premises (the “**Tenant Improvements**”). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance. In the event that the Tenant Improvement Allowance is not fully utilized by Tenant on or before the first (1st) anniversary of the Lease Commencement Date, then such unused amounts shall revert to Landlord, and Tenant shall have no further rights with respect thereto. Any Tenant Improvements that require the use of Building risers, raceways, shafts and/or conduits, shall be subject to Landlord’s reasonable rules, regulations, and restrictions, including the requirement that any cabling infrastructure designer must be selected from a list provided by Landlord, and that the amount and location of any such cabling must be approved by Landlord. All Tenant Improvements for which the Tenant Improvement Allowance has been made available shall be deemed Landlord’s property under the terms of the Lease; provided, however, Landlord may, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant’s expense, to remove any Tenant Improvements and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to their condition existing prior to the installment of such Tenant Improvements; **PROVIDED FURTHER; HOWEVER, THAT (i) NOTWITHSTANDING THE FOREGOING, UPON REQUEST BY TENANT AT THE TIME OF TENANT’S REQUEST FOR LANDLORD’S APPROVAL OF THE “FINAL WORKING DRAWINGS, AS THAT TERM IS DEFINED IN SECTION 3.3, BELOW, LANDLORD SHALL NOTIFY TENANT WHETHER ALL OR ANY PORTION OF THE TENANT IMPROVEMENTS WILL BE REQUIRED TO BE REMOVED PURSUANT TO THE TERMS OF THIS SECTION 2.1.** (ii) in no event shall Tenant be required to remove any Tenant Improvements which (a) are normal and customary business office improvements, (b) do not affect the Base Building, and (c) cannot be seen from the exterior of the Premises, and (iii) in no event shall Tenant be required to remove the catering kitchen permitted pursuant to the terms of Section 5.1 of the Lease.

2.2 **Disbursement of the Tenant Improvement Allowance.** Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord (each of which disbursements shall be made pursuant to Landlord’s disbursement process) only for the following items and costs (collectively the “**Tenant Improvement Allowance Items**”):

2.2.1 Payment of the fees of the “Architect” and the “Engineers,” as those terms are defined in Section 3.1 of this Tenant Work Letter, which fees shall, notwithstanding anything to the contrary contained in this Tenant Work Letter, not exceed an aggregate amount equal to \$3.00 per rentable square foot of the Premises, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord’s consultants in connection with the preparation and review of the “Construction Drawings,” as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.3 The cost of construction of the Tenant Improvements, including, without limitation, testing and inspection costs, and trash removal costs, and contractors’ fees and general conditions;

2.2.4 The cost of any changes in the Base Building when such changes are required by the Construction Drawings, such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.5 The cost of any changes to the Construction Drawings or Tenant Improvements required by all applicable building codes (the “**Code**”);

- 2.2.6 The cost of connection of the Premises to the Building's energy management systems;
- 2.2.7 The cost of the "Coordination Fee," as that term is defined in Section 4.2.2 of this Tenant Work Letter;
- 2.2.8 Sales and use taxes and Title 24 fees; and
- 2.2.9 All other costs to be expended by Landlord in connection with the construction of the Tenant Improvements.

2.3 **Standard Tenant Improvement Package.** Landlord has established specifications (the "**Specifications**") for the Building standard components to be used in the construction of the Tenant Improvements in the Premises (collectively, the "**Standard Improvement Package**"), which Specifications shall be supplied to Tenant by Landlord within ten (10) business days after full execution of this Lease. The quality of Tenant Improvements shall be equal to or of greater quality than the quality of the Specifications, provided that the Tenant Improvements shall comply with certain Specifications as designated by Landlord. Landlord may make changes to the Specifications for the Standard Improvement Package from time to time; provided however, Tenant shall not be obligated to comply with any such changes that are made after the date Landlord approves the Final Working Drawing, unless such change was required by Applicable Law.

2.4 **Landlord's Drawing Contribution.** In addition to the Tenant Improvement Allowance, Landlord shall reimburse Tenant up to an amount equal to \$5,000.00 ("**Landlord's Drawing Contribution**") to reimburse Tenant for the cost of a preliminary space plan prepared by the "Architect," as that term is defined in Section 3.1, below. Landlord's Drawing Contribution shall be paid by Landlord to Tenant after receipt of appropriate invoices and mechanic's lien releases.

2.5 **HVAC Allowance.** Notwithstanding anything set forth in Section 3.2 of the Lease to the contrary, Tenant may elect, by written notice to Landlord on or before the Lease Commencement Date, to receive a credit against Tenant's "HVAC Costs," as that term is defined below, in lieu of the abatement of Base Rent and Direct Expenses with respect to the fourth (4th) full calendar month of the Lease Term (the "**HVAC Credit**"), as otherwise set forth in Section 3.2 of the Lease. If Tenant timely elects to receive the HVAC Credit, then the Base Rent and Direct Expenses applicable to the fourth (4th) month of the Lease Term shall not be abated and instead Tenant shall receive a credit in the amount of up to \$441,648.00 to be applied by Tenant towards Tenant's HVAC Costs. As used herein, "**HVAC Costs**" shall mean the actual and reasonable out-of-pocket costs incurred by Tenant in connection with the installation of supplemental HVAC units in the Premises as part of the Tenant Improvements.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 **Selection of Architect/Construction Drawings.** Tenant shall retain the architect/space planner designated by Landlord (the "**Architect**") to prepare the "Construction Drawings," as that term is defined in this Section 3.1. For the purposes of this Tenant Work Letter, Studio O+A is hereby approved as Tenant's Architect. Tenant shall retain the engineering consultants reasonably approved by Landlord (the "**Engineers**") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, lifesafety, and sprinkler work in the Premises, which work is not part of the Base Building. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Drawings**." All Construction Drawings shall comply with the drawing format and specifications reasonably determined by Landlord, and shall be subject to Landlord's approval which will not be unreasonably withheld, conditioned or delayed. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by

Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings, and Tenant's waiver and indemnity set forth in this Lease shall specifically apply to the Construction Drawings.

3.2 **Final Space Plan.** Tenant hereby acknowledges that Landlord has provided to Tenant base building plans to allow to Tenant's Architect (as identified in Section 3.1 above) to prepare a space plan showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, and file rooms ("**Final Space Plan**"). Tenant shall supply Landlord with four (4) copies signed by Tenant of the Final Space Plan. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

3.3 **Final Working Drawings.** After the Final Space Plan has been approved by Landlord, Tenant shall supply the Engineers with a complete listing of standard and non-standard equipment and specifications, including, without limitation, B.T.U. calculations, electrical requirements and special electrical receptacle requirements for the Premises, to enable the Engineers and the Architect to complete the "Final Working Drawings" (as that term is defined below) in the manner as set forth below. Upon the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Working Drawings**") and shall submit the same to Landlord for Landlord's approval. Tenant shall supply Landlord with four (4) copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Working Drawings for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Working Drawings in accordance with such review and any disapproval of Landlord in connection therewith.

3.4 **Approved Working Drawings.** The Final Working Drawings shall be approved by Landlord (the "**Approved Working Drawings**") prior to the commencement of construction of the Premises by Tenant. After approval by Landlord of the Final Working Drawings, Tenant may submit the same to the appropriate municipal authorities for all applicable building permits (the "**Permits**"). Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld conditioned or delayed.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 Tenant's Selection of Contractors.

4.1.1 **The Contractor.** A general contractor shall be retained by Landlord to construct the Tenant Improvements. Such general contractor ("**Contractor**") shall be selected by Tenant from a list of general contractors prepared by Tenant and approved by Landlord, and Tenant shall deliver to Landlord notice of its selection of the Contractor upon such selection.

4.1.2 **Tenant's Project Manager.** Tenant shall retain a project manager (the "**Project Manager**"), subject to Landlord's reasonable approval, to oversee the day-to-day construction of the Tenant Improvements and to direct the Contractor in connection with the construction of the Tenant Improvements. For the purposes of this Tenant

Work Letter, The CRE Group is hereby approved as Tenant's Project Manager. Landlord shall cause the Contractor to reasonably cooperate with Tenant and the Project Manager in connection with the construction of the Tenant Improvements.

4.2 Construction of Tenant Improvements.

4.2.1 Construction Contract; Cost Budget. Prior to Landlord's execution of the construction contract and general conditions with Contractor (the "**Contract**"), Landlord shall submit the Contract to Tenant and Tenant shall have the right to negotiate the Contract directly with the Contractor, including without limitation any Contractor penalties in the Contract for delays in connection with the substantial completion of the Tenant Improvements; provided, however, the final form of Contract shall be subject to Landlord's reasonable approval. The remaining terms of the Contract shall be subject to Landlord's approval, which approval shall not be unreasonably withheld. Notwithstanding the fact that Landlord shall sign the Contract, Landlord shall only be obligated to use commercially reasonable efforts to enforce the terms of the Contract when directed by Tenant and/or the Project Manager, and Landlord shall have no liability to Tenant if Contractor breaches its obligations under the Contract; provided, however, Landlord shall deliver to Tenant any and all penalty amounts Landlord receives from Contractor due to Contractor's failure to perform its obligations under the Contract. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, of the final costs to be incurred or which have been incurred, as set forth more particularly in Sections 2.2.1 through 2.2.9, above, in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor, which costs form a basis for the amount of the Contract (the "**Final Costs**"). Prior to the commencement of construction of the Tenant Improvements, Tenant shall identify the amount (the "**Over-Allowance Amount**") equal to the difference between the amount of the Final Costs and the amount of the Tenant Improvement Allowance (less any portion thereof already disbursed by Landlord, or in the process of being disbursed by Landlord, on or before the commencement of construction of the Tenant Improvements). Tenant shall pay a percentage of each amount requested by the Contractor or otherwise to be disbursed under this Tenant Work Letter, which percentage shall be equal to the Over-Allowance Amount divided by the amount of the Final Costs (after deducting from the Final Costs any amounts expended in connection with the preparation of the Construction Drawings, and the cost of all other Tenant Improvement Allowance Items incurred prior to the commencement of construction of the Tenant Improvements), and such payments by Tenant (the "**Over-Allowance Payments**") shall be a condition to Landlord's obligation to pay any amounts from the Tenant Improvement Allowance. In the event that, after the Final Costs have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs necessary to such design and construction in excess of the Final Costs, shall be added to the Over-Allowance Amount and the Final Costs, and the Over-Allowance Payments shall be recalculated in accordance with the terms of the immediately preceding sentence. Notwithstanding anything set forth in this Tenant Work Letter to the contrary, construction of the Tenant Improvements shall not commence until (a) Landlord has approved the Contract, and (b) Tenant has procured and delivered to Landlord a copy of all Permits.

4.2.2 Project Management.

4.2.2.1 Landlord's General Conditions for Project Manager and Tenant Improvement Work. Tenant shall cause the Project Manager to comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Working Drawings; (ii) Landlord's rules and regulations for the construction of improvements in the Building, (iii) Project Manager shall submit schedules of all work relating to the Tenant's Improvements to Contractor and Contractor shall, within five (5) business days of receipt thereof, inform Project Manager of any changes which are necessary thereto, and Project Manager shall adhere to such corrected schedule; and (iv) Tenant and the Project Manager shall abide by all reasonable rules made by Landlord's Building manager with respect to the use of freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements. Tenant shall pay a logistical coordination fee (the "**Coordination Fee**") to Landlord in an amount equal \$49,072.00 (*i.e.*, an amount equal to \$0.50 per rentable square foot of the Premises), which Coordination Fee shall be for services relating to the coordination of the construction of the Tenant Improvements. In the event of a conflict between the Approved Working Drawings and Landlord's construction rules and regulations, Landlord, in its sole and absolute discretion, shall determine which shall prevail.

4.2.2.2 **Indemnity.** Tenant's indemnity of Landlord as set forth in this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or the Project Manager, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment.

4.2.3 **Contractor's Warranties and Guaranties.** Landlord hereby assigns to Tenant all warranties and guaranties by Contractor relating to the Tenant Improvements, and Tenant hereby waives all claims against Landlord relating to, or arising out of the construction of, the Tenant Improvements.

4.2.4 **Notice of Completion: Copy of Record Set of Plans.** Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction, (i) Tenant shall cause the Architect and Contractor (A) to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, (B) to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of this Lease, and (C) to deliver to Landlord four (4) sets of copies of such record set of drawings within ninety (90) days following issuance of a certificate of occupancy for the Premises, and (ii) Tenant shall deliver to Landlord a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Premises.

SECTION 5

MISCELLANEOUS

5.1 **Tenant's Representative.** Tenant has designated John Lieu as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 **Landlord's Representative.** Landlord has designated Seth Bland as its sole representatives with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 **Time of the Essence in This Tenant Work Letter.** Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 **Tenant's Lease Default.** Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in the Lease or this Tenant Work Letter has occurred at any time on or before the Substantial Completion of the Premises, which default is not cured after Tenant's receipt of written notice and the expiration of any applicable cure period, then (i) in addition to all other rights and remedies granted to Landlord pursuant to this Lease, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such inaction by Landlord).

5.5 **Tenant's Agents.** All contractors, subcontractors, laborers, materialmen, and suppliers retained directly by Tenant shall be from a list of supplied by Landlord and shall all be union labor in compliance with the then existing master labor agreements.

5.6 **Bonding.** If Landlord elects to procure a completion or performance bond in connection with the Tenant Improvements, such bond will be at Landlord's sole cost and expense and will not be deducted from the Tenant Improvement Allowance.

5.7 **No Miscellaneous Charges.** Neither Tenant nor the Contractor shall be charged for parking (to the extent parking is available) or for the use of electricity, water, HVAC, security elevators, and/or hoists during the construction of the Tenant Improvements or during the Move-In Period.

5.8 **Staging Area.** In addition to Tenant's rights with respect to storage space as provided for under the Lease, during the period prior to the Commencement Date, Tenant shall have the right, without the obligation to pay rent, to use empty space in the Building designated by Landlord for the purposes of storing and staging its furniture and equipment only, but only to the extent empty space in the Building is available for such use by Tenant, as Landlord shall reasonably determine. With respect to any such free storage space, Tenant shall be responsible for providing all insurance (as if the space were a part of the Premises) and for providing any protective facilities. Tenant shall hold Landlord harmless and shall indemnify Landlord from and against any and all loss, liability or cost arising out of or in connection with use of such storage space by Tenant. Tenant shall be obligated to remove all of the stored materials and its fencing and other facilities within five (5) business days after Tenant's receipt of written notice from Landlord that such staging area is needed by Landlord for construction of another tenant's premises, in which event comparable space, to the extent available (as reasonably determined by Landlord), shall be made available to Tenant as a substitute staging area.

5.9 **Move-In Priority.** Provided that Tenant has provided Landlord at least two (2) weeks' prior written notice of Tenant's move into the Building, Tenant shall have first (1st) priority to use (i) the passenger elevator dedicated to Tenant's use pursuant to [Section 6.1.6](#) of the Lease, and (ii) the Building's freight elevator, during the weekend that Tenant moves into the Building, but only to the extent such priority use is necessary for Tenant to complete its move into the Premises over three (3) consecutive weekends in an orderly and efficient manner.

SCHEDULE 1 TO EXHIBIT B
140 NEW MONTGOMERY STREET
BASE BUILDING CONDITION

The following describes the Base Building configuration of the core and shell for 140 New Montgomery Street (the “Base Building”). This information is based on current design intent and remains subject to change during final construction documentation. The Base Building is being designed to materially comply with the 2010 California Building Code, the 2010 San Francisco Building Code, and the 2010 California Historic Building Code, to the extent required in order to allow Tenant to obtain a certificate of occupancy, or its legal equivalent, for the Premises for general office use. Any reference in these Base Building delivery Condition to the Base Building complying with and/or all applicable laws and/or construction codes shall be deemed to mean that the Base Building shall comply with such applicable laws and/or construction codes to the extent required in order to allow Tenant to obtain a certificate of occupancy, or its legal equivalent, for the Premises for general office use (assuming a normal and customary office occupancy density).

1. **Structure** – A complete seismic retrofit is planned for the Base Building to bring it into peer-reviewed and permitted compliance in accordance with the above applicable codes.
 - a. The existing structure is a 26-story concrete- and masonry-encased steel frame building with two levels of basement and five levels of mechanical penthouse above the main roof.
 - b. The seismic retrofit incorporates new reinforced concrete shear walls at the core which extend from the foundation to the underside of the main roof on Level 27. Core walls are episodically stiffened with outrigger trusses located at Levels 6, 7, 17 and 18, and limited additional portions of the south and west facades are strengthened with new reinforced concrete overlay walls.
 - c. Typical floor-to-floor height is approximately 13’-0” from top of floor slab to underside of ceiling slab, while Levels 2 and 3 have floor-to-floor heights of approximately 14’-4” and 16’-5” respectively, and Levels 21 through 26 have floor-to-floor heights that range from approximately 14’-4” to 20’-6”.
 - d. Existing floor slabs are constructed of approximately 6” of concrete and reinforcing steel, and typical permitted floor loading is approximately 70 pounds per square foot.
2. **Envelope** – The existing terra cotta and glazed brick façade is intended to be cleaned, appropriately patched to minimize opportunities for water intrusion and future degradation, and minimally-restored for aesthetic purposes. In other words, weathered historic fabric is intended to remain weathered historic fabric. New double-glazed, low-e operable windows are intended to be provided in the tenant spaces from Levels 3 through 26, while the existing historic windows at Levels 1 and 2 will be cleaned, re-glazed as necessary, and repainted, but will otherwise remain in place and sealed shut in accordance with historic renovation permit requirements. Existing predominant roof structures will be re-roofed to ensure water integrity and energy compliance.
3. **Core** – Interior Base Building core elements are planned to be updated or reconstructed:
 - a. The central core of each typical Base Building floor will provide seven (7) modernized elevators, two (2) central exit stairs (“Stairway A” and “Stairway C”); restrooms; a janitor closet; electrical room; and access to mechanical shafts.
 - b. One (1) additional stair (“Stairway B”) is located at the westernmost perimeter.
 - c. The Base Building vertical transportation system is planned to be completely modernized. No fewer than six (6) passenger elevators will provide secure computerized “destination control” service with minimum capacities of 3,000 pounds each at 700 feet per minute. Three (3) such elevators will serve Levels Basement – 22, and three (3) will serve Levels Basement – 26. One (1) dedicated new elevator will provide freight service for Levels Basement through 26, and will have a minimum capacity of 3,500 pounds capacity at 500 feet per minute. One (1) dedicated sidewalk elevator will facilitate loading from New Montgomery Street to the new core freight elevator.

- d. Typical electrical rooms on each Level will have a lighting panel, a convenience panel, and a transformer. In addition, every third floor electrical room will have a panel to serve tenant HVAC equipment.
- e. Typical teledata rooms on each Level will have a grounding backbone and sleeves and a path to the MPOE.
- f. Mechanical shafts will be fully enclosed and fire rated in accordance with the above applicable codes, including fire smoke dampers at rated wall penetrations. Heating, cooling and plumbing connections will be stubbed at each Level and will be ready for tenant improvement connections for horizontal distribution.
- g. Restroom cores will include fully-functional and finished men's and women's restrooms at each Level. Finishes are planned to include ceramic tile at floors and wet walls, stone lavatory tops, stainless steel partitions, stainless steel accessories, finished ceilings, and lighting.
 - i) Restroom cores on every third Level will include a janitor closet with mop sink.
 - ii) Restrooms cores on every typical Level will include fire rated (in accordance with the above applicable codes), including fire smoke dampers at rated wall penetrations, enclosed shafts for exhaust and plumbing systems.
- h. All three (3) stairways serve as exits for all occupied Levels. The center Stairway A will generally maintain its historic configuration and finishes, and is planned to accommodate inter-floor travel. Stairway B will general maintain its historic configuration and finishes. Stairway C will be a newly constructed stairway. Stairway capacity and exiting widths are based on typical office occupancy loads.

4. Interiors –

- a. Main Base Building lobby is an historic and architecturally significant feature which includes a unique, ornate, hand-painted, plaster ceiling, marble floors and walls, and brass doors and windows. The existing finishes and lighting will be renovated and refreshed to restore the lobby's singular presence and grandeur.
- b. The main lobby improvements will include the addition of an appropriate security desk to provide a centralized location for security, monitoring and control systems.
- c. The main lobby will include seating areas and Wi-Fi to allow tenants and guests to work or to convene casual meetings.
- d. The elevator cab interiors will be completely refinished as part of the modernization in materials that complement the historic nature of the building.
- e. The elevator lobbies at Levels 2-26 will be unfinished and readied to accept tenant improvements. The tenant elevator lobbies will be delivered with existing marble wainscoting, drywall above elevator doors up to crown molding, existing call lights, elevator doors and frames to remain. Drywall at ceiling and walls above crown molding will be removed back to the base building raw substrate.
- f. Landlord will deliver the tenant elevator lobby to meet current governing codes including fire rated doors.
- g. The interiors of the upper Levels will be demolished and cleared of all existing finishes and readied for tenant improvements as more specifically set forth in sub-items "h" and "i," below.
- h. Existing overhead concrete beams and underside of slab will be delivered free of previous existing construction materials and finishes to within two inches of the existing exposed concrete surface, including but not limited to, formwork nails, metal framing, pipes, unistrut and other miscellaneous items removed. If tenant wishes to have remaining, existing construction materials cut flush to exposed concrete surfaces, tenant will work with landlord to provide flush condition requirement prior to landlord's general contractor performing the work and tenant will be responsible for additional cost.
- i. Interior surfaces of the exterior perimeter walls will be exposed brick and concrete. Tenant will have the option of leaving this natural surface exposed or covering it with a finished material. Tenant will not be allowed to paint the exposed brick. Exposed brick will be free of previous existing interior improvements or finishes including but not limited to drywall, plaster or miscellaneous framing, not including cosmetic markings.

- j. Interior gypsum walls or shaftwall at cores to be provided unfinished or fire-taped as required. Finish taping, sanding and prep for paint or finish materials to be part of tenant improvements. Concrete core walls, shear walls or columns to be provided as unfinished concrete.
 - k. Restrooms to be finished-out as described above.
 - l. No ceilings are to be installed except in restrooms and primary Base Building lobby.
 - m. Landlord will install a finish detail to existing window trim in accordance with the attached detail sheet "Modified ASK-B05".
 - n. Existing glass doors, transoms and frames at tenant floors will be salvaged by landlord for tenant re-use in mutually agreeable quantities. Tenant to advise landlord on desired quantities and existing materials to be salvaged. All such material shall be delivered to Tenant in their "as is" conditions as of the date of such delivery. Landlord will notify tenant of date by when such direction from tenant is required and the cost to Tenant for such salvage work.
 - o. Existing concrete floor slabs will be delivered level to a tolerance of 1/4" in 10' on a full-floor basis. If, after landlord demolition of existing interior improvements, the slab is reviewed and determined to be in a level condition acceptable to tenant, then no leveling work will be required.
5. **Mechanical Systems** – Base Building heating, ventilation and cooling systems are available for tenant to ultimately provide conditioned air to all occupied Levels. Standard Base Building hours of operation will be Monday through Friday from 7am to 6pm, excluding building holidays.
- a. Mechanical plant planned to include chillers and heating hot water boiler systems designed to exceed Title 24 standards assuming loads of approximately 0.75w/sf power density, 1.1-watts/rsf for lighting and 200 rsf/person. Design setpoints are 75°F for cooling and 70°F for heating.
 - b. Tenant spaces to be conditioned with landlord installed air handlers located at each floor that will be sized by to provide a maximum cooling of one ton per 500 SF.
 - i) The existing operable windows will be replaced with new operable windows. The use of operable windows to condition the interior spaces or supplement mechanical air conditioning is an extremely efficient and effective method, especially in San Francisco's climate.
 - ii) The mechanical air conditioning system for the tenant interiors would utilize a landlord installed air handler at each Level that draws fresh air in from an exterior louver for distribution to a typical Variable Air Volume (VAV) duct and control box system. This system would utilize an air side economizer and allow for 100% outside air if desired.
 - iii) Mechanical fan room construction will be by landlord, including insulation and double wall or similar construction, door and frame to provide a quiet condition with a noise criteria of NC/RC 40 in the adjacent open plan office area.
 - iv) 24/7 cooling can be accommodated either by the on-floor air side economizer VAV system or with a heat pump served by the chiller loop.
 - c. Vertical distribution of chilled water and heating hot water provided from roof to each Level with a valve and stub-out.
 - d. Domestic water will be stubbed-out with a valve at each Level. Drain and vent lines will be stubbed and capped at each Level.
 - e. DDC Building Management System (BMS) to be provided and function to control Base Building systems.
 - f. Electric, heating and cooling loads to be sub-metered by Tenant.
 - g. Horizontal distribution of duct, piping and controls to be part of tenant improvements.
6. **Electrical Systems** – Main electric service including switchboard to serve tenant lighting and power loads and Base Building electrical, mechanical and equipment loads.
- a. Electrical rooms and service as described in Section 6.1.2 of the Lease.
 - b. A lighting control system is planned to be provided with the backbone and panels located in the electrical/teledata rooms. Lighting control components for tenant improvements to be part of tenant improvement scope.

- c. Emergency power for fire/life safety systems and certain minimal Base Building systems to be provided by a diesel generator located on the Basement Level.
 - d. Conduits to be provided from teledata MPOE on Basement Level to riser locations. Eight (8) 4" sleeves planned to be provided at each closet between Levels. A riser management contractor will work with Base Building management and tenants to manage the telecommunication riser systems.
 - e. Telecommunications bonding backbone and an insulated conductor planned to be installed at teledata closets, terminated at MPOE and connected to a ground rod and the main power ground bus.
 - f. A fiber backbone is planned to be installed to support Base Building management and control systems with points of connection at each Level to accommodate tenant improvement building systems.
 - g. Tenant is permitted to the non-exclusive use the riser closets adjacent to the building core for its own use such as an IDF closet. Riser closets are cooled using outside air and have no dedicated cooling; any supplemental cooling required must be provided by tenant.
7. **Safety/Security** – New Base Building fire/life safety and security systems are planned to be installed.
- a. Base Building is to be fully sprinklered and monitored as required by code for an undivided occupancy with upturned heads typical in undemised areas.
 - b. Base Building life safety system distribution (smoke detectors, annunciators, strobes, etc.) planned to be installed as required by code for core and common areas. System requirements for demised interior improvements by tenant.
 - c. Base Building access control systems planned to be provided which will allow for authorized off-hours access at certain exterior lobby doors, parking areas, bicycle areas, other amenity areas, and elevators. Customizable system configurations and expansion opportunities intended to accommodate tenant improvements as part of individual tenant improvement scope.
8. **Other** –
- a. Base Buildings designed to meet no less than the United States Green Building Council (USGBC) Leadership for Energy and Environmental Design (LEED) NC 2.0 Gold standard.
 - b. Base Building designed to be compliant with applicable building codes, including Title 24 and ADA requirements for the newly constructed portions of the Base Building. Existing historic lobby and existing exit stairs to be sensitively renovated while still maintaining the required historic character.
 - c. Exterior courtyard sculpture garden planned to include a partially-covered entry area, paving systems, seating, artwork, landscaping, irrigation and lighting.
 - d. Bicycle storage, lockers, bike repair area, and bike racks planned to be provided on the Basement Level.
 - e. Men's and Women's locker and shower facilities to be provided on the Basement Level.
 - f. Base Building includes all common area facilities and support such as, but not limited to: loading areas, trash collection areas, main telecommunications points of entry and distribution rooms, transformer vaults, main switch gear room, emergency generator systems and facilities, engineering and maintenance systems and facilities, and all other systems and facilities necessary to service and maintain the Base Building in a first class manner.

EXHIBIT C

140 NEW MONTGOMERY STREET

NOTICE OF LEASE TERM DATES

To: _____

Re: Office Lease dated _____, 20____ between _____, a _____ (“**Landlord**”), and _____, a _____ (“**Tenant**”) concerning Suite _____ on floor(s) _____ of the office building located at 140 New Montgomery Street, San Francisco, California.

Gentlemen:

In accordance with the Office Lease (the “**Lease**”), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on _____ for a term of _____ ending on _____.
2. Rent commenced to accrue on _____, in the amount of _____.
3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.
4. Your rent checks should be made payable to _____ at _____ or rent should be transmitted to _____ by _____.
5. The exact number of rentable square feet within the Premises is _____ square feet.
6. Tenant’s Share as adjusted based upon the exact number of rentable square feet within the Premises is _____ %.

“**Landlord**”:

a _____

By: _____

Its: _____

Agreed to and Accepted as
of _____, 200__ .

“Tenant”:

a _____

By: _____

Its: _____

EXHIBIT C
-2-

140 NEW MONTGOMERY STREET
[Yelp Inc.]

EXHIBIT D

140 NEW MONTGOMERY STREET

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project; provided, however, to the extent the nonperformance of said Rules and Regulations by another tenant or occupant of the Building adversely impacts Tenant's ability to use the Premises for the Permitted Use, then Landlord shall use commercially reasonable efforts to enforce such Rules and Regulations against such nonperforming tenant or occupant. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises (except for Tenant's safes, vaults and security areas) without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys per floor will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the downtown San Francisco, California area. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing at no cost to Tenant. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. The Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

5. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours, in such specific elevator and by such personnel as shall be designated by Landlord. The terms of this provision shall not be applicable to the use of Tenant's dedicated elevator; provided, however, Tenant shall not use its dedicated elevator to move heavy and/or bulky object that may damage the elevator and/or the furnishes inside the cab of the elevator.

6. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

7. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

8. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

9. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or drywall (except for hanging picture or other artwork) or in any way deface the Premises or any part thereof without Landlord's prior written consent. Tenant shall not purchase spring water, ice, towel, linen, maintenance or other like services from any person or persons not reasonably approved by Landlord.

10. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

11. Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline or other inflammable or combustible fluid, chemical, substance or material, except for normal cleaning materials and office supplies.

12. Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

13. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

14. Tenant shall not bring into or keep within the Project, the Building or the Premises any animals or birds (other than service animals/birds and Tenant's Dog), aquariums, or, except in areas designated by Landlord, bicycles or other vehicles.

15. No cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

16. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

17. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

18. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

19. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls.

20. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in San Francisco, California without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate.

21. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

22. Any persons employed by Tenant to do janitorial work shall be subject to the prior written approval of Landlord, and while in the Building and outside of the Premises, shall be subject to and under the control and direction of the Building manager (but not as an agent or servant of such manager or of Landlord), and Tenant shall be responsible for all acts of such persons.

23. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard drapes. All electrical ceiling fixtures hung in the Premises or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and a warm white bulb color approved in advance in writing by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises, if any, which have a view of any interior portion of the Building or Building Common Areas.

24. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

25. Tenant must comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

26. Tenant must comply with the State of California "No-Smoking" law set forth in California Labor Code Section 6404.5, and any local "No-Smoking" ordinance which may be in effect from time to time and which is not superseded by such State law.

27. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

28. All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

29. Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

30. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

31. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's reasonable judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein; provided, however, Landlord shall not enact any such Rules and Regulations intended to discriminate against Tenant vis-à-vis the other tenants of the Building. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT D

-4-

140 NEW MONTGOMERY STREET
[Yelp Inc.]

EXHIBIT E

140 NEW MONTGOMERY STREET
FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Office Lease (the "Lease") made and entered into as of _____, 20____ by and between _____ as Landlord, and the undersigned as Tenant, for Premises on the _____ floor(s) of the office building located at 140 New Montgomery Street, San Francisco, California, certifies as follows:

1. Attached hereto as **Exhibit A** is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in **Exhibit A** represent the entire agreement between the parties as to the Premises.
2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on _____, and the Lease Term expires on _____, and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project.
3. Base Rent became payable on _____.
4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in **Exhibit A**.
5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:
6. Tenant and Landlord shall not materially modify the documents contained in **Exhibit A** without the prior written consent of Landlord's mortgagee.
7. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is \$ _____.
8. To the best of Tenant's knowledge, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder. The Lease does not require Landlord to provide any rental concessions or to pay any leasing brokerage commissions.
9. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease. Neither Landlord, nor its successors or assigns, shall in any event be liable or responsible for, or with respect to, the retention, application and/or return to Tenant of any security deposit paid to any prior landlord of the Premises, whether or not still held by any such prior landlord, unless and until the party from whom the security deposit is being sought, whether it be a lender, or any of its successors or assigns, has actually received for its own account, as landlord, the full amount of such security deposit.
10. To the best of Tenant's knowledge, as of the date hereof, there are no existing defenses or offsets, or, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

11. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

12. To the best of Tenant's knowledge, there are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

13. To the best of Tenant's knowledge, Tenant is in full compliance with all federal, state and local laws, ordinances, rules and regulations affecting its use of the Premises, including, but not limited to, those laws, ordinances, rules or regulations relating to hazardous or toxic materials. Tenant has never permitted or suffered, nor does Tenant have any knowledge of, the generation, manufacture, treatment, use, storage, disposal or discharge of any hazardous, toxic or dangerous waste, substance or material in, on, under or about the Project or the Premises or any adjacent premises or property in violation of any federal, state or local law, ordinance, rule or regulation.

14. To the best of Tenant's knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full. To the best of Tenant's knowledge, all work (if any) in the common areas required by the Lease to be completed by Landlord has been completed and all parking spaces required by the Lease have been furnished and/or all parking ratios required by the Lease have been met.

15. Under the Lease, Tenant has the right to cause an audit and/or an accounting to be performed of Landlord's operations and/or books and records pertaining to operating expenses and taxes. Such an audit and/or accounting could result in a claim or an offset for rents paid under the Lease. Tenant's execution of this Estoppel Certificate notwithstanding, Tenant reserves its right to perform such an audit and/or accounting and to assert any claims or offsets resulting therefrom.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at _____ on the _____ day of _____, 20__.

"Tenant":

a _____

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT F

140 NEW MONTGOMERY STREET

MARKET RENT ANALYSIS

When determining Market Rent, the following rules and instructions shall be followed.

1. **RELEVANT FACTORS.** The “Market Rent,” as used in this Lease, shall be derived from an analysis (as such derivation and analysis are set forth in this **Exhibit F**) of the “Net Equivalent Lease Rates,” of the “Comparable Transactions”. The “**Market Rent**,” as used in this Lease, shall be equal to the annual rent per rentable square foot as would be applicable on the commencement of the Option Term at which tenants, are, pursuant to transactions consummated within the twelve (12) month period immediately preceding the first day of the Option Term (provided that timing adjustments shall be made to reflect any perceived changes which will occur in the Market Rent following the date of any particular Comparable Transaction up to the date of the commencement of the Option Term) leasing non-sublease, non-encumbered, non-equity space comparable in location and quality to the Premises and consisting of 40,000 rentable square feet of space or greater transactions, for a comparable term, in an arm’s-length transaction, which comparable space is located in the “Comparable Buildings,” as that term is defined in **Section 4**, below (transactions satisfying the foregoing criteria shall be known as the “**Comparable Transactions**”). The terms of the Comparable Transactions shall be calculated as a Net Equivalent Lease Rate pursuant to the terms of this **Exhibit F** and shall take into consideration only the following terms and concessions: (i) the rental rate and escalations for the Comparable Transactions, (ii) operating expense and tax escalation protection granted in such Comparable Transactions such as a base year or expense stop (although for each such Comparable Transaction the base rent shall be adjusted to a triple net base rent using reasonable estimates of operating expenses and taxes as determined by Landlord for each such Comparable Transaction); (iii) tenant improvements or allowances provided or to be provided for such comparable space, taking into account, the value of the existing improvements, if any, in the Premises and/or improvement allowances granted to Tenant, such value of existing improvements to be based upon the age, quality and layout of the improvements and the extent to which the same could be utilized by general office users (as contrasted to the Tenant), provided, for purposes of determining the Market Rent, in no event shall the value of such existing improvements exceed \$60.00 per rentable square foot of the Premises, and (iv) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; provided, however, that no consideration shall be given to (1) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with the applicable term or the fact that the Comparable Transactions do or do not involve the payment of real estate brokerage commissions, and (2) any period of rental abatement, if any, granted to tenants in Comparable Transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces. The Market Rent shall include adjustment of the stated size of the Premises, based upon the standards of measurement utilized in the Comparable Transactions.

2. **TENANT SECURITY.** The Market Rent shall additionally include a determination as to whether, and if so to what extent, Tenant must provide Landlord with financial security, such as a letter of credit or guaranty, for Tenant’s Rent obligations during the Option Term. Such determination shall be made by reviewing the extent of financial security then generally being imposed in Comparable Transactions from tenants of comparable financial condition and credit history to the then existing financial condition and credit history of Tenant (with appropriate adjustments to account for differences in the then-existing financial condition of Tenant and such other tenants).

3. **TENANT IMPROVEMENT ALLOWANCE.** If, in determining the Market Rent for an Option Term, Tenant is entitled to a tenant improvement or comparable allowance for the improvement of the Option Space (the “**Option Term TI Allowance**”), Landlord shall fund such Option Term TI Allowance (as opposed to offsetting all or a portion of the Option Term TI Allowance against the rental rate component of the Market Rent).

4. **COMPARABLE BUILDINGS.** For purposes of this Lease, the term “Comparable Buildings” shall mean the Building and those certain other first-class premier historical office buildings located in the financial district area of San Francisco, California. With respect to Comparable Transactions that are not located in the Building, the

Market Rent shall be adjusted, if necessary, to take into consideration the size, location, quality of construction (including historical renovations), views, and services and amenities of the Comparable Buildings as they relate to the Building, as well as the historical differences in rental rates typically achieved at the Comparable Buildings as compared to the Building.

5. METHODOLOGY FOR REVIEWING AND COMPARING THE COMPARABLE TRANSACTIONS. In order to analyze the Comparable Transactions based on the factors to be considered in calculating Market Rent, and given that the Comparable Transactions may vary in terms of length or term, rental rate, concessions, etc., the following steps shall be taken into consideration to “adjust” the objective data from each of the Comparable Transactions. By taking this approach, a “Net Equivalent Lease Rate” for each of the Comparable Transactions shall be determined using the following steps to adjust the Comparable Transactions, which will allow for an “apples to apples” comparison of the Comparable Transactions.

5.1 The contractual rent payments for each of the Comparable Transactions should be arrayed monthly or annually over the lease term. All Comparable Transactions should be adjusted to simulate a net rent structure, wherein the tenant is responsible for the payment of all property operating expenses and taxes in a manner consistent with this Lease. This results in the estimate of Net Equivalent Rent received by each landlord for each Comparable Transaction being expressed as a periodic net rent payment.

5.2 Any free rent or similar inducements received over time should be deducted in the time period in which they occur, resulting in the net cash flow arrayed over the lease term.

5.3 The resultant net cash flow from the lease should be then discounted (using an annual discount rate equal to 8.0%) to the lease commencement date, resulting in a net present value estimate.

5.4 From the net present value, up front inducements (improvements allowances and other concessions) should be deducted. These items should be deducted directly, on a “dollar for dollar” basis, without discounting since they are typically incurred at lease commencement, while rent (which is discounted) is a future receipt.

5.5 The net present value should then be amortized back over the lease term as a level monthly or annual net rent payment using the same annual discount rate of 8.0% used in the present value analysis. This calculation will result in a hypothetical level or even payment over the option period, termed the “Net Equivalent Lease Rate” (or constant equivalent in general financial terms).

6. USE OF NET EQUIVALENT LEASE RATES FOR COMPARABLE TRANSACTIONS. The Net Equivalent Lease Rates for the Comparable Transactions shall then be used to reconcile, in a manner usual and customary for a real estate appraisal process, to a conclusion of Market Rent which shall be stated as a Net Equivalent Lease Rate applicable the Option Term.

EXHIBIT G

140 NEW MONTGOMERY STREET
FORM OF LETTER OF CREDIT

Wells Fargo Bank, N.A.
U. S. TRADE SERVICES – Standby Letters of Credit
MAC A0195-212
One Front Street, 21st Floor
San Francisco, CA. 94111
Phone: 1(800) 798-2815 Option 1
E-Mail: sfrade@wellsfargo.com

IRREVOCABLE STANDBY LETTER OF CREDIT

NUMBER _____

Issue Date: _____

BENEFICIARY:

[INSERT NAME AND ADDRESS]

APPLICANT:

[INSERT NAME AND ADDRESS]

Attn: _____

LETTER OF CREDIT ISSUE AMOUNT US\$***[IN FIGURES.00]***

EXPIRY DATE: ***[INSERT INITIAL EXPIRY DATE]***

Ladies and Gentlemen:

At the request and for the account of the above referenced applicant, we hereby issue our Irrevocable Standby Letter of Credit in your favor in the amount of ***[INSERT AMOUNT IN WORDS and NO/100]*** United States Dollars ***[US\$IN FIGURES.00]*** available with us at our above office by payment against presentation of the following documents:

1. A draft drawn on us at sight marked "Drawn under Wells Fargo Bank, N.A. Standby Letter of Credit No. _____."
2. The original of this Standby Letter of Credit and any amendments thereto.
3. Beneficiary's signed and dated statement worded as follows (with the instructions in brackets therein complied with):

"The undersigned, an authorized representative of the beneficiary of Wells Fargo Bank Letter of Credit No. _____ certifies that the amount of the draft accompanying this statement represents the amount due to Beneficiary pursuant to and in connection with that certain Lease dated ***[INSERT DATE]*** between ***[INSERT NAME OF BENEFICIARY]*** and ***[INSERT NAME OF APPLICANT]*** (as such lease may be amended, restated or replaced)."

OR

EXHIBIT G

140 NEW MONTGOMERY STREET

“The undersigned hereby certifies that Beneficiary is entitled to draw down the full amount of Letter of Credit No. _____ as the result of the filing of a voluntary petition under the U.S. Bankruptcy Code or a State Bankruptcy Code by the tenant under that certain office lease dated [insert lease date], as amended (collectively, the “lease”), which filing has not been dismissed at the time of this drawing.”

OR

“The undersigned hereby certifies that Beneficiary is entitled to draw down the full amount of Letter of Credit No. _____ as the result of an involuntary petition having been filed under the U.S. Bankruptcy Code or a State Bankruptcy Code against the tenant under that certain office lease dated [insert lease date], as amended (collectively, the “lease”), which filing has not been dismissed at the time of this drawing.”

OR

“The undersigned hereby certifies that Beneficiary is entitled to draw down the full amount of Letter of Credit No. _____ as the result of the rejection, or deemed rejection, of that certain office lease dated [insert lease date], as amended, under section 365 of the U.S. Bankruptcy Code.”

Multiple and partial drawing(s) are permitted under this Letter of Credit; provided, however, that the total amount of any payment(s) made under this Letter of Credit will not exceed the total amount available under this Letter of Credit.

This Letter of Credit expires at our above office on *e.g. December 31, 2012*. It is a condition of this Letter of Credit that such expiration date shall be deemed automatically extended, without written amendment, for one year periods to *December 31* in each succeeding calendar year, unless at least thirty (30) days prior to such expiration date we send written notice to you at your address above by overnight courier or registered mail that we elect not to extend the expiration date of this Letter of Credit beyond the date specified in such notice.

Upon our sending you such notice of the non-extension of the expiration date of this Letter of Credit, you may draw under this Letter of Credit, on or before the Expiration Date specified in such notice, by presentation of the following documents to us at our above address:

1. A draft drawn on us at sight marked “Drawn under Wells Fargo Bank, N.A. Standby Letter of Credit No. _____.”
2. The original of this Standby Letter of Credit and any amendments thereto.
3. Your signed and dated statement worded as follows (with the instructions in brackets therein complied with):

“The undersigned, an authorized representative of the beneficiary of Wells Fargo Bank, N. A. Letter of Credit No. _____, hereby certifies that it has received notification from Wells Fargo Bank, N.A. that this letter of credit will not be extended past its current expiration date. The undersigned further certifies that (i) as of the date of this statement, it has not received a letter of credit or other instrument acceptable to it as a replacement; and (ii) ***INSERT NAME OF APPLICANT*** has not been released from its obligations.”

If any instructions accompanying a drawing under this Letter of Credit request that payment is to be made by transfer to an account with us or at another bank, we and/or such other bank may rely on an account number specified in such instructions as that of the beneficiary’s without any further validation.

This Letter of Credit is transferable one or more times, but in each instance only to a single transferee and only in the full amount available to be drawn under the Letter of Credit at the time of such transfer. Any such transfer may be effected only through Wells Fargo Bank, N.A. and only upon presentation to us at our presentation office specified herein of a duly executed transfer request in the form attached hereto as Exhibit A, with instructions therein in brackets complied with, together with the original of this Letter of Credit and any amendments thereto and payment of our transfer fee. Each transfer shall be evidenced by our endorsement on the reverse of the original of this Letter of Credit, and we shall deliver such original to the transferee. The transferee's name shall automatically be substituted for that of the beneficiary wherever such beneficiary's name appears within this Standby Letter of Credit. All charges in connection with any transfer of this Letter of Credit are for the Applicant's account, but shall not exceed [MAXIMUM AMOUNT TO BE INSERTED —\$].

We are subject to various laws, regulations and executive and judicial orders (including economic sanctions, embargoes, anti-boycott, anti-money laundering, anti-terrorism, and anti-drug trafficking laws and regulations) of the U.S. and other countries that are enforceable under applicable law. We will not be liable for our failure to make, or our delay in making, payment under this Letter of Credit or for any other action we take or do not take, or any disclosure we make, under or in connection with this Letter of Credit [(including, without limitation, any refusal to transfer this Letter of Credit)] that is required by such laws, regulations, or orders.

We hereby engage with you that each draft drawn under and in compliance with the terms and conditions of this Letter of Credit will be duly honored if presented together with the documents specified in this Letter of Credit at our office located at One front Street, 21st Floor MAC A0195 - 212, San Francisco, CA. 94111, Attention: US Trade Services - Standby Letters of Credit on or before the above stated expiry date, or any extended expiry date if applicable.

Presentation of a drawing under this letter of credit may be made on or prior to the then current expiration date hereof by hand delivery, courier service, overnight mail, or facsimile. Presentation by facsimile transmission shall be by transmission of the above required sight draft drawn on us together with this letter of credit to our facsimile number, [insert fax number - () -], attention: [insert appropriate recipient], with telephonic confirmation of our receipt of such facsimile transmission at our telephone number [insert telephone number - () -] or to such other facsimile or telephone numbers, as to which you have received written notice from us as being the applicable such number. We agree to notify you in writing, by nationally recognized overnight courier service, of any change in such direction. Any facsimile presentation pursuant to this paragraph shall also state thereon that the original of such sight draft and letter of credit are being remitted, for delivery on the next business day, to [insert bank name] at the applicable address for presentment pursuant to the paragraph following this one.

In the event that the original of this standby letter of credit is lost, stolen, mutilated, or otherwise destroyed, we hereby agree to issue a duplicate original hereof upon receipt of a written request from you and a certification by you (purportedly signed by your authorized representative) of the loss, theft, mutilation, or other destruction of the original hereof.

This Irrevocable Standby Letter of Credit sets forth in full the terms of our undertaking. This undertaking is independent of and shall not in any way be modified, amended, amplified or incorporated by reference to any document, contract or agreement referenced herein other than the stipulated ICC rules and governing laws.

Except as otherwise expressly stated herein, this Standby Letter of Credit is subject to the International Standby Practice 1998, International Chamber of Commerce Publication No. 590

Very truly yours
WELLS FARGO BANK, N.A.

BY: _____
(AUTHORIZED SIGNATURE)

EXHIBIT G
-3-

140 NEW MONTGOMERY STREET
[Yelp Inc.]

The original of this Letter of Credit contains an embossed seal over the Authorized Signature.

Please direct any written correspondence or inquiries regarding this Letter of Credit, always quoting our reference number to Wells Fargo Bank, N.A., Attn: One front Street, 21st Floor MAC A0195 - 212, San Francisco, CA. 94111, Attention: US Trade Services - Standby Letters of Credit (Hours of operation: 8:00am PST to 5:30pm PST)

All phone inquiries regarding this credit should be directed to our Standby Customer Connection Professionals at 1-800-798-2815, Option 1.

EXHIBIT G
-4-

140 NEW MONTGOMERY STREET
[Yelp Inc.]

TO: WELLS FARGO BANK, N. A.
Northern California Trade Services Division
One Front Street, 21st Floor
San Francisco, California 94111

Date:

LETTER OF CREDIT INFORMATION

Wells Fargo Bank, N. A. Letter of Credit No.: NZS

For value received, the undersigned beneficiary of the above described Letter of Credit (the "Transferor") hereby irrevocably assigns and transfers all its rights under the Letter of Credit as heretofore and hereafter amended, extended or increased (the "Credit") to the following transferee (the "Transferee"):

Name of Transferee

Address

By this transfer all of our rights in the Credit are transferred to the Transferee, and the Transferee shall have sole rights as beneficiary under the Credit, including, but not limited to, sole rights relating to any amendments, whether increases or extensions or other amendments, and whether such amendments are now existing or hereafter made.

ADVICE OF FUTURE AMENDMENTS: You are hereby irrevocably instructed to advise future amendment(s) of the Credit to the Transferee without the Transferor's consent or notice to the Transferor.

Enclosed are the original of the Credit and the original of all amendments to this date. Please notify the Transferee of this transfer and of the terms and conditions of the Credit as transferred. This transfer will not become effective until the Transferee is so notified.

TRANSFEROR'S SIGNATURE GUARANTEED BY:

[Bank's Name]

[Transferor's Name]

By: _____
Printed Name:
Title:

By: _____
Printed Name:
Title:

**[a corporate notary acknowledgement or
a certificate of authority with corporate seal is
acceptable in lieu of bank guarantee above]**

EXHIBIT H
FORM OF SNDAA

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

Attn: _____

Loan No. _____

**SUBORDINATION AGREEMENT, ACKNOWLEDGMENT OF LEASE ASSIGNMENT, ESTOPPEL,
ATTORNMEN T AND NON-DISTURBANCE AGREEMENT
(Lease to Deed of Trust)**

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT, ACKNOWLEDGMENT OF LEASE ASSIGNMENT, ESTOPPEL, ATTORNMEN T AND NON-DISTURBANCE AGREEMENT (“**Agreement**”) is made as of _____, 2012 by and among STOCKBRIDGE 138 NEW MONTGOMERY, LLC, a Delaware limited liability company, having an address at 4 Embarcadero Center, Suite 3300, San Francisco, CA 94111 (“**Lessor**”), _____, as _____, having an address at _____ (“**Lessee**”) and BREF III SERIES B LLC, a Delaware limited liability company, having an address at Three World Financial Center, New York, New York 10281, as administrative agent for the lenders (collectively, “**Lenders**”) from time to time party to the Loan Agreement (as defined below) (in such capacity, “**Administrative Agent**”).

RECITALS

- A. Pursuant to the terms and provisions of a lease dated as of _____, 2012 (“**Lease**”), Lessor, as “Lessor”, granted to Lessee a leasehold estate in and to a portion of the property described on Exhibit A attached hereto and incorporated herein by this reference (which property, together with all improvements now or hereafter located on the property, is defined as the “**Property**”).
- B. Lessor has executed that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, recorded in the official records of San Francisco County on February 17, 2012 as Instrument No. 2012J356286 (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Deed of Trust**”) securing, among other things, one or more promissory notes (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Note**”) in the aggregate maximum principal sum of up to \$100,000,000.00 and other obligations evidenced by or described in that certain Construction Loan Agreement dated on or about February 17, 2012 by and among Administrative Agent, Lenders and Lessor (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Loan Agreement**”). The Deed of Trust, the Note, the Loan Agreement and all other documents evidencing or securing the Loan delivered in connection therewith are herein referred to collectively as the “**Loan Documents**”.

EXHIBIT H

-1-

140 NEW MONTGOMERY STREET
[Yelp Inc.]

- C. As a condition to making the extensions of credit secured by the Deed of Trust, Administrative Agent requires that, subject to the terms and conditions of this Agreement, the Lease be unconditionally subordinate to the Deed of Trust, subject to the terms of this Agreement.
- D. Lessor and Lessee have agreed to the subordination, non-disturbance and attornment and other agreements herein.

NOW THEREFORE, for valuable consideration, Lessor, Administrative Agent and Lessee hereby agree as follows:

1. **SUBORDINATION.**

- 1.1 **Prior Lien.** Lessee hereby agrees (and Lessor hereby consents to such agreement) that the Deed of Trust securing the Note in favor of Administrative Agent, and any modifications, renewals or extensions thereof (including, without limitation, any modifications, renewals or extensions with respect to any additional advances made subject to the Deed of Trust), shall unconditionally be and at all times remain a lien on the Property prior and superior to the Lease;
 - 1.2 **Subordination.** Subject to the provisions of Section 6 below, Lessee intentionally and unconditionally subordinates all of Lessee's rights under the Lease and all of Lessee's right, title and interest in and to the Property to the lien of the Deed of Trust, subject to the terms of this Agreement; and
 - 1.3 **Whole Agreement.** This Agreement shall supersede and cancel, but only insofar as would affect the priority between the Deed of Trust and the Lease, any prior agreements as to the subordination of the Lease to the lien of the Deed of Trust, including, without limitation, those provisions, if any, contained (a) in the Lease which provide for the subordination of the Lease to a deed or deeds of trust or to a mortgage or mortgages or (b) in any other agreement as to such subordination insofar as it would affect the priority between the Deed of Trust and the Lease.
 - 1.4 **Use of Proceeds.** Lessee hereby acknowledges and agrees that neither Administrative Agent nor any Lender, in making any disbursements (including, without limitation, of insurance proceeds) pursuant to the Note, the Deed of Trust or any loan agreements with respect to the Property, is under any obligation or duty to Lessee, nor has Administrative Agent or any Lender represented to Lessee that it will, see to the application of such proceeds by the person or persons to whom Administrative Agent or such Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat this agreement to subordinate in whole or in part;
 - 1.5 **Reliance.** Lessee understands that Administrative Agent would not enter into this Agreement but for said reliance upon Lessee's agreements in this Agreement.
2. **ASSIGNMENT.** Lessee acknowledges and consents to the assignment of the Lease by Lessor in favor of Administrative Agent.
3. **ESTOPPEL.** Lessee acknowledges and represents that:
- 3.1 **Lease Effective.** The Lease has been duly executed and delivered by Lessee and, subject to the terms and conditions thereof, the Lease is in full force and effect, the obligations of Lessee thereunder are valid and binding and there have been no modifications or additions to the Lease, written or oral, EXCEPT ;

- 3.2 **No Default.** To the best of Lessee's knowledge, as of the date hereof: (i) there exists no breach, default, or event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default under the Lease; and (ii) there are no existing claims, defenses or offsets against rental due or to become due under the Lease;
- 3.3 **Entire Agreement.** The Lease constitutes the entire agreement between Lessor and Lessee with respect to the Property and Lessee claims no rights with respect to the Property other than as set forth in the Lease;
- 3.4 **No Prepaid Rent.** No deposits or prepayments of rent have been made in connection with the Lease, except as follows: (if none, state "None") ; and
- 3.5 **No Broker Liens.** Neither Lessee nor Lessor has incurred any fee or commission with any real estate broker which would give rise to any lien right under state or local law, except as follows (if none, state "None"): [LIST OF EXISTING CLAIMS HERE].
4. **ADDITIONAL AGREEMENTS.** Lessee covenants and agrees that, during all such times as Administrative Agent is the Beneficiary under the Deed of Trust:
- 4.1 **Amendment, Modification, Termination and Cancellation.** Lessee acknowledges and agrees that Lessor may have to obtain Administrative Agent's consent to certain amendments, modifications, terminations and cancellations of the Lease as required by the Loan Documents and that neither Administrative Agent nor any Lender shall be liable for, or subject to any material amendment or modification, or any termination or cancellation of a Lease unless such consent (if required) is given;
- 4.2 **Notice of Default.** Lessee will notify Administrative Agent in writing concurrently with any notice given to Lessor of any default by Lessor under the Lease, and Lessee agrees that Administrative Agent has the right (but not the obligation) to cure any breach or default specified in such notice within the time periods set forth below and Lessee will not declare a default of the Lease, as to Administrative Agent, if Administrative Agent cures such default within fifteen (15) days from and after the expiration of the time period provided in the Lease for the cure thereof by Lessor; provided, however, that if such default cannot with diligence be cured by Administrative Agent within such fifteen (15) day period, the commencement of action by Administrative Agent within such fifteen (15) day period to remedy the same shall be deemed sufficient so long as Administrative Agent pursues such cure with diligence;
- 4.3 **No Advance Rents.** Lessee will make no payments or prepayments of rent more than one (1) month in advance of the time when the same become due under the Lease; and
- 4.4 **Assignment of Rents.** Upon receipt by Lessee of written notice from Administrative Agent that Administrative Agent has elected to terminate the license granted to Lessor to collect rents, as provided in the Deed of Trust, and directing the payment of rents by Lessee to Administrative Agent, Lessee shall comply with such direction to pay and shall not be required to determine whether Lessor is in default under the Loan and/or the Deed of Trust.
5. **ATTORNNMENT.** In the event of a foreclosure under the Deed of Trust, Lessee agrees for the benefit of Administrative Agent (including for this Section 5 any transferee of Administrative Agent or any transferee of Lessor's title in and to the Property by Administrative Agent's exercise of the remedy of sale by foreclosure under the Deed of Trust) as follows:
- 5.1 **Payment of Rent.** Lessee shall pay to Administrative Agent all rental payments required to be made by Lessee pursuant to the terms of the Lease for the duration of the term of the Lease;
- 5.2 **Continuation of Performance.** Lessee shall be bound to Administrative Agent in accordance with all of the provisions of the Lease for the balance of the term thereof, and Lessee hereby attorns to

Administrative Agent as its landlord, such attornment to be effective and self operative without the execution of any further instrument immediately upon Administrative Agent succeeding to Lessor's interest in the Lease and giving written notice thereof to Lessee;

- 5.3 **No Offset.** Neither Administrative Agent nor any Lender shall be liable for, or otherwise subject to, any offsets or defenses which Lessee may have by reason of any act or omission of Lessor under the Lease, nor for the return of any sums which Lessee may have paid to Lessor under the Lease as and for security deposits, advance rentals or otherwise, except to the extent that such sums are actually delivered by Lessor to Administrative Agent.
- 5.4 **Delivery of Premises; Tenant Improvements.** If Administrative Agent or any Lender shall succeed to the rights of Lessor under the Lease following foreclosure or deed in lieu of foreclosure, then, so long as the Lease remains in full force and effect and Lessee is not in material default thereunder after receipt of written notice and the expiration of any applicable cure period, in each case, to the extent required under the Lease, Administrative Agent or Lender (or their successor(s) in interest) shall complete any uncompleted portion of the Landlord Work (as defined in the Lease) and fund any unfunded portion of the Tenant Improvement Allowance (as defined in the Lease), in each case, subject to and in accordance with the terms of the Lease as modified by the terms of this Agreement. Further, in no event shall Administrative Agent or any Lender be liable to Tenant for any amount under Section 2.5 of the Lease unless and until such time as Administrative Agent or Lender (or their successor(s) in interest) (i) succeeds to the rights of Lessor under the Lease following foreclosure or deed in lieu of foreclosure and (ii) fails to complete the Landlord Work (as defined in the Lease) in accordance with the terms of the Lease. Notwithstanding anything in the Lease or this Agreement to the contrary, if Administrative Agent or any Lender is liable to Tenant pursuant to the immediately preceding sentence, Tenant's exclusive remedy shall be to obtain a credit against Base Rent (as defined in the Lease) to the extent of the amount due to Tenant under Section 2.5 of the Lease. For the avoidance of doubt, neither Administrative Agent nor any Lender shall be obligated to make any cash payment to Tenant with respect to any amount due under Section 2.5 of the Lease.
- 5.5 **Subsequent Transfer.** If Administrative Agent, by succeeding to the interest of Lessor under the Lease, should become obligated to perform the covenants of Lessor thereunder, then, upon any further transfer of Lessor's interest by Administrative Agent where such transferee succeeds to the interest of Lessor under the Lease, all of such obligations, to the extent accruing from and after the date of such transfer, shall terminate as to Administrative Agent; and
- 5.6 **Purchase Option; Right of First Refusal; Insurance or Condemnation Proceeds.** Neither Administrative Agent nor any Lender shall be liable for, or subject to, any option to purchase with respect to the Property, any right of first refusal with respect to the Property, any provision regarding the use of insurance proceeds or condemnation proceeds with respect to the Property which is inconsistent with the terms of the Deed of Trust, except, in each case, to the extent expressly provided in a Lease that has been approved by Administrative Agent.
6. **NON DISTURBANCE.** In the event of any sale, assignment or transfer of Lessor's interest under the Lease pursuant to the exercise of any remedy of Administrative Agent under the Deed of Trust or assignment of leases and rents, by foreclosure, trustee's sale, deed or assignment in lieu of foreclosure, or otherwise; or any other transfer of Lessor's interest in the Property under peril of foreclosure, so long as Lessee shall not be in material default (beyond receipt of any applicable notice and the expiration of cure period provided in the Lease), Administrative Agent agrees for itself and its successors and assigns that the leasehold interest of Lessee under the Lease shall not be extinguished or terminated by reason of such event, but rather the Lease shall continue in full force and effect and Administrative Agent shall recognize and accept Lessee as tenant under the Lease subject to the terms and provisions of the Lease except as modified by this Agreement.
7. **MISCELLANEOUS.**
- 7.1 **Heirs, Successors, Assigns and Transferees.** The covenants herein shall be binding upon, and inure to the benefit of, the heirs, successors and assigns of the parties hereto; and

- 7.2 **Notices.** All notices or other communications required or permitted to be given pursuant to the provisions hereof shall be deemed served upon delivery or, if mailed, upon the first to occur of receipt or the expiration of three (3) days after deposit in United States Postal Service, certified mail, postage prepaid and addressed to the address of Lessor, Lessee or Administrative Agent appearing in the preamble of this Agreement, provided that notices to the Administrative Agent should be to the attention of _____ and reference Loan Number _____ provided, further, however, any party shall have the right to change its address for notice hereunder by the giving of written notice thereof to the other party in the manner set forth in this Agreement.
- 7.3 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument;
- 7.4 **Remedies Cumulative.** All rights of Administrative Agent herein to collect rents on behalf of Lessor under the Lease are cumulative and shall be in addition to any and all other rights and remedies provided by law and by other agreements between Administrative Agent and Lessor or others; and
- 7.5 **Paragraph Headings.** Paragraph headings in this Agreement are for convenience only and are not to be construed as part of this Agreement or in any way limiting or applying the provisions hereof.

INCORPORATION. Exhibit A [is] [and Lease Guarantor's Consent are] attached hereto and incorporated herein by this reference.

EXHIBIT H

-5-

140 NEW MONTGOMERY STREET
[Yelp Inc.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT HERETO.

“LESSOR”

STOCKBRIDGE 138 NEW MONTGOMERY, LLC, a Delaware limited liability company

By: _____
Name:
Its:

“LESSEE”

NAME OF LESSEE HERE

By: _____
Name:
Its:

“ADMINISTRATIVE AGENT”

[BREF III SERIES B LLC , a Delaware limited liability company]

By: _____
Name:
Its:

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

EXHIBIT A
Loan No.

DESCRIPTION OF PROPERTY

EXHIBIT A to Subordination Agreement; Acknowledgment of Lease Assignment, Estoppel, Attornment and Non-Disturbance Agreement dated as of DATE OF DOCUMENTS, executed by BORROWER NAME, a general partnership as "Lessor", NAME OF LESSEE HERE, as "Lessee", and , as "Administrative Agent".

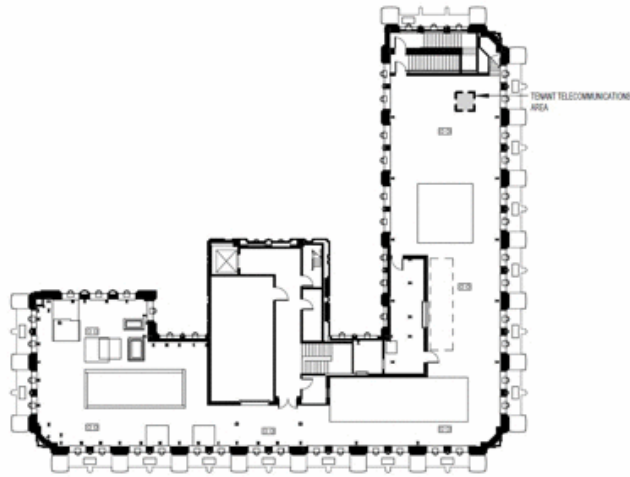
All that certain real property located in the County of San Francisco, State of California, described as follows:

APN

EXHIBIT H
-7-

140 NEW MONTGOMERY STREET
[Yelp Inc.]

EXHIBIT I
TELECOMMUNICATIONS EQUIPMENT AREA



Level 27 Roof

EXHIBIT I
-1-

140 NEW MONTGOMERY STREET
[Yelp Inc.]

FIRST AMENDMENT TO OFFICE LEASE

This FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of the 14th day of December, 2012, by and between STOCKBRIDGE 138 NEW MONTGOMERY LLC, a Delaware limited liability company ("**Landlord**"), and YELP INC., a Delaware corporation ("**Tenant**").

RECITALS:

A. Landlord and Tenant entered into that certain Office Lease dated May 9, 2012 (the "**Lease**"), whereby Landlord leased to Tenant and Tenant leased from Landlord approximately 98,144 rentable square feet of space (the "**Initial Premises**"), consisting of (i) 12,268 rentable square feet of space consisting of the entire 5th floor and more commonly known as Suite 500; (ii) 12,268 rentable square feet of space consisting of the entire 6th floor and more commonly known as Suite 600; (iii) 12,268 rentable square feet of space consisting of the entire 7th floor and more commonly known as Suite 700; (iv) 12,268 rentable square feet of space consisting of the entire 8th floor and more commonly known as Suite 800; (v) 12,268 rentable square feet of space consisting of the entire 9th floor and more commonly known as Suite 900; (vi) 12,268 rentable square feet of space consisting of the entire 10th floor and more commonly known as Suite 1000; (vii) 12,268 rentable square feet of space consisting of the entire 11th floor and more commonly known as Suite 1100; and (viii) 12,268 rentable square feet of space consisting of the entire 12th floor and more commonly known as Suite 1200, of that certain office building located at 140 New Montgomery Street, San Francisco, California (the "**Building**").

B. Tenant desires to expand the Initial Premises to include approximately 12,268 rentable square feet of space consisting of the entire 4th floor and more commonly known as Suite 400 of the Building (the "**Fourth Floor Premises**"), as delineated on Exhibit A attached hereto and made a part hereof, and to make other modifications to the Lease, and in connection therewith, Landlord and Tenant desire to amend the Lease as hereinafter provided.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Capitalized Terms. All capitalized terms when used herein shall have the same meaning as is given such terms in the Lease unless expressly superseded by the terms of this First Amendment.

2. Modification of Premises. Effective as of the date of this First Amendment, the Initial Premises shall be expanded to include the Fourth Floor Premises. Except as expressly set forth in this First Amendment, all of the terms of the Lease shall apply to the Fourth Floor Premises as if the Fourth Floor Premises were originally part of the Initial Premises.

3. Lease Term. The term of Tenant's lease of the Fourth Floor Premises shall commence coterminously with Tenant's lease of the Initial Premises on the Lease Commencement Date and shall expire coterminously with Tenant's Lease of the Initial Premises on the Lease Expiration Date, unless sooner terminated as provided in the Lease, as hereby amended.

3.1. **Beneficial Occupancy.** Tenant shall have the right to occupy the Fourth Floor Premises prior to the Lease Commencement Date, pursuant to Section 2.3 of the Lease.

3.2. **Late Delivery of Premises.** Landlord and Tenant hereby acknowledge and agree that all references to "the Premises" in the Tenant Work Letter, attached to the Lease as **Exhibit B** (the "**Tenant Work Letter**"), shall hereinafter refer to, collectively, the Initial Premises and the Fourth Floor Premises. Section 2.5 of the Lease shall be applicable to the Fourth Floor Premises as if it was part of the Initial Premises.

4. Base Rent. Tenant shall pay Base Rent for the Initial Premises in accordance with the terms of **Article 3** of the Lease, and Tenant shall pay to Landlord monthly installments of Base Rent for the Fourth Floor Premises as follows:

Lease Year	Annual Base Rent	Monthly Installment of Base Rent	Approximate Annual Rental Rate per Rentable Square Foot
1	\$613,400.00	\$51,116.67	\$50.00
2	\$631,802.00	\$52,650.17	\$51.50
3	\$650,756.06	\$54,229.67	\$53.05
4	\$670,278.74	\$55,856.56	\$54.64
5	\$690,387.10	\$57,532.26	\$56.28
6	\$711,098.72	\$59,258.23	\$57.96
7	\$732,431.68	\$61,035.97	\$59.70
8	\$754,404.63	\$62,867.05	\$61.49

The Base Rent for the first full month of Tenant's lease of the Fourth Floor Premises during the Lease Term which occurs after the expiration of any free rent period shall be paid at the time of Tenant's execution of this First Amendment.

4.1. **Abated Base Rent.** Subject to the terms of Section 2.5 of the Tenant Work Letter, and provided that an Option Nullification Default, as that term is defined in Section 1.3.7 of the Lease, has not occurred under the Lease, as amended, then during the first (1st), second (2nd), third (3rd), fourth (4th), thirteenth (13th) and thirty-seventh (37th) full calendar months of the Lease Term (the "**Fourth Floor Premises Rent Abatement Period**") Tenant shall not be obligated to pay any Base Rent or Direct Expenses otherwise attributable to the Premises (the "**Fourth Floor Premises Rent Abatement**"). Tenant acknowledges and agrees that the foregoing Fourth Floor Premises Rent Abatement has been granted to Tenant as additional consideration for entering into this First Amendment, and for agreeing to pay the Rent and performing the terms and conditions otherwise required under the Lease, as hereby amended. Except as specifically set forth in this Section 4.1, the terms and conditions of Section 3.2 of the Lease shall apply to the Fourth Floor Premises Rent Abatement.

5. **Tenant's Share of Building Direct Expenses.** Notwithstanding anything to the contrary in the Lease, effective as of the date of this First Amendment, Tenant's Share shall equal approximately thirty-seven and thirty-one hundredths percent (37.31%). Except as specifically set forth in this Section 5, Tenant shall pay Tenant's Share of Building Direct Expenses in connection with the Premises as set forth in Article 4 of the Lease.

6. **Fourth Floor Premises Improvements.** Except as specifically set forth in the this First Amendment, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Fourth Floor Premises. Landlord shall construct the Tenant Improvements in the Fourth Floor Premises pursuant to the terms of the Tenant Work Letter. Landlord and Tenant hereby acknowledge and agree that, effective as of the date of this First Amendment, the Tenant Improvement Allowance set forth in Section 13 of the Summary of the Lease shall be amended and restated as "\$6,624,720 (*i.e.*, \$60.00 per rentable square foot of the Premises, multiplied by 110,412 rentable square feet)."

6.1. **Modification of Expansion Space.** Landlord and Tenant hereby acknowledge and agree that Tenant shall continue to have the right to lease expansion space as set forth in Section 1.3 of the Lease, provided that, effective as of the date of this First Amendment:

6.1.1 the term "Expansion Space 1," as defined in Section 1.3.1 of the Lease, shall be redefined as "12,268 rentable square feet of space consisting of the entire thirteenth (13th) floor of the Building and more commonly known as Suite 1300"; and

6.1.2 the annual Base Rent payable by Tenant for Expansion Space 1, as set forth in Section 1.3.4 of the Lease shall be amended as restated as "equal to (i) \$61.50" per rentable square foot, and shall be subject to the annual increase as set forth in Section 1.4.3 of the Lease.

7. **Subordination.** Concurrently with the execution of this First Amendment, Landlord, at Landlord's sole cost and expense, shall deliver to Tenant an SNDAA, as that term is defined in Article 18 of the Lease and in the form attached as Exhibit H of the Lease, with respect to the Fourth Floor Premises from any and all Superior Holders existing as of the date of this First Amendment.

8. Broker. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this First Amendment other than CBRE, Inc. and The CAC Group, Inc. (the "**Brokers**") and that they know of no real estate broker or agent who is entitled to a commission in connection with this First Amendment other than the Brokers. Each party agrees to indemnify and defend the other party against and hold the other party harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 8 shall survive the expiration or earlier termination of the term of the Lease, as hereby amended.

9. Parking. Tenant shall be entitled to rent one (1) unreserved parking pass in connection with Tenant's lease of the Fourth Floor Premises (the "**Fourth Floor Premises Parking Pass**"), which Tenant shall lease in accordance with the provisions of Section 29.32 of the Lease.

10. Letter of Credit. Landlord and Tenant acknowledge that, pursuant to the terms of the Lease, Tenant has delivered to Landlord an L-C in the amount of Three Million Nine Hundred Seventy-Four Thousand Eight Hundred Thirty-Two and 00/100 Dollars (\$3,974,832.00). Tenant shall increase the L-C Amount, on or before July 1, 2013, to an amount equal to Four Million Four Hundred Seventy-One Thousand Six Hundred Eighty-Six and 00/100 Dollars (\$4,471,686.00). Landlord and Tenant hereby acknowledge and agree that, effective as of the date of this First Amendment, Section 21.3.2 of the Lease shall be amended and restated as follows:

"Reduction of L-C Amount. To the extent that Tenant is not in default under this Lease, the L-C Amount shall be reduced as follows:

Date of Reduction	L-C Amount*
Fifth (5 th) anniversary of the Lease Commencement Date	\$2,980,826.00
Sixth (6 th) anniversary of the Lease Commencement Date	\$1,490,413.00
* To the extent the L-C Amount has been increased pursuant to the terms of Section 1.3.4 of this Lease, above, the reduced L-C Amounts set forth in this table, above, shall be proportionally increased (based on the same ratio of the initial L-C Amount to the reduced L-C Amount set forth above) by the amount of the increase to the L-C Amount pursuant to Section 1.3.4.	

Notwithstanding anything to the contrary set forth in this Section 21.3.2, in no event shall the L-C Amount as set forth above decrease during any period in which Tenant is in default under this Lease, but such decrease shall take place retroactively after such default is cured, provided that no such decrease shall thereafter take effect in the event this Lease is terminated early due to such default by Tenant."

11. No Further Modification. Except as set forth in this First Amendment, all of the terms and provisions of the Lease shall apply with respect to the Fourth Floor Premises and shall remain unmodified and in full force and effect.

[signatures follow on next page]

IN WITNESS WHEREOF, this First Amendment has been executed as of the day and year first above written.

"LANDLORD"

"TENANT"

STOCKBRIDGE 138 NEW MONTGOMERY
LLC, a Delaware limited liability company

YELP INC.,
a Delaware corporation

By: /s/ Kristin Renaudin

By: /s/ Rob Krolik

Name: Kristin Renaudin

Name: Rob Krolik

Title: Vice President

Title CFO

EXHIBIT A

140 NEW MONTGOMERY STREET

OUTLINE OF FOURTH FLOOR PREMISES

Note: The following is applicable to floor 4.

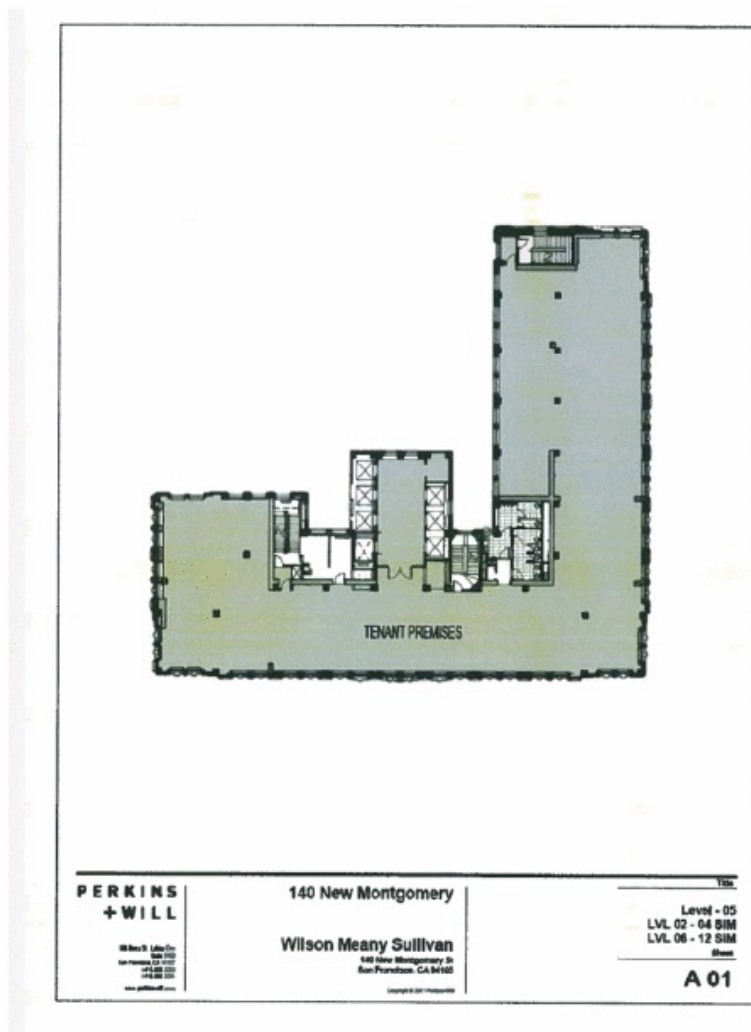


EXHIBIT A

SECOND AMENDMENT TO OFFICE LEASE

This SECOND AMENDMENT TO OFFICE LEASE ("**Second Amendment**") is made and entered into as of the 30th day of May, 2013, by and between STOCKBRIDGE 138 NEW MONTGOMERY LLC, a Delaware limited liability company ("**Landlord**"), and YELP INC., a Delaware corporation ("**Tenant**").

RECITALS:

A. Landlord and Tenant entered into that certain Office Lease dated May 9, 2012 (the "**Office Lease**"), as amended by that certain First Amendment to Office Lease dated December 14, 2012 (the "**First Amendment**"), whereby Landlord leased to Tenant and Tenant leased from Landlord approximately 110,412 rentable square feet of space (the "**Initial Premises**"), consisting of (i) 12,268 rentable square feet of space consisting of the entire 5th floor and more commonly known as Suite 500; (ii) 12,268 rentable square feet of space consisting of the entire 6th floor and more commonly known as Suite 600; (iii) 12,268 rentable square feet of space consisting of the entire 7th floor and more commonly known as Suite 700; (iv) 12,268 rentable square feet of space consisting of the entire 8th floor and more commonly known as Suite 800; (v) 12,268 rentable square feet of space consisting of the entire 9th floor and more commonly known as Suite 900; (vi) 12,268 rentable square feet of space consisting of the entire 10th floor and more commonly known as Suite 1000; (vii) 12,268 rentable square feet of space consisting of the entire 11th floor and more commonly known as Suite 1100; (viii) 12,268 rentable square feet of space consisting of the entire 12 floor and more commonly known as Suite 1200; and (ix) 12,268 rentable square feet of space consisting of the entire 4th floor and more commonly known as Suite 400, of that certain office building located at 140 New Montgomery Street, San Francisco, California (the "**Building**"). The Office Lease and the First Amendment are collectively referred to herein as the "**Lease**".

B. Tenant desires to expand the Initial Premises to include approximately 12,364 rentable square feet of space consisting of the entire 2nd floor and more commonly known as Suite 200 of the Building (the "**Second Floor Premises**"), as delineated on Exhibit A attached hereto and made a part hereof, and to make other modifications to the Lease, and in connection therewith, Landlord and Tenant desire to amend the Lease as hereinafter provided.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Capitalized Terms.** All capitalized terms when used herein shall have the same meaning as is given such terms in the Lease unless expressly superseded by the terms of this Second Amendment.

2. **Modification of Premises.** Effective as of the date of this Second Amendment, the Initial Premises shall be expanded to include the Second Floor Premises. Except as expressly set forth in this Second Amendment, all of the terms of the Lease shall apply to the Second Floor Premises as if the Second Floor Premises were originally part of the Initial Premises.

3. **Lease Term.** The term of Tenant's lease of the Second Floor Premises shall commence coterminously with Tenant's lease of the Initial Premises on the Lease Commencement Date and shall expire coterminously with Tenant's lease of the Initial Premises on the Lease Expiration Date, unless sooner terminated as provided in the Lease, as hereby amended.

3.1. **Beneficial Occupancy.** Tenant shall have the right to occupy the Second Floor Premises prior to the Lease Commencement Date, pursuant to Section 2.3 of the Office Lease.

3.2. **Late Delivery of Second Floor Premises.** Landlord and Tenant hereby acknowledge and agree that Section 2.5 of the Office Lease shall not apply to the Second Floor Premises. Notwithstanding the foregoing, if Landlord fails to cause the Tenant Improvement Commencement Delivery Date with respect to the Second Floor Premises to occur on or before July 1, 2013, then the Lease Commencement Date with respect to the Second Floor Premises shall be delayed by one (1) day for each day that occurs after July 1, 2013 and before the Tenant Improvement Commencement Delivery Date with respect to the Second Floor Premises.

4. **Base Rent.** Tenant shall pay Base Rent for the Initial Premises in accordance with the Lease, and Tenant shall pay to Landlord monthly installments of Base Rent for the Second Floor Premises as follows:

Lease Year	Annual Base Rent	Monthly Installment of Base Rent	Approximate Annual Rental Rate per Rentable Square Foot
1	\$680,019.96	\$56,668.33	\$55.000
2	\$700,420.56	\$58,368.38	\$56.650
3	\$721,433.16	\$60,119.43	\$58.350
4	\$743,076.24	\$61,923.02	\$60.100
5	\$765,368.52	\$63,780.71	\$61.903
6	\$788,329.56	\$65,694.13	\$63.760
7	\$811,979.40	\$67,664.95	\$65.673
8	\$836,338.80	\$69,694.90	\$67.643

The Base Rent for the first full month of Tenant's lease of the Second Floor Premises during the Lease Term which occurs after the expiration of any free rent period shall be paid at the time of Tenant's execution of this Second Amendment.

4.1. **Abated Base Rent.** Provided that an Option Nullification Default, as that term is defined in Section 1.3.7 of the Office Lease, has not occurred under the Lease, as amended, then during the first (1st), second (2nd), third (3rd), thirteenth (13th) and thirty-seventh (37th) full calendar months of the Lease Term (the "**Second Floor Premises Rent Abatement Period**") Tenant shall not be obligated to pay any Base Rent or Direct Expenses otherwise attributable to the Premises (the "**Second Floor Premises Rent Abatement**"). Tenant acknowledges and agrees that the foregoing Second Floor Premises Rent Abatement has been granted to Tenant as additional consideration for entering into this Second Amendment, and for agreeing to pay the Rent and performing the terms and conditions otherwise required under the Lease, as hereby amended. Except as specifically set forth in this Section 4.1, the terms and conditions of Section 3.2 of the Office Lease shall apply to the Second Floor Premises Rent Abatement.

5. **Tenant's Share of Building Direct Expenses.** Notwithstanding anything to the contrary in the Lease, effective as of the Lease Commencement Date with respect to the Second Floor Premises, Tenant's Share with respect to the Second Floor Premises shall equal approximately four and eighteen hundredths percent (4.18%). Except as specifically set forth in this Section 5, Tenant shall pay Tenant's Share of Building Direct Expenses in connection with the Second Floor Premises pursuant to Article 4 of the Office Lease.

6. **Second Floor Premises Improvements.** Except as specifically set forth in this Second Amendment, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Second Floor Premises. Landlord shall construct the Tenant Improvements in the Second Floor Premises pursuant to the terms of the Tenant Work Letter, attached to the Office Lease as Exhibit B (the "**Tenant Work Letter**"); provided, however, in connection with this Second Amendment:

6.1. All references to the "Premises" in the Tenant Work Letter shall refer to the Second Floor Premises only;

6.2. The TI Commencement Delivery Date, as that term is defined in Section 1.2.3 of the Tenant Work Letter, shall occur on or before July 1, 2013.

6.3. The Tenant Improvement Allowance, as that term is defined in Section 2.1 of the Tenant Work Letter, shall be an amount equal to Seven Hundred Forty-One Thousand Eight Hundred Forty and 00/100 Dollars (\$741,840.00) (*i.e.*, \$60.00 per rentable square foot of the Second Floor Premises, multiplied by 12,364 rentable square feet);

6.4. There shall be no Landlord Drawing Contribution, as that term is defined in Section 2.4 of the Tenant Work Letter, in connection with the Second Floor Premises;

6.5. The Coordination Fee, as that term is defined in Section 4.2.2.1 of the Tenant Work Letter, shall be an amount equal to Six Thousand One Hundred Seventy-Seven and 00/100 Dollars (\$6,166.00) (*i.e.*, an amount equal to \$0.50 per rentable square foot of the Second Floor Premises);

6.6. Landlord and Tenant hereby acknowledge that Tenant has elected to receive the HVAC Credit, as that term is defined in Section 2.5 of the Tenant Work Letter, in the sum of Fifty Six Thousand Six Hundred Sixty-Eight and 33/100 Dollars (\$56,668.33) in lieu of the abatement of Base Rent for the fourth (4th) full calendar month of the Lease Term and;

6.7. Pursuant to Section 1.2.2 of the Work Letter, Landlord shall cause the Base Building to comply with the conditions set forth in Schedule 1 of the Tenant Work Letter ("Schedule 1"); provided, however, with respect to the Premises, in lieu of Section 4(o) of Schedule 1, Landlord shall perform the leveling work set forth in Exhibit B, attached hereto.

7. **Modification of Expansion Space.** Landlord and Tenant hereby acknowledge and agree that the Second Floor Premises is "Expansion Space 3," as set forth in Section 1.3.1(C) of the Office Lease. Therefore, all references to Expansion Space 3 in the Lease, including, without limitation, Section 1.3 of the Office Lease, are hereby deleted and of no further force or effect.

8. **Subordination.** Concurrently with the execution of this Second Amendment, Landlord, at Landlord's sole cost and expense, shall deliver to Tenant an SNDAA, as that term is defined in Article 18 of the Office Lease and in the form attached as Exhibit H of the Office Lease, with respect to the Second Floor Premises from any and all Superior Holders existing as of the date of this Second Amendment.

9. **Broker.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Second Amendment other than CBRE, Inc. and The CAC Group, Inc. (the "**Brokers**") and that they know of no real estate broker or agent who is entitled to a commission in connection with this Second Amendment other than the Brokers. Each party agrees to indemnify and defend the other party against and hold the other party harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 9 shall survive the expiration or earlier termination of the term of the Lease, as hereby amended.

10. **Parking.** Tenant shall be entitled to rent one (1) unreserved parking pass in connection with Tenant's lease of the Second Floor Premises (the "**Second Floor Premises Parking Pass**"), which Tenant shall lease in accordance with the provisions of Section 29.32 of the Office Lease.

11. **Letter of Credit.** Landlord and Tenant hereby acknowledge and agree that Section 21.3 of the Office Lease is hereby amended and restated as follows:

"21.3.1 **L-C Amount.** On or before July 1, 2013, the L-C Amount shall be an amount equal to Four Million Nine Hundred Forty-Four Thousand Eight Hundred Ninety-Seven and 00/100 (\$4,944,897.00).

21.3.2 **Reduction of L-C Amount.** To the extent that Tenant is not in default under this Lease, the L-C Amount shall be reduced as follows:

Date of Reduction	L-C Amount*
Fifth (5 th) anniversary of the Lease Commencement Date	\$3,296,598.00
Sixth (6 th) anniversary of the Lease Commencement Date	\$1,648,299.00
* To the extent the L-C Amount has been increased pursuant to the terms of Section 1.3.4 of this Lease, above, the reduced L-C Amounts set forth in this table, above, shall be proportionally increased (based on the same ratio of the initial L-C Amount to the reduced L-C Amount set forth above) by the amount of the increase to the L-C Amount pursuant to Section 1.3.4.	

Notwithstanding anything to the contrary set forth in this Section 21.3.2, in no event shall the L-C Amount as set forth above decrease during any period in which Tenant is in default under this Lease, but such decrease shall take place retroactively after such default is cured, provided that no such decrease shall thereafter take effect in the event this Lease is terminated early due to such default by Tenant."

11.1. **Deletion.** Landlord and Tenant hereby agree and acknowledge that Section 10 of the First Amendment is hereby deleted in its entirety and is of no further force or effect.

12. **No Further Modification.** Except as set forth in this Second Amendment, all of the terms and provisions of the Lease shall apply with respect to the Second Floor Premises and shall remain unmodified and in full force and effect.

[signatures follow on next page]

IN WITNESS WHEREOF, this Second Amendment has been executed as of the day and year first above written.

"LANDLORD"

"TENANT"

STOCKBRIDGE 138 NEW MONTGOMERY

YELP INC.,

LLC, a Delaware limited liability company

a Delaware corporation

By: /s/ Kevin D. Cox

By: /s/ Rob Krolik

Name: Kevin D. Cox

Name: Rob Krolik

Title: Managing Director

Title: CFO

By: _____

Name: _____

Title: _____

EXHIBIT A

140 NEW MONTGOMERY STREET

OUTLINE OF SECOND FLOOR PREMISES

Note: The following is applicable to floor 2.

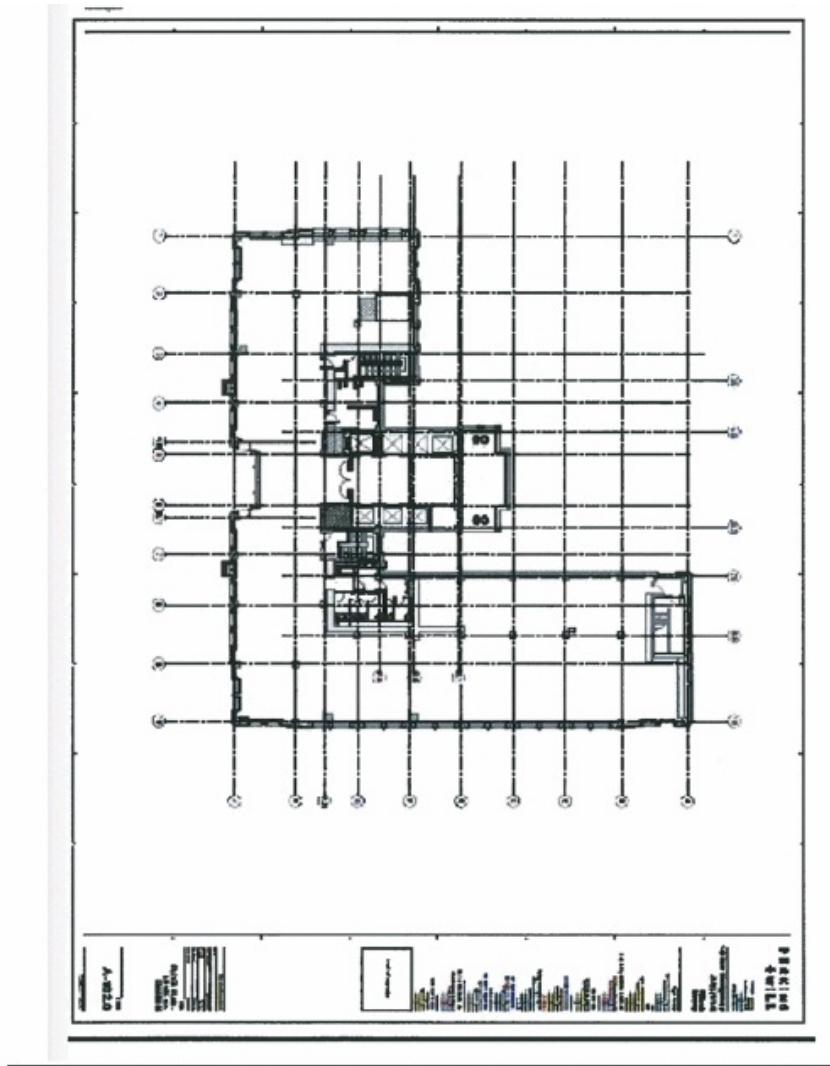
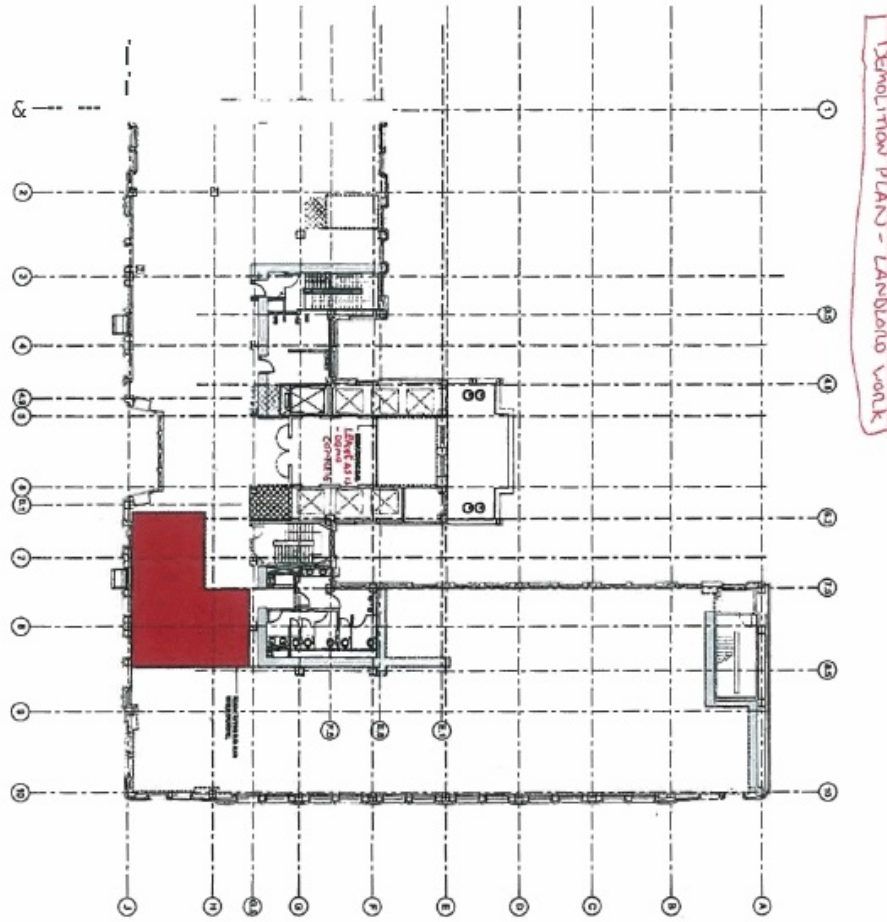


EXHIBIT A

EXHIBIT B

140 NEW MONTGOMERY STREET

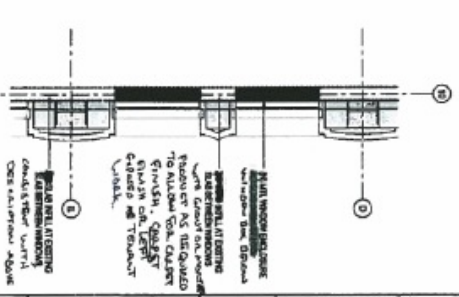
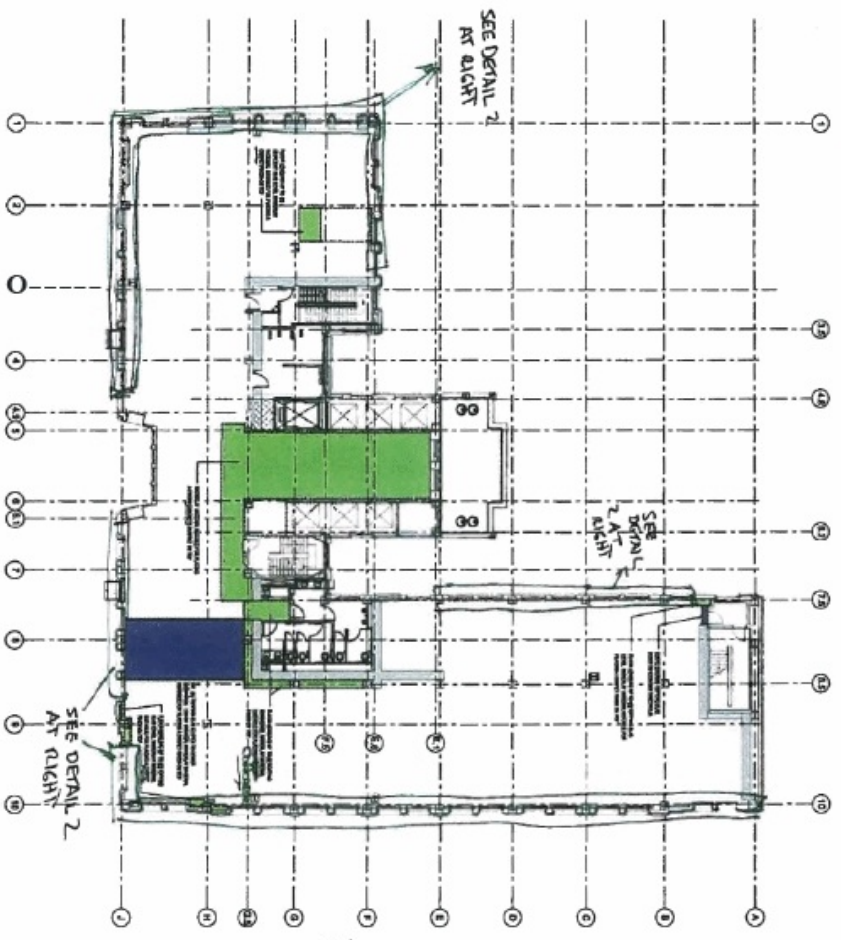
LEVELING WORK



FLOOR FINISHES

[Red Box]	DEMOLITION
[Green Box]	CONCRETE
[Hatched Box]	ASPHALT
[Dotted Box]	GRAVEL
[Cross-hatched Box]	GRAVEL
[Diagonal Lines Box]	GRAVEL

FLOOR LEVELING PLAN - LANDSCAPED WORK



NOTE: FLOOR LEVELING AT RESS ROOM AND DIS STAIR C TO BE INTERIOR FLOOR LEVELING MEAN EXTERIOR WALLS TO BE GYPSUM BASED. SEE PLAN FOR LOCATION.



PERKINS + WILL

Architects

100 North Dearborn Street
Chicago, IL 60610
Tel: 312.345.6789
Fax: 312.345.6789
www.perkinswill.com

A-1022

LEVELING PLAN
LANDSCAPED WORK

THIRD AMENDMENT TO OFFICE LEASE

This THIRD AMENDMENT TO OFFICE LEASE ("**Third Amendment**") is made and entered into as of the 22nd day of November, 2013, by and between STOCKBRIDGE 138 NEW MONTGOMERY LLC, a Delaware limited liability company ("**Landlord**"), and YELP INC., a Delaware corporation ("**Tenant**").

RECITALS:

A. Landlord and Tenant entered into that certain Office Lease dated May 9, 2012 (the "**Office Lease**"), as amended by that certain First Amendment to Office Lease dated December 14, 2012 (the "**First Amendment**") and that certain Second Amendment to Office Lease dated May 30, 2013 (the "**Second Amendment**"), whereby Landlord leased to Tenant and Tenant leased from Landlord approximately 122,776 rentable square feet of space (the "**Initial Premises**"), consisting of (i) 12,268 rentable square feet of space consisting of the entire 5th floor and more commonly known as Suite 500; (ii) 12,268 rentable square feet of space consisting of the entire 6th floor and more commonly known as Suite 600; (iii) 12,268 rentable square feet of space consisting of the entire 7th floor and more commonly known as Suite 700; (iv) 12,268 rentable square feet of space consisting of the entire 8th floor and more commonly known as Suite 800; (v) 12,268 rentable square feet of space consisting of the entire 9th floor and more commonly known as Suite 900; (vi) 12,268 rentable square feet of space consisting of the entire 10th floor and more commonly known as Suite 1000; (vii) 12,268 rentable square feet of space consisting of the entire 11th floor and more commonly known as Suite 1100; (viii) 12,268 rentable square feet of space consisting of the entire 12 floor and more commonly known as Suite 1200; (ix) 12,268 rentable square feet of space consisting of the entire 4th floor and more commonly known as Suite 400; and (x) 12,364 rentable square feet of space consisting of the entire 2nd floor and more commonly known as Suite 200, of that certain office building located at 140 New Montgomery Street, San Francisco, California (the "**Building**"). The Office Lease, the First Amendment and the Second Amendment are collectively referred to herein as the "**Lease**".

B. Tenant desires to expand the Initial Premises to include approximately 12,268 rentable square feet of space consisting of the entire 13th floor and more commonly known as Suite 1300 of the Building (the "**Thirteenth Floor Premises**"), as delineated on **Exhibit A** attached hereto and made a part hereof, and to make other modifications to the Lease, and in connection therewith, Landlord and Tenant desire to amend the Lease as hereinafter provided.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Capitalized Terms.** All capitalized terms when used herein shall have the same meaning as is given such terms in the Lease unless expressly superseded by the terms of this Third Amendment.

2. **Modification of Premises.** Effective as of the "Thirteenth Floor Premises Commencement Date," as that term is defined in Section 3, below, the Initial Premises shall be expanded to include the Thirteenth Floor Premises. As of the Thirteenth Floor Premises Commencement Date, the Thirteenth Floor Premises shall be deemed part of the Premises for all purposes under the Lease, as amended.

3. **Lease Term.** The term of Tenant's lease of the Thirteenth Floor Premises shall commence on October 1, 2014 (the "**Thirteenth Floor Premises Commencement Date**") and shall expire coterminously with Tenant's lease of the Initial Premises on the Lease Expiration Date, unless sooner terminated as provided in the Lease, as hereby amended. The period of time commencing on the Thirteenth Floor Commencement Date and ending on the Lease Expiration Date shall be known as the "**Thirteenth Floor Premises Lease Term**."

3.1. **Delivery of Thirteenth Floor Premises.** Landlord and Tenant hereby acknowledge and agree that Section 2.5 of the Office Lease shall not apply to the Thirteenth Floor Premises. Landlord shall deliver the Thirteenth Floor Premises, in its currently existing "as is" condition, to Tenant for construction of the Tenant Improvements pursuant to Section 6, below, on October 1, 2014. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the neither the Initial Premises nor the Thirteenth Floor Premises have undergone inspection by a Certified Access Specialist (CASp).

4. **Base Rent.** Tenant shall pay Base Rent for the Initial Premises in accordance with the Lease, and, as of the Thirteenth Floor Premises Commencement Date, Tenant shall pay to Landlord monthly installments of Base Rent for the Thirteenth Floor Premises as follows:

Period During the Thirteenth Floor Premises Lease Term	Annual Base Rent	Monthly Installment of Base Rent	Approximate Annual Rental Rate per Rentable Square Foot
October 1, 2014-September 30, 2015	\$754,482.00	\$62,873.50	\$61.50
October 1, 2015 - September 30, 2016	\$777,116.52	\$64,759.71	\$63.35
October 1, 2016 - September 30, 2017	\$800,430.00	\$66,702.50	\$65.25
October 1, 2017 - September 30, 2018	\$824,442.84	\$68,703.57	\$67.20
October 1, 2018 - September 30, 2019	\$849,176.16	\$70,764.68	\$69.22
October 1, 2019-September 30, 2020	\$874,651.44	\$72,887.62	\$71.30
October 1, 2020 - September 30, 2021	\$900,891.00	\$75,074.25	\$73.434

The Base Rent for the first full month of Tenant's lease of the Thirteenth Floor Premises during the Lease Term shall be paid at the time of Tenant's execution of this Third Amendment.

5. **Tenant's Share of Building Direct Expenses.** Notwithstanding anything to the contrary in the Lease, effective as of the Thirteenth Floor Premises Commencement Date, Tenant's Share with respect to the Thirteenth Floor Premises shall equal approximately four and fourteen hundredths percent (4.14%), and Tenant's share with respect to the entire Premises shall equal approximately forty-five and sixty-three hundredths percent (45.63%). Except as specifically set forth in this Section 5, Tenant shall pay Tenant's Share of Building Direct Expenses in connection with the Thirteenth Floor Premises pursuant to Article 4 of the Office Lease.

6. **Thirteenth Floor Premises Improvements.** Except as specifically set forth in this Third Amendment, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Thirteenth Floor Premises. Tenant shall cause the construction of the Tenant Improvements in the Thirteenth Floor Premises pursuant to the terms of the Tenant Work Letter; provided, however, in connection with this Third Amendment:

6.1. All references to the "Premises" in the Tenant Work Letter shall refer to the Thirteenth Floor Premises only and all references to the "Lease Commencement Date" shall refer to the "Thirteenth Floor Premises Commencement Date".

6.2. The Tenant Improvement Allowance, as that term is defined in Section 2.1 of the Tenant Work Letter, with respect to the Thirteenth Floor Premises shall be an amount equal to Six Hundred Forty-Four Thousand Seventy and 00/100 Dollars (\$644,070.00) (*i.e.*, \$52.50 per rentable square foot of the Thirteenth Floor Premises, multiplied by 12,268 rentable square feet).

6.3. Landlord and Tenant hereby acknowledge and agree that Section 1.2 of the Tenant Work Letter (Landlord Work; Delivery Condition) shall not be applicable to the Thirteenth Floor Premises. Landlord shall provide to Tenant an additional allowance of up to Two Hundred Forty-Five Thousand Three Hundred Sixty and 00/100 Dollars (\$245,360.00) (*i.e.*, \$20.00 per rentable square foot of the Thirteenth Floor Premises, multiplied by 12,268 feet) for Tenant to cause, as part of the Tenant Improvements for the Thirteenth Floor Premises, the Base Building to comply with the conditions set forth on Schedule 1 to the Tenant Work Letter (the "**Base Building Allowance**"). The Base Building Allowance shall be disbursed by Landlord pursuant to the same procedure as the Tenant Improvements Allowance for the Thirteenth Floor Premises.

6.4. There shall be no Landlord Drawing Contribution, as that term is defined in Section 2.4 of the Tenant Work Letter, in connection with the Thirteenth Floor Premises.

6.5. There shall be no HVAC Credit, as that term is defined in Section 2.5 of the Tenant Work Letter, in connection with the Thirteenth Floor Premises.

6.6. The Coordination Fee, as that term is defined in Section 4.2.2.1 of the Tenant Work Letter, with respect to the Thirteenth Floor Premises shall be an amount equal to Six Thousand One Hundred Thirty-Four and 00/100 Dollars (\$6,134.00) (*i.e.*, an amount equal to \$0.50 per rentable square foot of the Thirteenth Floor Premises).

6.7. Notwithstanding anything set forth in Section 4 of the Tenant Work Letter to the contrary, Tenant (as opposed to Landlord) shall retain the contractor to construct the Tenant Improvements in the Thirteenth Floor Premises. Landlord shall have no obligation to enforce the terms of the Contract with respect to the construction of the Tenant Improvements in the Thirteenth Floor Premises. Landlord shall disburse the Tenant Improvements Allowance and the Base Building Allowance in accordance with Landlord's standard disbursement process, which shall include the terms set forth in Exhibit B, attached hereto.

6.8. Contractor and all of Tenant's agents shall comply with the insurance requirements set forth in Exhibit C attached hereto.

7. **Modification of Expansion Space.** Landlord and Tenant hereby acknowledge and agree that the Thirteenth Floor Premises is "Expansion Space 1," as set forth in Section 6.1 of the First Amendment. Therefore, all references to Expansion Space 1 in the Lease, including, without limitation, Section 6.1 of the First Amendment, are hereby deleted and of no further force or effect.

8. **Right of First Offer.** Landlord hereby grants to the originally named Tenant herein ("**Original Tenant**") and any "Permitted Transferee," as that term is defined in Section 14.8 of the Office Lease, an ongoing right of first offer (the "**Right of First Offer**") with respect to any space becoming available for lease to third parties on the fourteenth (14th), fifteenth (15th) or sixteenth (16th) floors of the Building (collectively, the "**First Offer Space**"). Tenant's right of first offer shall be on the terms and conditions set forth in this Section 8. Notwithstanding the foregoing, the Right of First Offer shall commence only following the expiration or earlier termination of the existing leases (including renewals and extensions, whether pursuant to rights currently existing or hereafter granted) of the First Offer Space. In addition, Tenant's Right of First Offer shall be subordinate to all rights of other tenants of the Project, which rights relate to the First Offer Space and which rights are set forth in leases of space in the Project existing as of the date hereof, each including any expansion, first offer, first negotiation and other similar rights, regardless of whether such rights are executed strictly in accordance with their respective terms or pursuant to lease amendments or new leases (all such tenants under existing leases of the First Offer Space and other tenants of the Project, collectively, the "**Superior Right Holders**"). If Tenant, following its receipt of a "First Offer Notice," as that term is defined in Section 8.1, below, fails to exercise its right to lease all or any portion of the First Offer Space, then Landlord shall have a right to enter into an interim lease (an "**Interim Lease**") with a third party with respect to such space (*i.e.*, the space set forth in the First Offer Notice), and Tenant's right of first offer as set forth in this Section 8 shall be subordinate the all rights of the tenant under the Interim Lease and such tenant shall be deemed a Superior Right Holder.

8.1. **Procedure for Offer.** Landlord shall notify Tenant (a "**First Offer Notice**") from time to time when the First Offer Space or any portion thereof becomes available for lease to third parties. A First Offer Notice shall describe the space so offered to Tenant, the rentable square footage of the space so offered, the "First Offer Rent," as that term is defined in Section 8.3 below, and the other economic terms upon which Landlord is willing to lease such space to Tenant and the anticipated "First Offer Commencement Date," as that term is defined in Section 8.5, below.

8.2. **Procedure for Acceptance.** If Tenant wishes to exercise the Right of First Offer with respect to the space described in a First Offer Notice, then within five (5) business days of delivery of such First Offer Notice to Tenant, Tenant shall deliver notice to Landlord of Tenant's exercise of the Right of First Offer with respect to the entire space described in the First Offer Notice on the terms contained in such notice ("**First Offer Exercise Notice**"); provided, however, that Tenant may deliver a First Offer Exercise Notice pursuant to which Tenant expressly rejects Landlord's determination of the "Market Rent," as that term is defined in Section 2.2.2 of the Office Lease, for the First Offer Space, in which event Landlord and Tenant shall, within five (5) business days after Landlord's receipt of Tenant's First Offer Exercise Notice, meet and discuss the Market Rent for the First Offer Space in an attempt to reach agreement as to the applicable First Offer Rent. If Landlord and Tenant do not reach agreement within such five (5) business day period, then the parties will determine Market Rent in accordance with Exhibit F of the Office Lease; provided, however, in connection with this Third Amendment:

8.2.1 All references to "this Lease" in Exhibit F shall refer to "this Third Amendment."

8.2.2 All references to "the commencement of the Option Term" and "the first day of the Option Term" in Exhibit F shall refer to "the First Offer Commencement Date," as that term is defined in Section 8.5, below.

8.2.3 All references to "the Premises" in Exhibit F shall refer to "the First Offer Space."

8.2.4 The phrase "and consisting of 40,000 rentable square feet of space or greater transactions" in Section 1 of Exhibit F shall be replaced with the phrase "and consisting of the same or greater square footage."

8.2.5 The phrase "during the Option Term" in Section 2 of Exhibit F shall be replaced with the phrase "in connection with the First Offer Space."

8.2.6 The phrase "an Option Term" in Section 3 of Exhibit F shall be replaced with "the First Offer Space."

8.2.7 The reference to "Option Space" in Section 3 of Exhibit F shall refer to the "First Offer Space."

8.2.8 All references to "the Option Term TI Allowance" in **Exhibit F** shall refer to "the First Offer Space TI Allowance."

8.2.9 The phrase "the Option Term" in Section 6 of **Exhibit F** shall be replaced with "the First Offer Space."

8.3. **First Offer Rent.** The "Rent," as that term is defined in Section 4.1 of the Office Lease, payable by Tenant for the First Offer Space (the "**First Offer Rent**") shall be equal to the Market Rent, as applicable to the First Offer Space.

8.4. **Construction In First Offer Space.** Tenant shall accept the First Offer Space in the condition specified in the First Offer Notice. Any improvement allowance to be provided to Tenant will be described in the First Offer Notice and shall be determined as a component of Market Rent. The construction of improvements in the First Offer Space shall comply with the terms of Article 8 of the Office Lease.

8.5. **Amendment to Lease.** If Tenant timely exercises Tenant's right to lease the First Offer Space as set forth herein, Landlord and Tenant shall within thirty (30) days thereafter execute an amendment to the Lease (the "**First Offer Amendment**") for such First Offer Space upon the terms and conditions as set forth in the First Offer Notice and this Section R. The term of the Lease with respect to the First Offer Space shall commence upon the date of delivery of such First Offer Space to Tenant (the "**First Offer Commencement Date**") and terminate on the date set forth in the First Offer Notice therefor. The date upon which Tenant is obligated to commence paying Rent for such First offer Space will be as set forth in the First Offer Notice and shall be as determined as a component of Market Rent.

8.6. **Termination of Right of First Offer.** The rights contained in this Section 8 shall be personal to the Original Tenant and any Permitted Transferee, and may only be exercised by Original Tenant or any Permitted Transferee (and not by any other assignee, sublessee or "Transferee," as that term is defined in Section 14.1 of this Lease, of Tenant's interest in the Office Lease) if Original Tenant occupies at least seventy-five percent (75%) of the Premises. Tenant shall not have the right to lease First Offer Space, as provided in this Section 8, if, as of the date of the attempted exercise of any right of first offer by Tenant, Tenant is in default under the Lease, as amended, beyond any applicable notice and cure period, or as of the scheduled date of delivery of such First Offer Space to Tenant, Tenant is in default under the Lease, as amended, beyond any applicable notice and cure period, or Tenant has previously been in default under the Lease, as amended, beyond any applicable notice and cure period, during the immediately preceding twelve (12) month period.

9. **Subordination.** Concurrently with the execution of this Third Amendment, Landlord, at Landlord's sole cost and expense, shall deliver to Tenant an SNDAA, as that term is defined in Article 18 of the Office Lease and in the form attached as **Exhibit H** of the Office Lease, with respect to the Thirteenth Floor Premises from any and all Superior Holders existing as of the date of this Third Amendment.

10. **Brokers.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Third Amendment other than CBRE, Inc. and The CAC Group, Inc. (the "**Brokers**") and that they know of no real estate broker or agent who is entitled to a commission in connection with this Third Amendment other than the Brokers. Each party agrees to indemnify and defend the other party against and hold the other party harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 10 shall survive the expiration or earlier termination of the term of the Lease, as hereby amended.

11. **Parking.** Tenant shall be entitled to rent one (1) unreserved parking pass in connection with Tenant's lease of the Thirteenth Floor Premises (the "**Thirteenth Floor Premises Parking Pass**"), which Tenant shall lease in accordance with the provisions of Section 29.32 of the Office Lease.

12. **Letter of Credit.** Landlord and Tenant hereby acknowledge and agree that, in accordance with Section 21.3.3 of the Office Lease, Tenant has satisfied the conditions set forth therein, and, therefore, the L-C Amount has been reduced to Zero Dollars (\$0.00) for the remainder of the initial Lease Term and any Option Term. In connection therewith, Landlord shall return the L-C to Tenant within thirty (30) days of the date of this Third Amendment.

13. **No Further Modification.** Except as set forth in this Third Amendment, all of the terms and provisions of the Lease shall apply with respect to the Thirteenth Floor Premises and shall remain unmodified and in full force and effect.

[signatures follow on next page]

IN WITNESS WHEREOF, this Third Amendment has been executed as of the day and year first above written.

"LANDLORD"

"TENANT"

STOCKBRIDGE 138 NEW MONTGOMERY
LLC, a Delaware limited liability company

YELP INC.,
a Delaware corporation

By: /s/ Stephen Pilch

By: /s/ Rob Krolik

Name: Stephen Pilch

Name: Rob Krolik

Title: Senior Vice President

Title: CFO

By:

Name:

Title:

EXHIBIT A

140 NEW MONTGOMERY STREET

OUTLINE OF THIRTEENTH FLOOR PREMISES

Note: The following is applicable to floor 13.

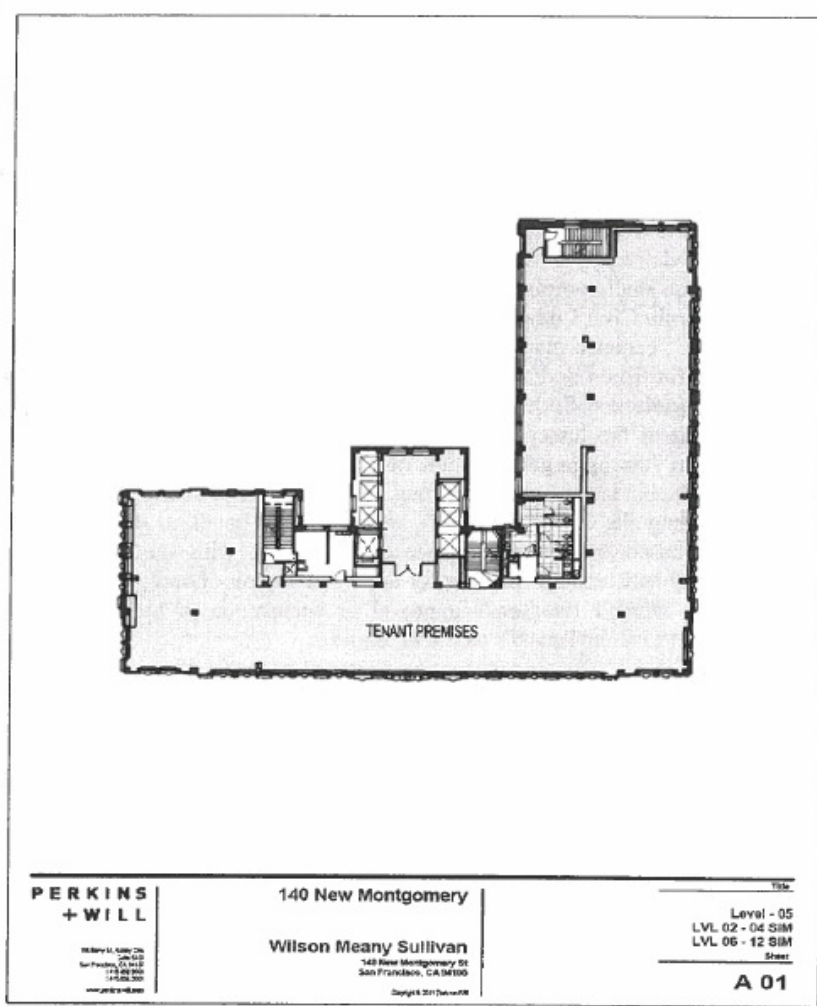


EXHIBIT B

EXHIBIT B

LANDLORD'S STANDARD DISBURSEMENT PROCESS

During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows. All references herein to "Premises" shall refer to the Thirteenth Floor Premises.

1. **Monthly Disbursements.** On or before the day of each calendar month, as determined by Landlord, during the construction of the Tenant Improvements (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1.1 of the Tenant Work Letter, approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from all of Tenant's agents for labor rendered and materials delivered to the Premises; (iii) executed mechanic's lien releases from all of Tenant's agents which shall comply with the appropriate provisions, as reasonably determined by Landlord, of California Civil Code Section 3262(d); and (iv) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. Thereafter, Landlord shall deliver a check to Tenant made jointly payable to Contractor and Tenant in payment of the lesser of: (A) the amounts so requested by Tenant, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "**Final Retention**"), and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the Approved Working Drawings, or due to any substandard work, or for any other reason. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2. **Final Retention.** Subject to the provisions of this Tenant Work Letter, a check for the Final Retention shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and either Section 3262(d)(3) or Section 3262(d)(4), (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building and (iii) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Tenant Improvements in the Premises has been substantially completed.

3. **Other Terms.** Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of this Lease. Removal of the Tenant Improvements upon the expiration or earlier termination of the Lease shall be in accordance with Section 2.1 of the Tenant Work Letter.

EXHIBIT B

-1-

EXHIBIT C

INSURANCE REQUIREMENTS

Stockbridge 138 New Montgomery, LLC - Owner
Wilson Meany L.P. - as Manager

Contractor Insurance Requirements for 140 New Montgomery Street, San Francisco, CA 94105

All Contractors working at the property, on behalf of the Owner, Property Manager, or Tenants, are required to provide evidence of insurance. Please ask your insurance agent to send us a certificate of insurance, showing the required coverage, and the additional insured endorsement, showing that we have been added to your policy.

Minimum Limits of Insurance - Contractor shall maintain limits no less than:

- General Liability (to include contractual liability, personal injury protection and completed operations coverage).
- \$2,000,000 per occurrence for bodily injury and property damage.
- \$10,000,000 general aggregate.

Note--these limits can be obtained through a combination of general liability and excess liability insurance.

Property Insurance coverage for tools and equipment brought onto and/pr used on any Facility by the contractor in an amount equal to the replacement costs.

- Workman's Compensation insurance conforming to the limits required in the state in which the work is performed.
- For Tenant Improvement or Alteration Projects - Tenant to carry Builder's All Risk insurance covering the construction of the work in question.
- Waiver of Subrogation.
- Employer's Liability: \$1,000,000 minimum per incident.
- Automobile Liability: \$1,000,000 per incident.

Additional Insured Endorsement

The insurance policy should be endorsed to show the following parties as additional insureds. You must provide the actual endorsement or the policy pages showing "Who is An Insured".

Stockbridge 138 New Montgomery LLC
Stockbridge Capital Group LLC
Wilson Meany LP
Wilson Meany Inc
BREF Series B LLC
Wells Fargo Bank N.A. Loan

Certificate Holder

Stockbridge 138 New Montgomery LLC
c/o Wilson Meany L.P.
Four Embarcadero Center, Suite 3330
San Francisco, CA 94111
Fax: 415-273-8634

NOTE: This form is intended to be used as a guide only. Should any conflicts arise between this document and any requirements in the contract (or contract addendum), the contract (or contract addendum) shall always prevail.

EXHIBIT C

FOURTH AMENDMENT TO OFFICE LEASE

This FOURTH AMENDMENT TO OFFICE LEASE ("**Fourth Amendment**") is made and entered into as of the 3 day of January 2014, by and between STOCKBRIDGE 138 NEW MONTGOMERY LLC, a Delaware limited liability company ("**Landlord**"), and YELP INC., a Delaware corporation ("**Tenant**").

RECITALS:

A. Landlord and Tenant entered into that certain Office Lease dated May 9, 2012 (the "**Office Lease**"), as amended by that certain First Amendment to Office Lease dated December 14, 2012 (the "**First Amendment**"), that certain Second Amendment to Office Lease dated May 30, 2013 (the "**Second Amendment**") and that certain Third Amendment to Office Lease dated November 22, 2013 (the "**Third Amendment**"), whereby Landlord leased to Tenant and Tenant leased from Landlord approximately 135,044 rentable square feet of space (the "**Initial Premises**"), consisting of (i) 12,268 rentable square feet of space consisting of the entire 5th floor and more commonly known as Suite 500; (ii) 12,268 rentable square feet of space consisting of the entire 6th floor and more commonly known as Suite 600; (iii) 12,268 rentable square feet of space consisting of the entire 7th floor and more commonly known as Suite 700; (iv) 12,268 rentable square feet of space consisting of the entire 8th floor and more commonly known as Suite 800; (v) 12,268 rentable square feet of space consisting of the entire 9th floor and more commonly known as Suite 900; (vi) 12,268 rentable square feet of space consisting of the entire 10th floor and more commonly known as Suite 1000; (vii) 12,268 rentable square feet of space consisting of the entire 11th floor and more commonly known as Suite 1100; (viii) 12,268 rentable square feet of space consisting of the entire 12th floor and more commonly known as Suite 1200; (ix) 12,268 rentable square feet of space consisting of the entire 4th floor and more commonly known as Suite 400; (x) 12,364 rentable square feet of space consisting of the entire 2nd floor and more commonly known as Suite 200; and (xi) 12,268 rentable square feet of space consisting of the entire 13th floor and more commonly known as Suite 1300, of that certain office building located at 140 New Montgomery Street, San Francisco, California (the "**Building**"). The Office Lease, the First Amendment, the Second Amendment and the Third Amendment are collectively referred to herein as the "**Lease**".

B. Landlord and Tenant desire to amend the Lease as hereinafter provided.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Capitalized Terms.** All capitalized terms when used herein shall have the same meaning as is given such terms in the Lease unless expressly superseded by the terms of this Fourth Amendment.

2. **Must Take Space.** The Initial Premises shall be expanded to include the rentable square footage of the "Must-Take Space," as that term is defined in Section 2.1, below, as set forth in this Section 2. As of the "Must-Take Delivery Date," as that term is defined in Section 2.2, below, the Must-Take Space shall be deemed part of the Premises for all purposes under the Lease, as amended.

2.1. **Description of the Must-Take Space.** Landlord and Tenant hereby acknowledge and agree that, effective as of the date of this Fourth Amendment, "Expansion Space 2," as that term is defined in Section 1.3.1 of the Office Lease (i.e., 12,268 rentable square feet of space consisting of the entire third (3rd) floor of the Building), shall be the "**Must-Take Space**." Accordingly, the terms and conditions of this Section 2 shall govern the Must-Take Space, and Section 1.3 of the Office Lease shall not apply thereto, and Tenant shall have no rights with respect to the Expansion Space 2.

2.2. **Delivery of the Must-Take Space.** Tenant shall accept delivery of the Must-Take Space from Landlord, and Landlord shall deliver the Must-Take Space to Tenant, on October 1, 2015 (the "**Must-Take Delivery Date**").

2.3. Must-Take Space Rent.

2.3.1 **Must-Take Space Base Rent.** Tenant shall pay Base Rent for the Initial Premises in accordance with the Lease, and, as of the Must-Take Delivery Date, Tenant shall pay to Landlord monthly installments of Base Rent for the Must-Take Space (the "**Must-Take Space Base Rent**") as follows:

Period During Lease Term	Annual Must-Take Space Base Rent	Monthly Installment of Must-Take Space Base Rent	Approximate Annual Rental Rate per Rentable Square Foot of Must-Take Space
October 1, 2015 - September 30, 2016	\$650,817.36	\$54,234.78	\$53.05
October 1, 2016- September 30, 2017	\$670,341.96	\$55,861.83	\$54.64
October 1, 2017 - September 30, 2018	\$690,452.16	\$57,537.68	\$56.28
October 1, 2018- September 30, 2019	\$711,165.72	\$59,263.81	\$57.97
October 1, 2019- September 30, 2020	\$732,500.76	\$61,041.73	\$59.71
October 1, 2020 - September 30, 2021	\$754,475.76	\$62,872.98	\$61.50

2.3.2 **Tenant's Share of Building Direct Expenses.** Tenant shall also pay to Landlord Tenant's Share of Direct Expenses for the Must-Take Space pursuant to Article 1 of the Lease; provided that (a) Tenant's Share with respect to the Must-Take Space shall be four and fifteen hundredths percent (4.15%), and (b) the Base Year with respect to the Must-Take Space shall be calendar year 2015.

2.4. **Construction in the Must-Take Space.** Except as specifically set forth in this Fourth Amendment, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Must-Take Space. Tenant shall cause the construction of the tenant improvements in the Must-Take Space (the "**Must-Take Improvements**") pursuant to the terms of the Tenant Work Letter, attached to the Office Lease as **Exhibit B** (the "**Tenant Work Letter**"); provided, however, in connection with this Fourth Amendment:

2.4.1 All references to the "Premises" in the Tenant Work Letter shall refer to the Must-Take Space only and all references to the "Lease Commencement Date" shall refer to the "Must-Take Delivery Date".

2.4.2 The Tenant Improvement Allowance, as that term is defined in Section 2.1 of the Tenant Work Letter, with respect to the Must-Take Space shall be an amount equal to Five Hundred Fifty-Two Thousand Sixty and 00/100 Dollars (\$552,060.00) (i.e., Forty-Five and 00/100 Dollars (\$45.00) per rentable square foot of the Must-Take Space, multiplied by 12,268 rentable square feet).

2.4.3 Landlord and Tenant hereby acknowledge and agree that Section 1.2 of the Tenant Work Letter (Landlord Work; Delivery Condition) shall not be applicable to the Must-Take Space. Landlord shall provide to Tenant an additional allowance of up to Two Hundred Forty-Five Thousand Three Hundred Sixty and 00/100 Dollars (\$245,360.00) (i.e., \$20.00 per rentable square foot of the Must-Take Space, multiplied by 12,268 feet) for Tenant to cause, as part of the Must-Take Improvements, the Base Building to comply with the conditions set forth on Schedule 1 to the Tenant Work Letter (the "**Base Building Allowance**"). The Base Building Allowance shall be disbursed by Landlord pursuant to the same procedure as the Tenant Improvements Allowance for the Must-Take Space.

2.4.4 There shall be no Landlord Drawing Contribution, as that term is defined in Section 2.4 of the Tenant Work Letter, in connection with the Must-Take Space.

2.4.5 There shall be no HVAC Credit, as that term is defined in Section 2.5 of the Tenant Work Letter, in connection with the Must-Take Space.

2.4.6 The Coordination Fee, as that term is defined in Section 4.2.2.1 of the Tenant Work Letter, with respect to the Must-Take Space shall be an amount equal to Six Thousand One Hundred Thirty-Four and 00/100 Dollars (\$6,134.00) (i.e., an amount equal to \$0.50 per rentable square foot of the Must-Take Space).

2.4.7 Notwithstanding anything set forth in Section 4 of the Tenant Work Letter to the contrary, Tenant (as opposed to Landlord) shall retain the contractor to construct the Must-Take Improvements. Landlord shall have no obligation to enforce the terms of the Contract with respect to the construction of the Must-Take Improvements. Landlord shall disburse the Tenant Improvements Allowance for the Must-Take Space and the Base Building Allowance for the Must-Take Space in accordance with Landlord's standard disbursement process, which shall include the terms set forth in Exhibit A, attached hereto.

2.4.8 Contractor and all of Tenant's agents shall comply with the insurance requirements set forth in Exhibit B attached hereto.

2.5. Parking. Tenant hereby agrees and acknowledges that Tenant shall not be entitled to any additional parking passes in connection with its lease of the Must-Take Space.

2.6. Other Terms. Except as specifically set forth in this Section 2, all other terms of the Lease shall apply to the Must-Take Space as though the Must-Take Space was originally part of the Premises. Upon delivery of the Must-Take Space to Tenant as set forth herein, Landlord shall deliver to Tenant a notice in the form as set forth in Exhibit C of the Office Lease as a confirmation of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof; provided, however, Tenant's failure to execute and return such notice to Landlord within such time shall be conclusive upon Tenant that the information set forth in such notice is as specified therein. The lease term of the Must-Take Space shall expire on the Lease Expiration Date.

3. Brokers. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Fourth Amendment other than CBRE, Inc. and The CAC Group, Inc. (the "**Brokers**") and that they know of no real estate broker or agent who is entitled to a commission in connection with this Fourth Amendment other than the Brokers. Each party agrees to indemnify and defend the other party against and hold the other party harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 3 shall survive the expiration or earlier termination of the term of the Lease, as hereby amended.

4. No Further Modification. Except as set forth in this Fourth Amendment, all of the terms and provisions of the Lease shall apply and shall remain unmodified and in full force and effect.

[signatures follow on next page]

IN WITNESS WHEREOF, this Fourth Amendment has been executed as of the day and year first above written.

"LANDLORD"

"TENANT"

STOCKBRIDGE 138 NEW MONTGOMERY
LLC, a Delaware limited liability company

YELP INC.,
a Delaware corporation

By: /s/ Stephen Pilch

By: /s/ Rob Krolik

Name: Stephen Pilch

Name: Rob Krolik

Title: Senior Vice President

Title: CFO

EXHIBIT A

LANDLORD'S STANDARD DISBURSEMENT PROCESS

During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows. All references herein to "Premises" shall refer to the Must-Take Space.

1. Monthly Disbursements. On or before the day of each calendar month, as determined by Landlord, during the construction of the Tenant Improvements (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1.1 of the Tenant Work Letter, approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from all of Tenant's agents for labor rendered and materials delivered to the Premises; (iii) executed mechanic's lien releases from all of Tenant's agents which shall comply with the appropriate provisions, as reasonably determined by Landlord, of California Civil Code Section 3262(d); and (iv) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. Thereafter, Landlord shall deliver a check to Tenant made jointly payable to Contractor and Tenant in payment of the lesser of: (A) the amounts so requested by Tenant, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "**Final Retention**"), and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the Approved Working Drawings, or due to any substandard work, or for any other reason. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2. Final Retention. Subject to the provisions of this Tenant Work Letter, a check for the Final Retention shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and either Section 3262(d)(3) or Section 3262(d)(4), (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building and (iii) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Tenant Improvements in the Premises has been substantially completed.

3. Other Terms. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of this Lease. Removal of the Tenant Improvements upon the expiration or earlier termination of the Lease shall be in accordance with Section 2.1 of the Tenant Work Letter.

EXHIBIT A

EXHIBIT B

INSURANCE REQUIREMENTS

Stockbridge 138 New Montgomery, LLC -Owner
Wilson Meany L.P. - as Manager

Contractor Insurance Requirements for 140 New Montgomery Street, San Francisco, CA 94105

All Contractors working at the property, on behalf of the Owner, Property Manager, or Tenants, are required to provide evidence of insurance. Please ask your insurance agent to send us a certificate of insurance, showing the required coverage, and the additional insured endorsement, showing that we have been added to your policy.

Minimum Limits of Insurance - Contractor shall maintain limits no less than:

- General Liability (to include contractual liability, personal injury protection and completed operations coverage).
- \$2,000,000 per occurrence for bodily injury and property damage.
- \$10,000,000 general aggregate.

Note--these limits can be obtained through a combination of general liability and excess liability insurance.

Property Insurance coverage for tools and equipment brought onto and/pr used on any Facility by the contractor in an amount equal to the replacement costs.

- Workman's Compensation insurance conforming to the limits required in the state in which the work is performed.
- For Tenant Improvement or Alteration Projects - Tenant to carry Builder's All Risk insurance covering the construction of the work in question.
- Waiver of Subrogation.
- Employer's Liability: \$1,000,000 minimum per incident.
- Automobile Liability: \$1,000,000 per incident.

Additional Insured Endorsement

The insurance policy should be endorsed to show the following parties as additional insureds. You must provide the actual endorsement or the policy pages showing "Who is An Insured".

Stockbridge 138 New Montgomery LLC
Stockbridge Capital Group LLC
Wilson Meany LP
Wilson Meany Inc
BREF Series B LLC
Wells Fargo Bank N.A. loan

Certificate Holder

Stockbridge 138 New Montgomery LLC
c/o Wilson Meany L.P.
Four Embarcadero Center, Suite 3330
San Francisco, CA 94111
Fax: 415-273-8634

NOTE: This form is intended to be used as a guide only. Should any conflicts arise between this document and any requirements in the contract (or contract addendum), the contract (or contract addendum) shall always prevail.

EXHIBIT B

-1-

AMENDED AND RESTATED FOURTH AMENDMENT TO OFFICE LEASE

This AMENDED AND RESTATED FOURTH AMENDMENT TO OFFICE LEASE ("**Restated Fourth Amendment**") is made and entered into as of the 4 day of June, 2014, by and between STOCKBRIDGE 138 NEW MONTGOMERY LLC, a Delaware limited liability company ("**Landlord**") YELP INC., a Delaware corporation ("**Tenant**").

RECITALS:

A. Landlord and Tenant entered into that certain Office Lease dated May 9, 2012 (the "**Office Lease**"), as amended by that certain First Amendment to Office Lease dated December 14, 2012 (the "**First Amendment**"), that certain Second Amendment to Office Lease dated May 30, 2013 (the "**Second Amendment**") and that certain Third Amendment to Office Lease dated November 22, 2013 (the "**Third Amendment**"), and that certain Fourth Amendment to Office Lease dated January 3, 2014 (the "**Fourth Amendment**"), whereby Landlord leased to Tenant and Tenant leased from Landlord approximately 135,044 rentable square feet of space (the "**Initial Premises**"), consisting of (i) 12,268 rentable square feet of space consisting of the entire 5th floor and more commonly known as Suite 500; (ii) 12,268 rentable square feet of space consisting of the entire 6th floor and more commonly known as Suite 600; (iii) 12,268 rentable square feet of space consisting of the entire 7th floor and more commonly known as Suite 700; (iv) 12,268 rentable square feet of space consisting of the entire 8th floor and more commonly known as Suite 800; (v) 12,268 rentable square feet of space consisting of the entire 9th floor and more commonly known as Suite 900; (vi) 12,268 rentable square feet of space consisting of the entire 10th floor and more commonly known as Suite 1000; (vii) 12,268 rentable square feet of space consisting of the entire 11th floor and more commonly known as Suite 1100; (viii) 12,268 rentable square feet of space consisting of the entire 12th floor and more commonly known as Suite 1200; (ix) 12,268 rentable square feet of space consisting of the entire 4th floor and more commonly known as Suite 400; (x) 12,364 rentable square feet of space consisting of the entire 2nd floor and more commonly known as Suite 200; and (xi) 12,268 rentable square feet of space consisting of the entire 13th floor and more commonly known as Suite 1300, of that certain office building located at 140 New Montgomery Street, San Francisco, California (the "**Building**"). The Office Lease, the First Amendment, the Second Amendment and the Third Amendment are collectively referred to herein as the "**Lease**".

B. Pursuant to the Fourth Amendment, Landlord is obligated to deliver the entire third (3rd) floor of the Building (i.e., the Must-Take Space) to Tenant as of October 1, 2015.

C. Landlord and Tenant desire (i) amend and restate the Fourth Amendment to accelerate the delivery of the Must-Take Space to Tenant and (ii) further modify the Lease as hereinafter provided.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Capitalized Terms.** All capitalized terms when used herein shall have the same meaning as is given such terms in the Lease unless expressly superseded by the terms of this Restated Fourth Amendment.

2. **Effect of Restated Fourth Amendment.** Effective as of the date hereof, the Fourth Amendment is superseded in its entirety by this Restated Fourth Amendment and shall be of no further force or effect.

3. **Must Take Space.** The Initial Premises shall be expanded to include the rentable square footage of the "Must-Take Space," as that term is defined in Section 3.1, below, as set forth in this Section 3. As of September 1, 2014 (the "**Must-Take Commencement Date**"), the Must-Take Space shall be deemed part of the Premises for all purposes under the Lease, as hereby amended.

3.1. **Description of the Must-Take Space.** Landlord and Tenant hereby acknowledge and agree that, effective as of the Must-Take Commencement Date, "Expansion Space 2," as that term is defined in Section 1.3.1 of the Office Lease (i.e., 12,268 rentable square feet of space consisting of the entire third (3rd) floor of the Building), shall be the "**Must-Take Space**." Accordingly, the terms and conditions of this Section 3 shall govern the Must-Take Space, and Section 1.3 of the Office Lease shall not apply thereto, and Tenant shall have no rights with respect to the Expansion Space 2.

3.2. **Delivery of the Must-Take Space.** Tenant shall accept delivery of the Must-Take Space from Landlord and Landlord shall deliver the Must-Take Space to Tenant, on June 1, 2014 (the "**Must-Take Delivery Date**").

3.3. Must-Take Space Rent.

3.3.1 **Must-Take Space Base Rent.** Tenant shall pay Base Rent for the Initial Premises in accordance with the Lease, and, as of the Must-Take Commencement Date, Tenant shall pay to Landlord monthly installments of Base Rent for the Must-Take Space (the "**Must-Take Space Base Rent**") as follows:

Period During Lease Term	Annual Must-Take Space Base Rent	Monthly Installment of Must-Take Space Base Rent	Approximate Annual Rental Rate per Rentable Square Foot of Must-Take Space
September 1, 2014 - September 30, 2016*	\$650,817.36	\$54,234.78	\$53.05
October 1, 2016 - September 30, 2017	\$670,341.96	\$55,861.83	\$54.64
October 1, 2017 - September 30, 2018	\$690,452.16	\$57,537.68	\$56.28
October 1, 2018 - September 30, 2019	\$711,165.72	\$59,263.81	\$57.97
October 1, 2019 - September 30, 2020	\$732,500.76	\$61,041.73	\$59.71
October 1, 2020 - September 30, 2021	\$754,475.76	\$62,872.98	\$61.50

* Subject to the terms set forth in Section 3.3.1.1 below, the Base Rent attributable to the Must-Take Space for the period commencing on September 1, 2014 and continuing through and including December 31, 2014 shall be abated.

3.3.1.1 **Must-Take Space Abated Base Rent.** Notwithstanding the foregoing, or any contrary provision of the Lease, as hereby amended, and provided that Tenant is not then in default of the Lease, as hereby amended, then during the period commencing on September 1, 2014 and continuing through and including December 31, 2014 (the "**Must-Take Space Abatement Period**"), Tenant shall not be obligated to pay any Base Rent otherwise attributable to the Must-Take Space during such Must-Take Space Rent Abatement Period (the "**Must-Take Space Rent Abatement**"). Landlord and Tenant acknowledge that the aggregate amount of the Must-Take Space Rent Abatement equals Two Hundred Sixteen Thousand Nine Hundred Thirty Nine and 12/100 Dollars (\$216,939.12). Tenant acknowledges and agrees that the foregoing Must-Take Space Rent Abatement has been granted to Tenant as additional consideration for agreeing to pay the Rent and performing the terms and conditions otherwise required under the Lease, as hereby amended. If Tenant shall be in default under the Lease, as hereby amended, and shall fail to cure such default within the notice and cure period, if any, permitted for cure pursuant to terms and conditions of the Lease, as hereby amended, or if the Lease is terminated for any reason other than Landlord's breach of the Lease, as hereby amended, then the dollar amount of the unapplied portion of the Must-Take Space Rent Abatement as of the date of such default or termination, as the case may be, shall be converted to a credit to be applied to the Base Rent applicable at the end of the Lease Term and Tenant shall immediately be obligated to begin paying Base Rent for the Premises in full.

3.3.2 **Tenant's Share of Building Direct Expenses.** Tenant shall also pay to Landlord Tenant's Share of Direct Expenses for the Must-Take Space pursuant to Article 1 of the Lease; provided that (a) Tenant's Share with respect to the Must-Take Space shall be four and fifteen hundredths percent (4.15%), and (b) the Base Year with respect to the Must-Take Space shall be calendar year 2015.

3.4. **Construction in the Must-Take Space.** Except as specifically set forth in this Restated Fourth Amendment, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Must-Take Space. Tenant shall cause the construction of the tenant improvements in the Must-Take Space (the "**Must-Take Improvement**") pursuant to the terms of the Tenant Work Letter, attached to the Office Lease as **Exhibit B** (the "**Tenant Work Letter**"); provided, however, in connection with this Restated Fourth Amendment:

3.4.1 All references to the "Premises" in the Tenant Work Letter shall refer to the Must-Take Space only, the reference to the "Lease Commencement Date" in Section 1.3 of the Tenant Work Letter shall refer to the "Must-Take Commencement Date," and all other references to the "Lease Commencement Date" in the Tenant Work Letter shall refer to the "Must-Take Delivery Date".

3.4.2 The Tenant Improvement Allowance, as that term is defined in Section 2.1 of the Tenant Work Letter, with respect to the Must-Take Space shall be an amount equal to Five Hundred Fifty-Two Thousand Sixty and 00/100 Dollars (\$552,060.00) (i.e., Forty-Five and 00/100 Dollars (\$45.00) per rentable square foot of the Must-Take Space, multiplied by 12,268 rentable square feet).

3.4.3 Landlord and Tenant hereby acknowledge and agree that Section 1.2 of the Tenant Work Letter (Landlord Work; Delivery Condition) shall not be applicable to the Must-Take Space. Landlord shall provide to Tenant an additional allowance of up to Two Hundred Forty-Five Thousand Three Hundred Sixty and 00/100 Dollars (\$245,360.00) (i.e., \$20.00 per rentable square foot of the Must-Take Space, multiplied by 12,268 feet) for Tenant to cause, as part of the Must-Take Improvements, the Base Building to comply with the conditions set forth on **Schedule 1** to the Tenant Work Letter (the "**Base Building Allowance**"). The Base Building Allowance shall be disbursed by Landlord pursuant to the same procedure as the Tenant Improvements Allowance for the Must-Take Space.

3.4.4 There shall be no Landlord Drawing Contribution, as that term is defined in Section 2.4 of the Tenant Work Letter, in connection with the Must-Take Space.

3.4.5 There shall be no HVAC Credit, as that term is defined in Section 2.5 of the Tenant Work Letter, in connection with the Must-Take Space.

3.4.6 The Coordination Fee, as that term is defined in Section 4.2.2.1 of the Tenant Work Letter, with respect to the Must-Take Space shall be an amount equal to Six Thousand One Hundred Thirty-Four and 00/100 Dollars (\$6,134.00) (i.e., an amount equal to \$0.50 per rentable square foot of the Must-Take Space).

3.4.7 Notwithstanding anything set forth in Section 4 of the Tenant Work Letter to the contrary, Tenant (as opposed to Landlord) shall retain the contractor to construct the Must-Take Improvements. Landlord shall have no obligation to enforce the terms of the Contract with respect to the construction of the Must-Take Improvements. Landlord shall disburse the Tenant Improvements Allowance for the Must-Take Space and the Base Building Allowance for the Must-Take Space in accordance with Landlord's standard disbursement process, which shall include the terms set forth in **Exhibit A**, attached hereto.

3.4.8 Contractor and all of Tenant's agents shall comply with the insurance requirements set forth in **Exhibit B** attached hereto.

3.5. **Other Terms.** Except as specifically set forth in this Section 3, all other terms of the Lease shall apply to the Must-Take Space as though the Must-Take Space was originally part of the Premises. The lease term of the Must-Take Space shall expire on the Lease Expiration Date.

4. **No Further Modification.** Except as set forth in this Restated Fourth Amendment, all of the terms and provisions of the Lease shall apply and shall remain unmodified and in full force and effect.

[signatures follow on next page]

IN WITNESS WHEREOF, this Restated Fourth Amendment has been executed as of the day and year first above written.

"LANDLORD"

STOCKBRIDGE 138 NEW MONTGOMERY
LLC, a Delaware limited liability company

By: /s/ Stephen Pilch

Name: Stephen Pilch

Title: Senior Vice President

"TENANT"

YELP INC.
a Delaware corporation

By: /s/ Rob Krolik

Name: Rob Krolik

Title: CFO

SUBSIDIARIES

Darwin Social Marketing Inc. (Canada)

Darwin Sweden AB (Sweden)

Eat24, LLC (Delaware)

Qype SARL (France)

Yelp Australia Pty. Ltd (Australia)

Yelp Brazil Serviços de Marketing Ltda. (Brazil)

Yelp GmbH (Germany)

Yelp España S.L. (Spain)

Yelp France SAS (France)

Yelp Ireland Holding Company Limited (Ireland)

Yelp Ireland Limited (Ireland)

Yelp Italia S.r.l.

Yelp Japan, G.K. (Japan)

Yelp Singapore PTE Ltd. (Singapore)

Yelp UK Ltd (England and Wales)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-180221, 333-187545, 333-192016, 333-194260, 333-202332, 333-209683 and 333-211198 on Form S-8 of our reports dated March 1, 2017, relating to the consolidated financial statements of Yelp Inc. and subsidiaries, and the effectiveness of Yelp Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Yelp Inc. for the year ended December 31, 2016.

DELOITTE & TOUCHE LLP

San Francisco, California
March 1, 2017

CERTIFICATIONS

I, Jeremy Stoppelman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Yelp Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2017

/s/ Jeremy Stoppelman

Jeremy Stoppelman

Chief Executive Officer

CERTIFICATION

I, Charles Baker, certify that:

1. I have reviewed this Annual Report on Form 10-K of Yelp Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2017

/s/ Charles Baker

Charles Baker
Chief Financial Officer

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), Jeremy Stoppelman, Chief Executive Officer of Yelp Inc. (the "Company"), and Charles Baker, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Annual Report on Form 10-K for the period ended December 31, 2016, to which this Certification is attached as Exhibit 32.1 (the "Annual Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of the 1st day of March, 2017.

/s/ Jeremy Stoppelman

Jeremy Stoppelman

Chief Executive Officer

/s/ Charles Baker

Charles Baker

Chief Financial Officer

This certification accompanies the Annual Report on Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Yelp Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.
