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, 2019
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 000-25131

BLUCORA™

Blucora, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**91-1718107**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

6333 State Hwy 161, 4th Floor, Irving, Texas 75038
(Address of principal executive offices) (Zip code)
(972) 870-6400
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**BCOR**	**NASDAQ Global Select Market**

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

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

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

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

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

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

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

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

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

The aggregate market value of the Common Stock held by non-affiliates of the registrant outstanding as of June 30, 2019, based upon the closing price of Common Stock on June 30, 2019 as reported on the NASDAQ Global Select Market, was $1,461.5 million. Common Stock held by each officer and director (or his or her affiliate) has been excluded because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for any other purposes.

As of February 21, 2020, 47,837,750 shares of the registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant's 2020 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days of the end of the fiscal year ended December 31, 2019, are incorporated by reference in Part III hereof. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.

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Signatures

Trademarks, Trade Names and Service Marks

This report includes some of trademarks, trade names and service marks of Blucora, Inc. (referred to throughout this report as ***"Blucora,"*** *the* ***"Company," "we," "us,"*** *or* ***"our"****), including Blucora, Avantax Wealth Management, HD Vest, 1st Global, TaxAct, Tax-Smart Investing, Capital Gains Analyzer, Tax-Loss Harvester, and Social Security Planner. Each one of these trademarks, trade names or service marks is either (i) our registered trademark, (ii) a trademark for which we have a pending application, (iii) a trade name or service mark for which we claim common law rights, or (iv) a registered trademark or application for registration that we have been authorized by a third party to use.*

Solely for convenience, the trademarks, service marks and trade names included in this report are without the ®, ™ or other applicable symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names. This report may also include additional trademarks, service marks, and trade names of others, which are the property of their respective owners. All trademarks, service marks, and trade names included in this report are, to our knowledge, the property of their respective owners.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

*This Annual Report on Form 10-K (**"Form 10-K"**) contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in Part II, Item 7 of this Form 10-K under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "anticipates," "believes," "plans," "expects," "future," "intends," "may," "will," "should," "estimates," "predicts," "potential," "continues," and similar terms and expressions, but the absence of these words does not mean that the statement is not forward-looking. These forward-looking statements include, but are not limited to, statements regarding:*

- *our ability to effectively compete within our industry;*
- *our ability to attract and retain financial advisors, qualified employees, clients, and customers, as well as our ability to provide strong customer/client service;*
- *our ability to close, finance, and realize all of the anticipated benefits of our recent or pending acquisitions, as well as our ability to integrate the operations of recently acquired businesses;*
- *our future capital requirements and the availability of financing, if necessary;*
- *our ability to meet our current and future debt service obligations, including our ability to maintain compliance with our debt covenants;*
- *our ability to generate strong performance for our clients and the impact of the financial markets on our clients' portfolios;*
- *the impact of new or changing legislation and regulations (or interpretations thereof) on our business, including our ability to successfully address and comply with such legislation and regulations (or interpretations thereof) and increased costs, reductions of revenue, and potential fines, penalties or disgorgement to which we may be subject as a result thereof;*
- *risks, burdens, and costs, including fines, penalties or disgorgement, associated with our business being subjected to regulatory inquiries, investigations or initiatives, including those of the Financial Industry Regulatory Authority (**"FINRA"**) and the Securities and Exchange Commission (**"SEC"**);*
- *risks associated with legal proceedings, including litigation and regulatory proceedings;*
- *our ability to manage leadership and employee transitions, including costs and time burdens on management and our board of directors (**"Board"**) related thereto;*
- *political and economic conditions and events that directly or indirectly impact the wealth management and tax preparation industries;*
- *our ability to respond to rapid technological changes, including our ability to successfully release new products and services or improve upon existing products and services;*
- *our expectations concerning the revenues we generate from fees associated with the financial products that we distribute;*
- *risks related to goodwill and other intangible asset impairment;*
- *our ability to develop, establish, and maintain strong brands;*
- *risks associated with the use and implementation of information technology and the effect of security breaches, computer viruses, and computer hacking attacks;*
- *our ability to comply with laws and regulations regarding privacy and protection of user data;*
- *our ability to maintain our relationships with third-party partners, providers, suppliers, vendors, distributors, contractors, financial institutions, industry associations, and licensing partners, and our expectations regarding and reliance on the products, tools, platforms, systems, and services provided by these third parties;*
- *our beliefs and expectations regarding the seasonality of our business;*
- *our assessments and estimates that determine our effective tax rate; and*
- *our ability to protect our intellectual property and the impact of any claim that we have infringed on the intellectual property rights of others.*

Forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors that may cause our results, levels of activity, performance, achievements, and prospects to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties, and other factors include, among others, those identified under "Item 1A. Risk Factors" and elsewhere in this Form 10-K. All forward-looking statements speak only as of the date of this Form 10-K. We do not undertake any obligation and do not intend to update or revise any forward-looking statement to reflect new information, events, or circumstances after the date of this Form 10-K or to reflect the occurrence of unanticipated events, except as required by law.

PART I

ITEM 1. Business

General Overview

Blucora, Inc. (the **"*Company,*" "*Blucora,*" "*we,*" "*our,*"** or **"*us*"**) is a leading provider of technology-enabled, tax-smart financial solutions to consumers, small business owners, tax professionals, financial advisors, and certified public accounting firms. Blucora helps people manage their financial lives and optimize their taxes through its two primary businesses: (1) the Wealth Management business and (2) the Tax Preparation business. Our common stock is listed on the NASDAQ Global Select Market under the symbol "BCOR."

The Wealth Management business consists of the operations of Avantax Wealth Management (***"Avantax,"*** the **"*Wealth Management business,*"** or the **"*Wealth Management segment*"**), which formerly operated under the HD Vest and 1st Global brands prior to the Rebranding (see "Item 1. Business—Our History" for more information about the Rebranding). Avantax provides tax-focused wealth management solutions for financial advisors, tax preparers, certified public accounting firms, and their clients and is the leading tax-focused independent broker-dealer. As of December 31, 2019, nearly 4,000 advisors with branch offices in all 50 states utilized our Avantax platform and supported $70.6 billion of total client assets, including $27.6 billion of advisory assets, for approximately 480,000 clients.

The Tax Preparation business consists of the operations of TaxAct, Inc. (**"*TaxAct,*"** the **"*Tax Preparation business,*"** or the **"*Tax Preparation segment*"**) and provides affordable digital do-it-yourself (***"DDIY"***) tax preparation solutions for consumers, small business owners and tax professionals through its website www.TaxAct.com. For the year ended December 31, 2019, TaxAct powered approximately 3.2 million consumer e-files directly through end-users and another 2.0 million professional e-files through approximately 21,000 tax professionals who used TaxAct to prepare and file their taxes or those of their clients. TaxAct generates revenue primarily through its digital service at www.TaxAct.com and its mobile applications.

Business Overview

We have two reportable segments: (1) the Wealth Management segment and (2) the Tax Preparation segment.

Wealth Management Business

Through its registered broker-dealer, registered investment advisor, and insurance agency subsidiaries, Avantax Wealth Management operates the largest U.S. tax-focused independent broker-dealer, providing tax-smart wealth management solutions to financial advisors and their clients nationwide.

Avantax works with a nationwide network of nearly 4,000 advisors that operate as independent contractors. Avantax provides these advisors with an integrated platform of technical, practice, and product support tools to assist in making each financial advisor a comprehensive financial service center for his or her clients.

Unlike traditional independent broker-dealers and investment advisors whose client relationships are limited to providing investment advice, most Avantax advisors have long-standing tax advisory relationships that anchor their wealth management businesses. This is because Avantax primarily recruits and serves independent tax professionals, CPA firms, and financial advisors who partner with established tax practices. We believe that tax and accounting professionals, with their existing client relationships and in-depth knowledge of their clients' financial situations, possess a competitive advantage as their tax advisory relationships provide a large base of potential wealth management clients. This results in an experienced and stable network of financial advisors who are ideally positioned to provide tailored and comprehensive financial solutions that enable clients to meet their financial goals, including their tax goals. In turn, our advisors have multiple revenue-generating options to diversify their earnings sources.

To help tax and accounting professionals integrate wealth management services into their practice, we offer specialized training and support that introduces advisors to the investment business and helps them build their practices. The comprehensive training curriculum is administered through numerous outlets, including an annual national sales conference, numerous local training events, and on-demand learning paths.

Once advisors have integrated wealth management into their practices, Avantax provides an open-architecture investment platform and technology tools to help financial advisors identify investment opportunities for their clients. In addition, Avantax supports its advisors through its proprietary Tax-Smart Investing platform, which is designed to help advisors systematically capture tax-alpha (*i.e.,* the incremental performance an investor can achieve, relative to market returns, by taking advantage of available tax-saving strategies) for clients by identifying tax savings opportunities in an advisor's client base and automating the capture of that opportunity.

Avantax also has a highly experienced home office team that is focused on developing and delivering solutions tailored to each advisor's practice. The home office team provides marketing, practice management, product support, wealth management, retirement services, compliance, succession planning, and other support to our advisors.

Avantax primarily generates revenue through securities and insurance commissions, quarterly investment advisory fees based on advisory assets, product marketing service agreements, and other agreements and fees. We regularly review the commissions and fees we charge for these products and services based on the evolving regulatory and competitive environment in which we operate and as a result of changes in client preferences and needs. For additional information on the Wealth Management segment's revenues, see "Item 8. Financial Statements and Supplementary Data—Note 2."

Tax Preparation Business

TaxAct, a leading provider of digital tax preparation solutions, has leveraged its strong brand, comprehensive suite of tax preparation solutions, and proven digital lead generation capabilities to enable the filing of more than 68 million federal consumer tax returns since 2000. TaxAct operates as the value player in its market, with a mission to empower people to navigate the complexities of tax preparation with ease and accuracy at a fair price.

In addition to TaxAct's core offerings, TaxAct offers ancillary services such as refund payment transfer, audit defense, stored value cards, gift cards and retirement investment accounts through Avantax, as well as presenting customers the option to review and take advantage of personalized tax and potential financial savings opportunities offered through third party product providers. We believe that TaxAct's established brand and reputation is attractive to customers.

TaxAct had five offerings for consumers for tax year 2018, which is the basis for its 2019 operating results:

- A "free" federal and state edition that handled simple returns;
- A "basic" offering that offered features for filers with dependents or college expenses;
- A "deluxe" offering that contained all of the basic offering features in addition to tools to maximize credits and deductions, as well as tools for homeowners;
- A "premier" offering that contained all of the deluxe offering features in addition to tools for investments, rental property, and prioritized support; and
- A "self-employed" offering for independent contractors and self-employed filers.

For TaxAct's offerings, free state returns may be filed for free federal filers or through the separately sold state edition. TaxAct also had offerings for small business owners and included separate offerings for sole proprietors, partnerships, C corporations, and S corporations.

TaxAct's professional tax preparer software allows professional tax preparers to prepare and file individual and business returns for their clients. TaxAct offers flexible pricing and packaging options that help tax professionals save money by paying only for the specific services that they need. In addition, the professional tax preparer software includes valuable features that tax professionals count on to maximize their efficiency and productivity, including the option of entering data directly into tax forms, utilizing a question-and-answer interview method to enter data, or easily toggling between the two data entry methods.

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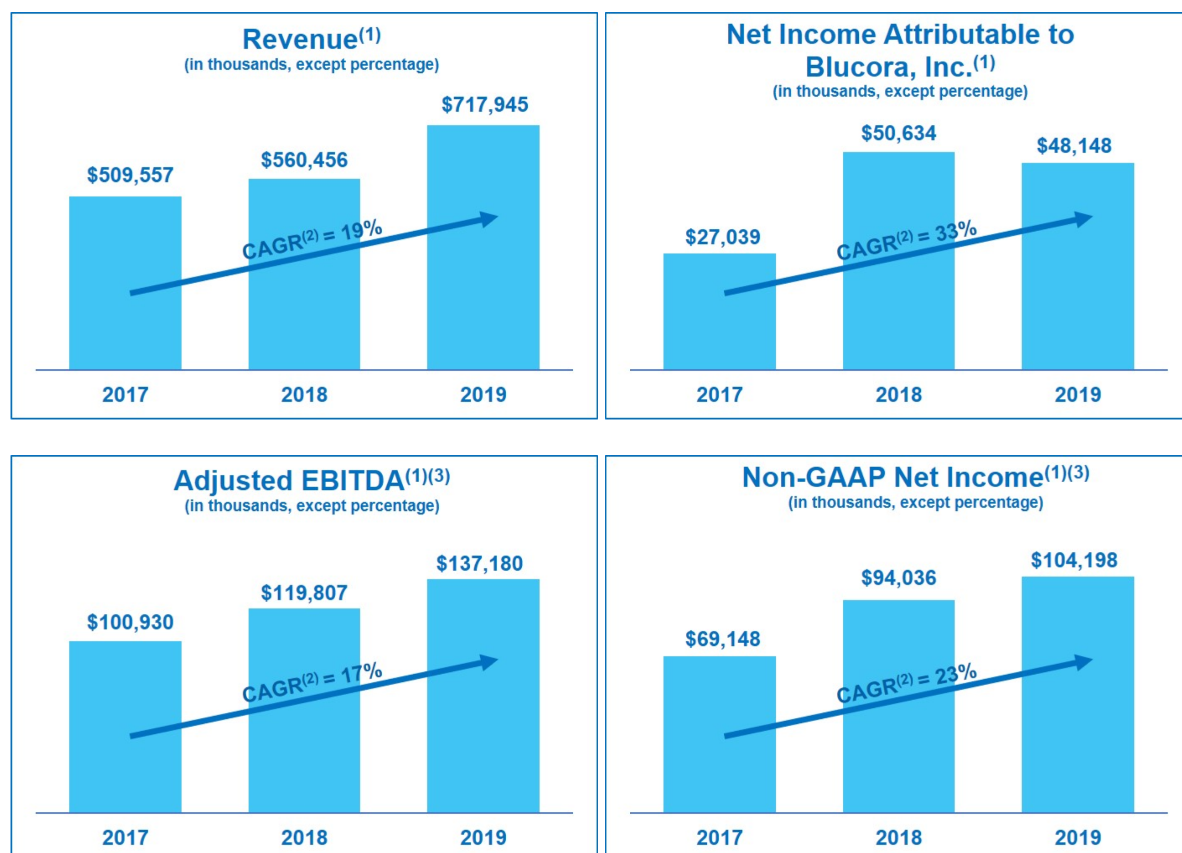
Financial Highlights

We have demonstrated growth in several key metrics that we use to measure our financial performance. In 2019, we:

- Increased total revenue by 28% compared to 2018;
- Completed the acquisition of 1st Global, adding significant scale and complementary capabilities to our Wealth Management business;
- Achieved record advisory net flows of $1.0 billion in our Wealth Management business;
- Recorded 22nd consecutive year of revenue growth in our Tax Preparation business, growing 12% compared to 2018; and
- Completed $28.3 million of a $100.0 million share repurchase program, supported by strong cash flow generation.



(1) On May 6, 2019, we acquired 1st Global, a tax-focused wealth management company. The operations of 1st Global are included in our operating results as part of the Wealth Management segment from the date of the 1st Global Acquisition.

(2) Represents the compound annual growth rate (***"CAGR"***) for each financial metric.

(3) Represents a non-GAAP financial measure. For a description of each non-GAAP financial measure and a reconciliation of each measure to the most directly comparable GAAP financial measure (which is Net Income Attributable to Blucora, Inc.), see the "*Non-GAAP Financial Measures*" section of "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

For additional information on our financial performance, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data."

Our History

Blucora was formed in 1996 as a Delaware corporation under the name InfoSpace, Inc. (***"InfoSpace"***). Significant events in Blucora's history include:

- In 2008, InfoSpace began principally focusing on internet search services and content (our ***"Search and Content"*** business).
- In January 2012, InfoSpace acquired TaxAct. In connection with this acquisition, InfoSpace changed its name to Blucora, Inc. in June 2012.
- In August 2013, Blucora acquired Monoprice, Inc. (***"Monoprice"***), an e-commerce company that sold self-branded electronics and accessories to both consumers and businesses (our ***"E-Commerce"*** business).
- In July 2015, Blucora acquired SimpleTax Software Inc. (***"SimpleTax"***), a provider of digital tax preparation services for individuals in Canada.
- In December 2015, Blucora acquired HD Vest, a provider of wealth management and advisory solutions specifically for tax professionals, and announced its plans to focus on the technology-enabled financial solutions market (the ***"Strategic Transformation"***). The Strategic Transformation refers to our transformation into a technology-enabled financial solutions company comprised of TaxAct and HD Vest.
- As part of the Strategic Transformation, we divested our Search and Content business in August 2016 and our E-Commerce business in November 2016. We subsequently relocated our corporate headquarters from Bellevue, Washington to Irving, Texas in 2017.
- On May 6, 2019, we closed the acquisition of all of the issued and outstanding common stock of 1st Global, Inc. and 1st Global Insurance Services, Inc. (together, ***"1st Global"***), a tax-focused wealth management company, for a cash purchase price of $180.0 million (the ***"1st Global Acquisition"***). The 1st Global Acquisition was strategically important as it expands our presence as the leading tax-focused independent broker-dealer while also providing the scale to compete more broadly in the wealth management market. The operations of 1st Global are included in our operating results as part of the Wealth Management segment from the date of the 1st Global Acquisition.
- Following an evaluation of the Tax Preparation business's strategic initiatives, including which aspects of the Tax Preparation business were considered non-core strategies, on September 4, 2019, we completed the disposition of all of the issued and outstanding stock of SimpleTax for proceeds of $9.6 million. This amount was received in the third quarter of 2019, resulting in a $3.3 million gain on sale for the year ended December 31, 2019. Prior to its sale, SimpleTax was a component of our Tax Preparation business.
- On September 9, 2019, we announced a rebranding of our Wealth Management business to Avantax Wealth Management (the ***"Rebranding"***). In connection with the Rebranding, HD Vest (which comprised all of the Wealth Management business prior to the 1st Global Acquisition) was renamed Avantax Wealth Management in mid-September 2019, and 1st Global converted in late October 2019. The Rebranding is designed to bring broader awareness to our Tax-Smart wealth management approach, providing tax-focused wealth management advice with technology-advantaged tools, allowing our financial advisors to easily provide Tax-Smart wealth solutions to their clients.

Recent Developments

HKFS Acquisition

On January 6, 2020, we entered into a Stock Purchase Agreement (the ***"Purchase Agreement"***) with Honkamp Krueger Financial Services, Inc. (***"HKFS"***), the selling stockholders named therein (the ***"Sellers"***), and

JRD Seller Representative, LLC, pursuant to which we agreed to acquire all of the issued and outstanding common stock of HKFS for a cash purchase price of $160 million (the ***"HKFS Acquisition"***). HKFS is a registered investment advisor and wealth management business that partners with CPA firms in order to provide their consumer and small business clients with holistic planning and financial advisory services. The purchase price is expected to be paid with an incremental loan under the Senior Secured Credit Facility (as defined herein), which is anticipated to be entered into on or about the time of the closing of the HKFS Acquisition. The HKFS Acquisition is expected to close around the end of the first quarter, subject to customary closing conditions. The HKFS Acquisition was not reflected in our consolidated financial statements for the year ended December 31, 2019. For additional information, see "Item 8. Financial Statements and Supplementary Data—Note 18."

Leadership Changes

On January 6, 2020, Davinder Athwal resigned from his roles as Chief Financial Officer and Principal Financial Officer of the Company, while agreeing to stay on with the Company until January 31, 2020. In connection with Mr. Athwal's resignation, Stacy Murray, who serves as the Company's Principal Accounting Officer through her position as Chief Accounting Officer, assumed the duties of serving as the Company's Principal Financial Officer in an interim capacity.

On January 10, 2020, John Clendening, who served as our President and Chief Executive Officer, and also as a member of the Board, departed from his roles as an officer, employee, and director of the Company.

On January 30, 2020, the Company announced that the Board appointed Christopher W. Walters to serve as the Company's President and Chief Executive Officer, effective January 30, 2020, with Mr. Walters continuing to serve as a member of the Board following his appointment as President and Chief Executive Officer.

Industry Trends

In the wealth management industry, we believe that Avantax is and will be the beneficiary of several expected positive industry trends, including growth of investable assets driven by baby boomers' retirement accounts, a continued migration to independent advisor channels, liquidity events, and a continued shift toward household use of fee-based financial advisors.

In the tax preparation industry, TaxAct participates in the consumer DDIY tax preparation solutions market, which is the fastest growing segment in the tax preparation industry and is bolstered by a growing millennial population that continues to adopt technology-enabled financial solutions that drive value and ease in their everyday lives, and we believe that tax simplification will drive digital consumer growth.

Growth Strategy

Our growth strategies for our Wealth Management and Tax Preparation businesses are grounded in the belief that the best way to sustainably grow a business is to earn loyalty based on continuously delivering ever-greater value to our customers and clients. We believe our growth strategies for Avantax and TaxAct will result in customer, client, and advisor retention and growth beyond that of the broader markets in which we operate. These strategies include:

- ***In the Wealth Management business, we will accelerate organic growth as the largest tax-focused broker-dealer by:***
  - Recruiting high potential tax firms as financial advisors and investing in the training and support to make them successful, including the rollout of regional support teams and the introduction of a comprehensive training and support program for new advisors, Avantax University.
  - Providing practice management and coaching to our advisors to grow their businesses and client base.
  - Continually evaluating and expanding our product suite to provide the best wealth management solutions for our advisors and their clients.
  - Delivering advisory products and services to increase client assets held on our platform.

    - Driving integrations by aligning systems, processes and technologies, while applying product, technology, and data analytics to identify and capture asset growth opportunities.

    - Continuing to enhance and optimize service and support for advisors.

- ***In the Tax Preparation business, we will create continued growth and momentum by:***

    - Continuing to invest in our core product experience based on direct customer feedback and research to create delightful experiences for our customers.

    - Differentiating the TaxAct experience with unique product capabilities and features that reinforce our brand's deep expertise in tax.

    - Developing new and cost-effective marketing strategies to drive acquisition of new customers.

    - Appealing to a large, attitudinal segment that is looking for a forward-leaning approach to improve their financial position.

    - Innovating new solutions and models that expand the DDIY category.

    - Providing ancillary services and partnerships to our customers that enhance our value and brand promise.

    - Creating year-long engagement with customers to improve retention.

- ***Build Tax-Smart Leadership.*** A key element of our business model is to leverage tax information, which we believe enables clients and advisors to better achieve their financial goals and uncover potential opportunities for clients by delivering technology-enabled tax-smart solutions and financial insights.

  For example, in our Wealth Management business, we believe our proprietary Tax-Smart Investing platform will provide our advisors the ability to consistently tax-optimize investor portfolios.

  Investors unnecessarily forgo significant performance each year by not employing tax-alpha strategies, such as tax-loss harvesting, optimizing asset location, and intelligent asset drawdown. Our Tax-Smart Investing platform is designed to help advisors systematically capture tax-alpha for clients across multiple accounts. This unique approach is designed to identify the top opportunities in an advisor's client base every day and help automate the capture of that opportunity in a fraction of the time.

  In June 2019, we launched the first tool on our Tax-Smart Investing platform, the patent pending Tax-Loss Harvester. Designed to work in the background of a financial professional's practice, Tax-Loss Harvester can quickly identify clients' securities with unrealized losses for potential harvesting opportunities. This powerful tax-smart strategy is now scalable across multiple clients in a fraction of the time and can potentially help turn losses into a client's tax advantage. In the fourth quarter of 2019, we successfully launched the second tool on our Tax-Smart Investing platform, the patent pending Capital Gains Analyzer. Strategically developed with a focus on year-end planning opportunities, the Capital Gains Analyzer quickly collects, organizes, and calculates available mutual fund capital gain distribution estimates, as well as their potential tax impact, before year end. This efficiency further enables financial professionals to focus on planning and tax-optimized decisions as opposed to data gathering. In addition, our first planned technology launch for 2020, which has already begun beta testing, is our patent pending Social Security Planner. While Social Security is typically a fundamental component of a client's retirement plan, the strategy options available can often be quite complex and confusing to the average retiree. The Social Security Planner will be able to show clients a comprehensive analysis of their Social Security benefit claiming options, thus enabling them to make informed decisions that support their retirement goals.

- ***One Blucora.*** A key objective of our strategy is to continue to enable efficiencies and cross-business synergies through shared services and expertise across our Wealth Management and Tax Preparation businesses. We believe that building a high-performing organization that attracts, retains, develops, and engages the strongest talent will drive a shared purpose and common culture.

- ***Deliver Results.*** Our goal is to drive continuous improvement by focusing on specific financial metrics that drive the organization and allow us to meet our stated goals and targets. These key metrics currently include revenue growth, net income growth, adjusted EBITDA growth, and non-GAAP net income growth. Adjusted EBITDA and non-GAAP net income are non-GAAP financial measures. For more information on these non-GAAP financial measures, including definitions, see the "*Non-GAAP Financial Measures*" section contained in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Seasonality

The Tax Preparation segment is highly seasonal, with a significant portion of its annual revenue earned in the first four months of the fiscal year. During the third and fourth quarters, the Tax Preparation segment typically reports losses because revenue from the segment is minimal while core operating expenses continue.

Competition

The markets in which our businesses operate continue to evolve and are highly competitive. For our businesses to be successful, we must effectively compete in the wealth management and tax preparation markets, as described in more detail below.

Wealth Management Competition

The wealth management industry is a highly competitive and fragmented global industry. We and our financial advisors compete directly with a variety of financial institutions, including traditional wirehouses, independent broker-dealers, registered investment advisors (including CPA firms that have their own in-house registered investment advisor), asset managers, banks and insurance companies, direct distributors, and larger broker-dealers. These competitors may have greater financial, technological, and marketing resources, broader infrastructure and distribution networks, greater brand recognition, and broader product and service offerings. We and our financial advisors compete directly with these financial institutions for the provision of products and services to clients, as well as for recruitment and retention of financial advisors.

We believe that our competitive position in the wealth management industry is a function of providing effective service and tools to tax professionals, while understanding the needs of these tax professionals with respect to wealth management, in order to maximize the opportunity to create tax-advantaged financial planning and advice. More specifically, we endeavor to:

- offer broad and comprehensive wealth solutions that address a client's accumulation, income, and protection needs across their entire lives;
- offer a differentiated value proposition (in terms of brand recognition, reputation, and financial advisor payouts) in order to recruit and retain financial advisors;
- offer products and technology solutions that are attractive to financial advisors and their clients;
- negotiate competitive compensation arrangements with third parties, including vendors, suppliers, and product sponsors;
- ensure the privacy and security of personal client information submitted to our financial advisors;
- develop and react to new technology, services, and regulation in the financial services industry; and
- establish an efficient support and service network for our financial advisors and clients.

Tax Preparation Competition

The market for tax preparation products and services continues to evolve and is highly competitive. We experience significant competition and expect this competitive environment to continue. We encounter direct competition from numerous other tax preparation software products and digital services. These competitors include Intuit's TurboTax and H&R Block's DDIY consumer products and services, which currently have a significant

percentage of the software and digital service market. We also encounter competition from alternate methods of tax preparation such as storefront tax preparation services, which includes both local tax preparers and large chains such as H&R Block, Liberty Tax, and Jackson Hewitt, and it may also be subject to new market entrants who may take some of our market share. Finally, our TaxAct business faces the risk that state or federal taxing agencies will offer software or systems to provide direct access for individual filers that will reduce the need for TaxAct's software and services.

We believe that our competitive position in the market for tax preparation software and services is a function of our ability to differentiate our brand versus those of our competitors by the following:

- optimizing or minimizing the taxes paid by each of our customers;
- offering competitive pricing;
- continuing to offer reliable, easy-to-use, and accessible software and services that are compelling to consumers;
- offering software that is backed by financial and tax-expertise;
- ensuring the privacy and security of user data submitted through our products;
- marketing our software and services in a cost-effective way; and
- offering ancillary services that are attractive to users.

Governmental Regulation

Blucora is a publicly traded company that is subject to SEC and NASDAQ Global Select Market rules and regulations regarding public disclosure, financial reporting, internal controls, and corporate governance. Our Wealth Management and Tax Preparation segments are subject to federal and state government requirements, including regulations related to consumer protection, user privacy, security, pricing, taxation, intellectual property, labor, advertising, broker-dealers, securities, investment advisors, asset management, insurance, listing standards, and product and services quality.

Our Wealth Management segment is subject to additional financial industry regulations and supervision, including by the SEC, FINRA, the Department of Labor (***"DOL"***), state securities and insurance regulators, and other regulatory authorities. Our Wealth Management subsidiary Avantax Investment Services, Inc. is a broker-dealer registered with the SEC, a member of FINRA, and a member of the Securities Investor Protection Corporation and the Depository Trust & Clearing Corporation. Broker-dealers and their representatives are subject to rules and regulations covering all aspects of the securities business, including sales and trading practices, use and safekeeping of clients' funds and securities, capital adequacy, recordkeeping and reporting, the conduct of directors, officers, and employees, and general anti-fraud provisions. Broker-dealers and their representatives are also regulated by state securities administrators in those jurisdictions where they do business. Compliance with many of the rules and regulations applicable to us involves a number of risks, because rules and regulations frequently change and are subject to varying interpretations, among other reasons. Regulators make periodic examinations of our broker-dealer operations and review annual, monthly, and other reports on our operations and financial condition. Violations of rules and regulations governing a broker-dealer's actions could result in censure, penalties and fines, the issuance of cease-and-desist orders, the restriction, suspension, or expulsion from the securities industry of such broker-dealer, its representatives or its officers or employees, or other similar adverse consequences.

Our Wealth Management subsidiary, Avantax Advisory Services, Inc., is registered with the SEC as a registered investment advisor and is subject to the requirements of the Investment Advisers Act of 1940, as amended (the ***"Advisers Act"***), and the regulations promulgated thereunder. Such requirements relate to, among other things, fiduciary duties to clients, advisory fees, maintaining an effective compliance program, solicitation arrangements, conflicts of interest, advertising, limitations on agency cross and principal transactions between the advisor and advisory clients, recordkeeping and reporting requirements, disclosure requirements, and general anti-fraud provisions. The SEC periodically examines our investment advisor operations and reviews annual, monthly, and other reports on our operations and financial condition. The SEC is authorized to institute proceedings and impose sanctions for violations of the Advisers Act and other federal securities laws, ranging from fines and censure to termination of an investment advisor's registration. Investment advisor representatives also are subject to certain state securities laws and regulations. Failure to comply with the Advisers Act or other federal and state securities

laws and regulations could result in investigations, sanctions, profit disgorgement, fines, or other similar adverse consequences.

Our Wealth Management subsidiaries offer certain products and services subject to the Employee Retirement Income Security Act of 1974, as amended (***"ERISA"***) and Section 4975 of the Internal Revenue Code of 1986, as amended (the ***"Code"***), and to regulations promulgated under ERISA or the Code, insofar as they provide services with respect to plan clients, or otherwise deal with plan clients that are subject to ERISA or the Code. ERISA imposes certain duties on persons who are "fiduciaries" (as defined in Section 3(21) of ERISA) and prohibits certain transactions involving plans subject to ERISA and fiduciaries or other service providers to such plans. Non-compliance with these provisions may expose an ERISA fiduciary or other service provider to liability under ERISA, which may include monetary penalties as well as equitable remedies for the affected plan. Section 4975 of the Code prohibits certain transactions involving plans (as defined in Section 4975(e)(1) of the Code, which includes individual retirement accounts and Keogh plans) and service providers, including fiduciaries, to such plans. Section 4975 of the Code imposes excise taxes for violations of these prohibitions.

On June 5, 2019, the SEC adopted Regulation Best Interest (***"Reg. BI"***), elevating the standard of care for broker-dealers from the current "suitability" requirement to a "best interest" standard when making a recommendation of any securities transaction to a retail customer. The "best interest" standard requires a broker-dealer to make recommendations without putting its financial interests ahead of the interests of a retail customer. The SEC also adopted Form CRS Relationship Summary (***"Form CRS"***), which requires registered investment advisors (***"RIAs"***) and broker-dealers to deliver to retail investors a succinct, plain English summary about the relationship and services provided by the firm and the required standard of conduct associated with the relationship and services. In connection with adopting Reg. BI, the SEC added new record-making and recordkeeping rules. The compliance date for Reg. BI and the related rules is June 30, 2020. Reg. BI heightens the standard of care for broker-dealers when making investment recommendations and would impose disclosure and policy and procedural obligations that could impact the compensation our Wealth Management business and its representatives receive for selling certain types of products, particularly those that offer different compensation across different share classes (such as mutual funds and variable annuities). In addition, Reg. BI prohibits a broker-dealer and its associated persons from using the term "adviser" or "advisor" if the broker-dealer is not an RIA or the associated person is not a supervised person of an RIA. This prohibition requires us to change the titles of certain of our advisors. The implementation of the regulations will require us to create, review and modify certain policies and procedures and review and change the products that we offer, and also will result in associated increases in training and supervisory and compliance controls, all of which may lead to additional costs and decreased revenue. In addition to the SEC, various states have proposed or are considering adopting laws and regulations seeking to impose new standards of conduct on broker-dealers that, as written, differ from the SEC's new regulations and may lead to additional implementation costs if adopted. For further discussion of the risks to our business related to Reg. BI, see the paragraph in "Item 1A. Risk Factors" under the heading "*Our Wealth Management business is subject to extensive regulation, and failure to comply with these regulations or interpretations thereof could have a Material Adverse Effect."*

Our Tax Preparation segment is subject to federal and state government requirements, including regulations related to the electronic filing of tax returns, the provision of tax preparer assistance, and the use and disclosure of customer information. We are also required to comply with Federal Trade Commission requirements and a variety of state revenue agency standards. In addition, we offer certain other products and services to small businesses and consumers, which are also subject to regulatory requirements. As we expand our products and services, we may become subject to additional government regulation. Further, regulators may adopt new laws or regulations or their interpretation of existing laws or regulations may differ from ours or expand to cover additional products and services. These increased regulatory requirements could impose higher regulatory compliance costs, limitations on our ability to provide some services in some states or countries, and liabilities that might be incurred through lawsuits or regulatory penalties.

We are subject to federal and state laws and government regulations concerning employee safety and health and environmental matters. The Occupational Safety and Health Administration, the Environmental Protection Agency, and other federal and state agencies have the authority to promulgate regulations that may have an impact on our operations.

See the section entitled "Risks Associated With Our Businesses" in Part I, Item 1A of this Form 10-K for additional information regarding governmental regulation of our business and risks related to such regulation.

Privacy and Security of Customer Information and Transactions

Regulatory activity in the areas of privacy and data protection continues to grow worldwide, driven in part by the growth of technology and related concerns about the rapid and widespread dissemination and use of information. To the extent they are applicable to us, we must comply with various federal, state, and international laws and regulations and to financial institution and healthcare provider regulatory requirements relating to the privacy and security of the personal information of our customers and employees. In the United States, these include rules and regulations promulgated under the authority of the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, federal and state labor and employment laws, state data breach notification laws, and state privacy laws such as the California Consumer Privacy Act of 2018, the Gramm-Leach-Bliley Act of 1999, SEC Regulation S-P, the Fair Credit Reporting Act of 1970, as amended, and Regulation S-ID, and further potential federal and state requirements.

Many of these laws and regulations provide consumers and employees with a private right of action if a covered company suffers a data breach related to a failure to implement reasonable data security measures. In addition, we are subject to other privacy laws and regulations that apply to internet advertising, online behavioral tracking, mobile applications, messaging, telemarketing, email communication, data hosting, data retention, financial and health information, and credit reporting. The legal framework around privacy issues is rapidly evolving, as various federal and state government bodies are considering adopting new privacy laws and regulations, which could result in significant limitations on or changes to the ways in which we can collect, use, host, store, or transmit the personal information and other data of our customers or employees. These laws could also affect the ways we communicate with our customers, deliver products and services, and could significantly increase our compliance costs. As our business expands to new industry segments or otherwise becomes subject to rules and regulations of jurisdictions outside the United States with stricter data protection regimes, such as the E.U. General Data Protection Regulation, our compliance requirements and costs will increase.

Through a privacy policy framework designed to be consistent with the principles of individual consent, data subject access, and privacy-by-design, we strive to help ensure that customers and employees are aware of, and can control, how we use personal information about them. The TaxAct.com website and its digital products have been certified by TRUSTe, an independent organization that offers certification to organizations that have demonstrated responsible data collection and processing practices consistent with regulatory expectations and external standards for privacy accountability. We also use privacy statements to provide notice to customers of our privacy practices, as well as provide them the opportunity to furnish instructions with respect to use of their personal information. We participate in industry groups whose purpose is to develop or shape industry best practices, and to influence public policy, for privacy and security.

To address data security concerns, we use standard data security safeguards to help protect our computer systems and the information customers give to us from loss, misuse, and unauthorized alteration. Whenever customers transmit credit card information or tax return data to us through one of our websites or products, we use industry-standard encryption as the data is transmitted to us. We work to protect our computer systems from unauthorized internal or external access using commercially-available computer security products as well as internally-developed security procedures and practices.

See the section entitled “Risks Associated With Our Businesses” in Part I, Item 1A of this Form 10-K for additional information regarding risks related to privacy and security of customer information and transactions.

Intellectual Property

Our success depends upon our technology and intellectual property rights. We seek to protect such rights and the value of our corporate brands and reputation through a variety of measures, including: domain name registrations, confidentiality and intellectual property assignment agreements with employees and third parties, protective contractual provisions, and laws regarding copyrights, trademarks, and trade secrets. We hold multiple registered trademarks in the United States and in various foreign countries, and we may apply for additional trademarks as business needs require. See the section entitled “Risks Associated With Our Businesses” in Part I, Item 1A of this Form 10-K for additional information regarding protecting and enforcing intellectual property rights by us and third parties against us.

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Employees

As of December 31, 2019, we had 690 full-time employees. There is significant competition for qualified personnel in the industries in which we operate, particularly for software development and other technical staff. We believe that our future success will depend in part on our continued ability to hire and retain qualified personnel.

Company Internet Site and Availability of SEC Filings

Our corporate website is located at www.blucora.com. We make available on that site, as soon as reasonably practicable, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, proxy statements, Current Reports on Form 8-K, other reports filed with or furnished to the SEC, as well as any amendments to those filings. Our SEC filings, as well as our Code of Ethics and Conduct and other corporate governance documents, can be found in the Investor Relations section of our site and are available free of charge. Amendments to our Code of Ethics and Conduct and any grant of a waiver from a provision of the Code of Ethics and Conduct requiring disclosure under applicable Securities and Exchange Commission rules will be disclosed on our website. Information on our website is not part of this Form 10-K. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding us and other issuers that file electronically with the SEC. Furthermore, on our site, we post important information, including press releases, investor presentations, and notices of upcoming events and utilize our site as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under Regulation FD. Investors may be notified of posting to the website by signing up for email alerts on the “Investors” page of our site.

ITEM 1A. Risk Factors

Our business and future results may be affected by a number of risks and uncertainties that should be considered carefully. In addition, this Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks described below. The occurrence of one or more of the events listed below could also have a material adverse effect on the Company’s business, prospects, results of operations, reputation, financial condition, cash flows or ability to continue current operations without any direct or indirect impairment or disruption, which is referred to throughout these Risk Factors as a “Material Adverse Effect.”

RISKS RELATED TO OUR PENDING TRANSACTION WITH HKFS

We may not complete the pending HKFS Acquisition within the time frame expected or at all, or execute the financing as anticipated, which could have a negative effect on our business, financial condition, and results of operations.

On January 6, 2020, we announced that we had entered into a Stock Purchase Agreement (the “Purchase Agreement”) with HKFS (the ***“HKFS Acquisition”***), the Sellers and JRD Seller Representative, LLC, as the Sellers’ representative, pursuant to which, at the closing, we will acquire all of the issued and outstanding common stock of HKFS for a cash purchase price of $160 million, which is subject to certain adjustments. The consummation of the HKFS Acquisition is subject to the satisfaction or waiver of certain closing conditions, as set forth in the Purchase Agreement and summarized in our January 7, 2020 Form 8-K filed with the Securities and Exchange Commission (***“SEC”***). A number of these conditions are outside of our control, and the satisfaction of these conditions may take longer than expected, may require us or HKFS to incur significant costs or take other steps that could negatively impact our or HKFS’s business, or may not occur at all. The failure to consummate the HKFS Acquisition, or any material delay in closing, could significantly impact the growth and strategic initiatives expected to be realized by our Wealth Management business and could damage our reputation. If we fail to satisfy certain covenants related to financing arrangements for the HKFS Acquisition, we would be required to pay HKFS a cash breakup fee of $800,000. Additionally, if we are unable to secure obtain financing at acceptable terms in order to fund the purchase price of the HKFS Acquisition, it could materially adversely affect our liquidity and capital resources. Any of these factors could harm our business, financial condition, and results of operations and cause the market price of our common stock to decline.

In addition, whether or not we complete the HKFS Acquisition, we have incurred, and will continue to incur, significant transaction costs in connection with the HKFS Acquisition, including payment of certain fees and expenses incurred in connection with the HKFS Acquisition. We also have incurred fees and expenses with respect to the financing of the HKFS Acquisition. Additional unanticipated costs may arise in the future. These could

materially adversely affect our results of operations in the period in which such expenses are recorded or our cash flow in the period in which any related costs are actually paid.

If we consummate the HKFS Acquisition, we may face significant disruptions and other risks.

If it is completed, the HKFS Acquisition will involve numerous risks, including the following:

- during the period until and after we consummate the HKFS Acquisition, uncertainty and disruptions may negatively impact HKFS's relationships with its employees, its CPA partner firms and representatives, or those advisors' and representatives' relationships with their clients, which could harm HKFS's financial condition and results of operations;
- we may fail to realize the anticipated benefits of the HKFS Acquisition, including the expected operational, revenue, and cost synergies with our Wealth Management business and the level of revenue and profitability growth that we are expecting;
- we may face difficulties in attracting and retaining key management and employees, or we may need to attract and retain additional management resources, which could negatively impact the operations of HKFS, disrupt our ongoing operations, and divert ours and HKFS's management's attention from ongoing operations and opportunities;
- after we acquire HKFS, our management's attention may be diverted from the daily operations of our existing businesses;
- our financial results may be negatively impacted by cash expenses and non-cash charges incurred in connection with the HKFS Acquisition or in the future if goodwill or other intangible assets we acquire in the HKFS Acquisition become impaired;
- notwithstanding the due diligence we performed in connection with the HKFS Acquisition, HKFS may have liabilities, losses, or other exposures (including regulatory risks) for which we do not have adequate insurance coverage, indemnification, or other protection; and
- we expect to incur substantial additional indebtedness to finance the HKFS Acquisition, enhancing our vulnerability to increased debt service requirements should interest rates rise, reducing the amount of expected cash flow available for other purposes, including capital expenditures and acquisitions, and limiting our flexibility in planning for, or reacting to, changes in our businesses and industries.

RISKS ASSOCIATED WITH OUR BUSINESSES

The Tax Preparation and Wealth Management markets are very competitive, and failure to effectively compete could result in a Material Adverse Effect.

Our Tax Preparation business operates in a very competitive marketplace. There are many competing software products and digital services. Intuit's TurboTax and H&R Block's products and services have a significant percentage of the software and digital service market. Our Tax Preparation business must also compete with alternate methods of tax preparation, such as storefront tax preparation services, which include both local tax preparers and large chains such as H&R Block, Liberty Tax and Jackson Hewitt, and it may also be subject to new market entrants who may take some of our market share. As digital-do-it-yourself tax preparation continues to be characterized by intense competition, including heavy marketing expenditures, price-based competition, and new entrants, maintaining and growing market share becomes more challenging unless brand relevance, customer experience, and feature/functionality provide meaningful incremental value. If we cannot continue to offer software and services that have quality and ease-of-use that are compelling to consumers, market the software and services in a cost-effective manner, offer ancillary services that are attractive to users, and develop the software and services at a low enough cost to be able to offer them at a competitive price point, it could result in a Material Adverse Effect.

Our Tax Preparation business also faces potential competition from the public sector, where we face the risk of federal and state taxing authorities developing software or other systems to facilitate tax return preparation and electronic filing at no charge to taxpayers, which could reduce the need for TaxAct's software and services. These or similar programs may be introduced or expanded in the future, which may cause us to lose customers and revenue. The Free File Program is currently the sole means by which the U.S. Internal Revenue Service (the ***"IRS"***) offers tax software to taxpayers. The Free File Program is a partnership between the IRS and the Free File Alliance, a group of private sector tax preparation companies of which we are a member that has agreed to offer free electronic tax filing services to taxpayers meeting certain income-based guidelines. The Free File Program's continuation depends on a number of factors, including increasing public awareness of and access to the free program, as well as continued government support. The IRS's current agreement with the Free File Alliance is

scheduled to expire in October 2021, although it could be amended or terminated before that date. Recently, we and certain of our competitors have become the subject of legal proceedings and/or regulatory inquiries relating to the provision and marketing of the products that they offer under the Free File Program. These proceedings may decrease the government's or industry member support of the Free File Program and increase the likelihood that such program is terminated. If the IRS enters the software development and return preparation space, whether as a result of the Free File Program not being renewed upon expiration of the agreement, the Free File Program being amended or terminated, or for another reason, then the federal government would be a publicly funded direct competitor of us and the U.S. tax services industry as a whole.

In addition, from time to time, U.S. federal and state governments have considered various proposals, including mandating that we and our competitors refer qualifying customers to the Free File Program and governmental taxing authorities utilizing taxpayer information provided by employers, financial institutions, and other payers to "pre-populate," prepare and calculate tax returns and distribute them to taxpayers. Under this "pre-populate" approach, the taxpayer could then review and contest the return or sign and return it, reducing the need for third-party tax return preparation services and the demand for our services and products, which could result in a Material Adverse Effect. We believe that governmental encroachment at both the U.S. federal and state levels in which we operate could present a continued competitive threat to our Tax Preparation business for the foreseeable future.

The wealth management industry in which our Wealth Management business operates is also highly competitive, and we may not be able to maintain our customers, financial advisors, distribution network, or the terms on which we provide our products and services. Our Wealth Management business competes based on a number of factors, including name recognition, service, the quality of investment advice, performance, technology, product offerings and features, price, and perceived financial strength. Competitors in the wealth management industry include broker-dealers, banks, asset managers, insurers, and other financial institutions. Many of these competitors have greater market share, offer a broader range of products, and have greater financial resources. We have faced significant competition in recent years from lower fees, which could have a material impact on our business. There has also been a trend toward online internet wealth management services and wealth management services that are based on mobile applications or automated processes as clients increasingly seek to manage their investment portfolios digitally. This is leading to increased utilization of "robo" advisor platforms. In addition, over time, certain sectors of the wealth management industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms. This consolidation could result in our competitors gaining greater resources, and we may experience pressures on our pricing and market share as a result of these factors and as some of our competitors seek to increase market share by reducing prices. In addition, our Wealth Management business seeks to differentiate itself on the basis of offering tax-smart investing advice and solutions. There is no guarantee that this differentiation will be meaningful to our clients and potential clients, or that another competitor will not adopt a similar strategy more effectively. In either case, our ability to compete effectively in the wealth management industry could be damaged.

Deficiencies in service or performance of the financial or software products we offer, competitive pressures on pricing of such services or products, or other market declines may cause our Wealth Management and Tax Preparation businesses to decline.

Customer service and performance are important factors in the success of our Wealth Management business, while customer service, ease-of-use, and product performance and accuracy are important factors in the success of our Tax Preparation business. Strong customer service and product performance help increase customer retention and generate sales of products and services. In contrast, poor service or poor performance of our financial or software products could impair our revenues and earnings, as well as our prospects for growth. In our Wealth Management business, clients can terminate their relationships with us or our financial advisors at will, and in our Tax Preparation business, deficiencies in our service or product performance could lead customers to choose a competitor's product or services. There can be no assurance as to how future performance of financial or software products will compare to that of our competitors, and, in the context of financial investment products, historical performance is not indicative of future returns. Particularly, for the Wealth Management business, a decline or perceived decline in performance, on an absolute or relative basis, could cause a decline in sales of mutual funds and other investment products, an increase in redemptions and the termination of asset management relationships. Such actions may reduce our aggregate amount of advisory assets and reduce management fees. Poor performance could also adversely affect our ability to expand the distribution of our products through independent financial advisors.

In addition, the emergence of new financial or software products or services from others, or competitive pressures on pricing of such services or products, may result in the (i) loss of clients or accounts in our Wealth Management business and (ii) loss of customers in our Tax Preparation business. We must also monitor the pricing of our services and financial and software products in relation to competitors and periodically may need to adjust costs and fee structures to remain competitive.

For the Wealth Management business, competition from other financial services firms, such as reduced commissions to attract clients or trading volume, direct-to-investor online financial services, or higher deposit interest rates to attract customer cash balances, could adversely impact our business. Clients of our Wealth Management business could also reduce the aggregate amount of their assets managed by us or shift their funds to other types of accounts with different rate structures for any number of reasons, including performance, changes in prevailing interest rates, changes in investment preferences, changes in our (or our financial advisors') reputation in the marketplace, changes in customer management or ownership, loss of key investment management personnel and financial market performance. Our clients (or clients of our advisors) can withdraw the assets we manage on short notice, making our future customer and revenue base unpredictable. A reduction in advisory assets and the resulting decrease in revenues and earnings could have a Material Adverse Effect. Moreover, investors in the mutual funds and some other pooled investment vehicles that we advise may redeem their investments in those funds at any time without prior notice, and investors in other types of pooled vehicles we advise may typically redeem their investments with fairly limited or no prior notice, thereby reducing our advisory assets. These investors may redeem their investments for any number of reasons, including general financial market conditions, the absolute or relative performance we have achieved, or their own financial condition and requirements. In a declining stock market, the pace of redemptions could accelerate. Poor performance relative to other funds tends to result in decreased purchases and increased redemptions of fund shares. In a declining stock market, the pace of redemptions could accelerate, resulting in a decline in our advisory assets, which could negatively impact our fee revenues and result in a Material Adverse Effect.

For the Tax Preparation business, competition from other tax preparation service providers, such a free or reduced fee products to attract customers, could adversely affect our business. Customers of our Tax Preparation business could also select another tax preparation service or software for any number of reasons, including other competitors offering additional rewards and/or bundled or unbundled products and services that we do not currently offer, providing services or software that may provide higher levels of interaction or service, be easier to use, faster, or lower cost. A reduction in the number of customers and the resulting decrease in revenues and earnings could have a Material Adverse Effect.

Our business depends on fees generated from the distribution of financial products and fees earned from management of advisory accounts.

A large portion of our revenues are derived from fees generated from the distribution of financial products, such as mutual funds and variable annuities. Changes in the structure or amount of the fees paid by the sponsors of these products could directly affect our revenues, business, and financial condition. In addition, if these products experience losses or increased investor redemptions, we may receive lower fee revenue from the investment management and distribution services we provide on behalf of the mutual funds and annuities. Should issuers of these products leave the market or discontinue offering or paying trail compensation on some or all of their products, our revenues could be negatively impacted. The investment management fees we are paid may also decline over time due to factors such as increased competition, renegotiation of contracts and the introduction of new, lower-priced investment products and services. Changes in market values or in the fee structure of asset management accounts would affect our revenues, business and financial condition.

Asset management fees often are primarily comprised of base management and incentive fees, and investment advisors generally are experiencing advisory fee compression due to intense competition. Management fees are primarily based on advisory assets, which are impacted by net inflow/outflow of customer assets and market values. Below-market performance by our funds and portfolio managers could result in a loss of managed accounts and could result in reputational damage that might make it more difficult to attract new customers and thus further impact our business and financial condition. If we were to experience the loss of managed accounts, our fee revenue would decline. In addition, as the total amount of our advisory assets increases as a percentage of our total client assets, our results of operations may become substantially more dependent on revenue generated from management fees. In periods of declining market values, our advisory assets may also decline, which would negatively impact our fee revenues. In addition, this risk would become further exacerbated the more dependent our business becomes on revenues from management fees, and our ability to effectively offset declining

management fee revenue through commission-based revenues may be limited. Any of the foregoing could result in a Material Adverse Effect.

Changes in economic, political and other factors could have a Material Adverse Effect on our business.

Our Wealth Management business operates in the United States with broad exposure to the global financial markets, and our Tax Preparation business offers tax filing services in the federal jurisdiction of the United States and various state jurisdictions. Accordingly, we are affected by United States and global economic and political conditions that directly and indirectly impact a number of factors in the domestic and global financial markets and economies, which may be detrimental to our operating results. In addition, as a result of the SimpleTax sale in September 2019, all of our revenue is now earned within the United States, and therefore, economic conditions in the United States have an even greater impact on us than companies with an international presence.

Domestic and international factors that could affect our business include, but are not limited to, trading levels, investing, origination activity in the securities markets, security and underlying asset valuations, the absolute and relative level and volatility of interest and currency rates, real estate values, the actual and perceived quality of issuers and borrowers, the supply of and demand for loans and deposits, United States and foreign government fiscal and tax policies, United States and foreign government ability, real or perceived, to avoid defaulting on government securities, inflation, decline and stress or recession in the United States and global economies generally, terrorism and armed conflicts, the impact of the United Kingdom’s pending exit from the European Union, and natural disasters such as weather catastrophes and widespread health emergencies. Furthermore, changes in consumer economic variables, such as the number and size of personal bankruptcy filings, the rate of unemployment, decreases in property values, certain life events, and the level of consumer confidence and consumer debt, may substantially affect consumer loan levels and credit quality.

While United States and global financial markets have, at a macro level, recently experienced growth, uncertainty and potential volatility remain. For instance, during August 2019, the Dow Jones Industrial Average plunged nearly 800 points during a single day before recovering over the following weeks. A period of sustained downturns and/or volatility in the securities markets, changes in interest rates by the Federal Reserve, a return to increased credit market dislocations, reductions in the value of real estate, and other negative market factors could have a Material Adverse Effect on our business. We could experience a decline in commission revenue from lower trading volumes, a decline in fees from reduced portfolio values of securities managed on behalf of our customers, a reduction in revenue from capital markets and advisory transactions due to reduced activity, increased credit provisions and charge-offs, losses sustained from our customers’ and market participants’ failure to fulfill their settlement obligations, reduced net interest earnings, and other losses. Periods of reduced revenue and other losses could be accompanied by periods of reduced profitability because certain of our expenses, including, but not limited to, our interest expense on debt, rent, facilities and salary expenses are fixed and, our ability to reduce them over short time periods is limited.

Other more specific trends may also affect our financial condition and results of operations, including, for example, changes in the mix of products preferred by investors that may cause increases or decreases in our fee revenues associated with such products, depending on whether investors gravitate towards or away from such products. The timing of such trends, if any, and their potential impact on our financial condition and results of operations are beyond our control.

Challenging economic times and changes to the Federal or various states’ tax code (personal and/or corporate) could cause potential new customers not to purchase or to delay purchasing of our products and services, and could cause our existing customers to discontinue purchasing or delay upgrades of our existing products and services, thereby negatively impacting our revenues and future financial results. Poor economic conditions and high unemployment have caused, and could in the future cause, a significant decrease in the number of tax returns filed, which may have a significant effect on the number of tax returns we prepare and file. In addition, weakness in the end-user consumer and small business markets could negatively affect the cash flow of our distributors and resellers who could, in turn, delay paying their obligations to us, which could increase our credit risk exposure and cause delays in our recognition of revenue or future sales to these customers. Any of these events could have a Material Adverse Effect. See “We may be negatively impacted by any future changes in tax laws” for a discussion of additional risks related to changes in the tax code.

Each of these factors could impact customer activity in all of our businesses and have a Material Adverse Effect. In addition, these factors may have an impact on our ability to achieve our strategic objectives and to grow our business.

If we are unable to develop, manage, and maintain critical third-party business relationships for our Tax Preparation and Wealth Management businesses, it could result in a Material Adverse Effect.

Our Tax Preparation and Wealth Management businesses are dependent on the strength of our business relationships and our ability to continue to develop, maintain, and leverage new and existing relationships. We rely on various third-party partners, including software and service providers, suppliers, vendors, distributors, contractors, financial institutions, and licensing partners, among others, in many areas of these businesses to deliver our services and products. In certain instances, the products or services provided through these third-party relationships may be difficult to replace or substitute, depending on the level of integration of the third party's products or services into, or with, our offerings and/or the general availability of such third party's products and services. In addition, there may be few or no alternative third-party providers or vendors in the market. The failure of third parties to provide acceptable and high-quality products, services, and technologies or to update their products, services, and technologies may result in a disruption to our business operations, which may materially reduce our revenues and profits, cause us to lose customers, and damage our reputation. Alternative arrangements and services may not be available to us on commercially reasonable terms or we may experience business interruptions upon a transition to an alternative partner.

Our Wealth Management business does not offer any proprietary financial products. Instead, it provides wealth, investment and insurance products through distribution agreements with third-party financial institutions, including banks, mutual funds, and insurance companies. These products are sold by our advisors, who are independent contractors. Maintaining and deepening relationships with these unaffiliated distributors and advisors is an important part of our growth strategy because strong third-party distribution arrangements enhance our ability to market our products and increase our advisory assets, revenues, and profitability. There can be no assurance that the distribution and advisor relationships we have established will continue, or that they will continue under existing terms. Our distribution partners and advisors may cease to operate, consolidate, institute cost-cutting efforts, discontinue product sales or compensation streams, or otherwise terminate their relationship with us. Any such reduction in access to third-party distributors and advisors may have a material adverse effect on our ability to market our products and to generate revenue in our Wealth Management segment. In addition, there are risks associated with our third-party clearing and custody firm that we rely on to provide clearing and custody services for our Wealth Management business.

Access to investment and insurance product distribution channels is subject to intense competition due to the large number of competitors and products in the broker-dealer, investment advisory and insurance industries. Relationships with distributors are subject to periodic negotiation that may result in increased distribution costs and/or reductions in the amount of revenue we realize based on sales of particular products or customer assets. In addition, regulatory changes may negatively impact our revenues and profits related to particular products or services. Any increase in the costs to distribute our products or reduction in the type or amount of products made available for sale, or revenue associated with those products, could have a Material Adverse Effect.

The products and services offered by our Wealth Management and Tax Preparation businesses are reliant on products, tools, platforms, systems and services provided by key vendors and partners, including in the case of our Wealth Management business, third-party CPA firms and financial advisors. If these third-party products, tools, platforms, systems and services do not operate as anticipated, our ability to conduct and grow our operations and execute our business strategy could be materially harmed and we could incur harm to our business and reputation, as well as potentially significant costs to improve or replace such products and services.

Our business is reliant upon various providers of financial, accounting, technology, marketing, and business products, tools, platforms, systems and services that we use to conduct operations relating to our Wealth Management and Tax Preparation businesses. In our Wealth Management business, these key relationships include, among others, our network of financial advisors and CPA partner firms, the provider of our clearing platform, and the provider our investment advisory platform, each of which we rely on to conduct many business activities and transactions with clients, advisors, vendors and other third parties.

The products, tools, platforms, systems and services provided by key vendors and partners have required, and may continue to require, significant operational, technological, and logistical efforts from our advisors, employees and contractors in order to effectively implement and integrate into our operations. We expect to continue to acclimate our current and future employees, advisors and clients to these third party's technology, product offerings, processes, procedures, workflows and capabilities from time to time. The technology, service and product offerings of other key vendors and partners may not be accepted by key stakeholders, customers or clients at the levels we anticipate, and may not provide the level of benefits that we expect even if accepted.

If a significant number of our key stakeholders, including advisors, customers, or clients, are or become dissatisfied by the different products, tools, platforms, systems and services, including related technology, processes, policies and products, that our key vendors and partners offer and they leave, use a competitor's product or services, or seek contractual terms with us that are less favorable to our business, it could have a Material Adverse Effect.

If we are unable to attract and retain productive advisors, our financial results will be negatively impacted.

Our Wealth Management business derives a large portion of its revenues from commissions and fees generated by its advisors. Our ability to attract and retain productive advisors has contributed significantly to our growth and success. If we fail to attract new advisors or to retain and motivate our advisors, our business may suffer.

The market for productive advisors is highly competitive, and we devote significant resources to attracting and retaining the most qualified advisors. In attracting and retaining advisors, we compete directly with a variety of financial institutions such as wirehouses, regional broker-dealers, banks, insurance companies, and other independent broker-dealers. Financial industry competitors are increasingly offering guaranteed contracts, upfront payments, and greater compensation to attract successful financial advisors. These can be important factors in a current advisor's decision to leave us as well as in a prospective advisor's decision to join us. We may also experience difficulty retaining advisors following a material acquisition as our advisors may not like the products or services we offer as a combined company, may not like our compensation structure, or may not like the combined business. In addition, we recently rebranded our Wealth Management business to Avantax Wealth Management. Our advisors may be unhappy with the new branding or with various aspects of the rebranding process and may decide to leave us. There can be no assurance that we will be successful in our efforts to attract and retain the advisors needed to achieve our growth objectives.

Moreover, the costs associated with successfully attracting and retaining advisors could be significant, and there is no assurance that we will generate sufficient revenues from those advisors' business to offset such costs. Designing and implementing new or modified compensation arrangements and equity structures to successfully attract and retain advisors is complicated. Changes to these arrangements could themselves cause instability within our existing investment teams and negatively impact our financial results and ability to grow. In addition, our compensation arrangements with our financial advisors are primarily commission-based, which we believe incentivizes appropriate advisor performance and assists in attracting and retaining successful advisors. Our cost of revenue (which includes commissions paid to advisors) may fluctuate from quarter-to-quarter depending on the amount of commissions we are required to pay to our financial advisors, and if the amounts we are required to pay are different than our expectations, our operating results may be adversely impacted.

We have in the past issued and may in the future issue shares of common stock or other securities convertible into or exchangeable for shares of common stock to our advisors in order to attract and retain such individuals. In connection with the 1st Global Acquisition, we issued a substantial number of equity awards to our advisors and may do so for any future acquisitions, including in connection with the HKFS Acquisition after closing. The issuance of additional shares of our common stock upon vesting or conversion of these awards may substantially dilute the ownership interests of our existing stockholders and reduce the number of shares of common stock available for issuance under our equity incentive plans.

In addition, the wealth management industry in general is experiencing a decline in the number of younger financial advisors entering the industry. We are not immune to that industry trend. If we are unable to replace advisors as they retire, or to assist retiring advisors with transitioning their practices to existing advisors, we could experience a decline in revenue and earnings.

In addition, as some of our advisors grow their advisory assets, they may decide to disassociate from us to establish their own registered investment advisors (***"RIAs"***) and take customers and associated assets into those businesses. We seek to deter advisors from taking this route by continuously evaluating our technology, product offerings, and service, as well as our advisor compensation, fees, and pay-out policies, to ensure that we are competitive in the market and attractive to successful advisors. We may not be successful in dissuading such advisors from forming their own RIAs, which could cause a material volume of customer assets to leave our platform, which would reduce our revenues and could cause a Material Adverse Effect

We may fail to realize all of the anticipated benefits of the 1st Global Acquisition or those benefits may take longer to realize than expected. We may also encounter significant difficulties in integrating the operations of 1st Global.

Our ability to realize the anticipated benefits of the 1st Global Acquisition will depend, to a large extent, on our ability to integrate 1st Global's business with ours, which, has been, and will continue to be, a complex, costly and time-consuming process. As a result, we have been devoting and will continue to devote significant management attention and resources to integrate our business practices and operations with those of 1st Global. The integration process may disrupt our business and, if implemented ineffectively, could restrict the realization of the full expected benefits of the 1st Global Acquisition. The failure to meet the challenges involved in the integration process and to realize the anticipated benefits of the 1st Global Acquisition could cause an interruption of, or a loss of momentum in, our operations and could result in a Material Adverse Effect.

In addition, the integration of 1st Global's business may result in material unanticipated problems, expenses, liabilities, competitive responses, and loss of advisors, customers, and other business relationships, which could be material. Additional integration challenges could include:

- diversion of management's and our employees' attention to integration matters;
- higher than anticipated integration costs and difficulties in achieving anticipated cost savings, synergies, business opportunities, and growth prospects from the 1st Global Acquisition;
- difficulties in the integration of operations and systems, including the use of our clearing platform;
- difficulties in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures;
- difficulties in keeping advisors and clients;
- difficulties in managing the expanded operations of a significantly larger and more complex company; and
- the impact of potential liabilities inherited from 1st Global, including potential liability related to a regulatory inquiry. See "Item 8. Financial Statements and Supplementary Data—Note 3" for additional information.

Furthermore, as a result of the integration of 1st Global, we may also receive greater regulatory scrutiny and could incur additional supervisory, training and compliance costs. Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could result in a Material Adverse Effect and result in us becoming subject to additional legal proceedings.

Even if 1st Global's business is integrated successfully, the full anticipated benefits of the 1st Global Acquisition may not be realized, including the synergies, cost savings or sales or growth opportunities that are anticipated. These benefits may not be achieved within the anticipated time frame. Further, additional unanticipated costs may be incurred in the integration process. All of these factors could cause reductions in our earnings per share, decrease or delay the expected accretive effect of the 1st Global Acquisition and negatively impact the price of shares of our common stock. As a result, it cannot be assured that the 1st Global Acquisition will result in the realization of the full anticipated benefits and potential synergies.

If our goodwill or other intangible assets become impaired, we have been, and in the future may be, required to record a significant impairment charge, which could result in a Material Adverse Effect.

We are required to test goodwill for impairment at least annually or more frequently if there are indicators that the carrying amount of our goodwill and other intangible assets, which consist primarily of our advisor, customer, and sponsor relationships, our technology and our trade names, exceed their carried value. For these impairment tests, we use various valuation methods to estimate the fair value of our goodwill and intangible assets. If the fair value of an asset is less than its carrying value, we would recognize an impairment charge for the difference. As of December 31, 2019, we had recorded a total of $662.4 million of goodwill and $290.2 million of other intangible

assets. For the year ended December 31, 2019, in connection with the Rebranding, we recorded a non-cash impairment charge of $50.9 million, as discussed further in "Item 8. Financial Statements and Supplementary Data—Note 6."

It is possible that we could have additional impairment charges for goodwill or other intangible assets in future periods if, among other things, (i) overall economic conditions in current or future years decline, (ii) business conditions or our strategies for a specific business unit or our trade names change from our current strategies or assumptions, or (iii) we suffer from an event that impacts our reputation or brand. If we divest or discontinue businesses or products that we previously acquired or if the value of those parts of our business become impaired, we also may need to evaluate the carrying value of our goodwill. Any such charges could negatively impact our operating results and could cause a Material Adverse Effect.

Our deferred tax assets may not be realized.

We regularly review our deferred tax asset for recoverability and establish a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. Our projections of future taxable income required to fully realize the recorded amount of the gross deferred tax asset reflect numerous assumptions about our operating businesses and investments and are subject to change as conditions change specific to our business units, investments or general economic conditions. Changes that are adverse to us could result in the need to increase the deferred tax asset valuation allowance resulting in a charge to results of operations and a decrease to stockholders' equity.

At December 31, 2019, we evaluated the need for a valuation allowance for certain deferred tax assets based upon our assessment of whether it is more likely than not that we will generate sufficient future taxable income necessary to realize the deferred tax benefits. We maintain a valuation allowance against our deferred tax assets that are capital in nature to the extent that it is more likely than not that the related deferred tax benefit will not be realized. We also have a deferred tax asset related to the net operating losses (***"NOLs"***) that we believe is more likely than not to expire before utilization. In 2019, we released $56.9 million of the valuation allowance because we believe this portion of NOLs is more likely than not to be realized. If we determine that is more likely than not than any some or all of our loss carryforwards will not be realized, or if we experience a reduction to our future earnings, which will lower taxable income, we may be required to record a charge against earnings in the form of a valuation allowance. For additional discussion on deferred tax assets, see "Item 8. Financial Statements and Supplementary Data—Note 16" and "Our utilization of our federal NOLs may be severely limited or potentially eliminated."

Our business depends on our strong reputation and the value of our brands, which could be negatively impacted by poor performance, and any new brands or rebranding of existing brands require substantial time and expense to establish awareness and acceptance.

Developing and maintaining awareness of our brands is critical to achieving widespread acceptance of our existing and future products and services and is an important element in attracting new customers. Adverse publicity (whether or not justified) relating to regulatory proceedings or other events or activities attributed to our businesses, our employees, our vendors, or our partners may tarnish our reputation and reduce the value of our brands. Damage to our reputation and loss of brand equity may reduce demand or awareness for our products and services and have a material adverse effect on our future financial results. These damages or reductions in value also would require additional resources to rebuild our reputation and restore the value of the brands.

Additionally, the development of new brands, or rebranding of existing brands (including the Rebranding), require substantial time, management and employee focus, and expenses relating to strategic development, marketing and technology in order to develop awareness and acceptance, which may not result in the realization of the anticipated benefits.

Rapid growth may place significant demands on our resources.

We have experienced rapid growth since the completion of our Strategic Transformation, including as a result of the 1st Global Acquisition. Our historical growth has, and our anticipated future growth will, place a substantial demand on our managerial, operational, and financial resources due to:

- the need to manage relationships with various strategic partners and other third parties;
- the need to maintain levels of service expected by clients and customers;

- the creation, implementation, consolidation, or conversion of technological infrastructure, platforms, products and service offerings;
- the pressure to deliver our products and services on a timely basis;
- difficulties in hiring and retaining skilled personnel necessary to support our business;
- increased costs and capacity constraints in connection with providing office space for our employee population;
- the integration of acquired businesses and organic business, customer and revenue growth strategies and initiatives;
- pressures for the continued development of our products and financial and information management systems; and
- the possible need to create lines of businesses or departments that do not now exist, and to hire, train, motivate, and manage a growing number of staff.

There can be no assurance that we will be able to effectively achieve or manage any future growth. If we have not made adequate allowances for the costs and risks associated with this expansion or if our systems, procedures, or controls are not adequate to support our operations, our business could be harmed and we could experience a Material Adverse Effect.

Government regulation of our business, including increased regulation or the interpretation of existing laws, rules or regulations, could have a Material Adverse Effect.

We are subject to federal, state, and local laws and regulations that affect our business, such as financial services, data privacy, and security requirements, tax, digital content, employment, consumer protection, and fraud protection, among others. In addition, there have been significant new regulations and heightened focus by the government on many of the laws and regulations that affect both our Wealth Management and our Tax Preparation businesses. As we expand our products and services and revise our business models, we may become subject to additional government regulation or increased regulatory scrutiny. Regulators may adopt new laws or regulations, or their interpretation of existing laws or regulations may differ from our interpretation or the laws of other jurisdictions in which we operate. If we are found to not be in compliance with certain laws, rules or regulations, it could have a Material Adverse Effect. Increased or new regulatory requirements or changes in the interpretation of existing laws, rules or regulations could, among other things, result in penalties, fines and disgorgement, impose significant limitations on the way we conduct our business, require changes to our business, require certain notifications to customers or employees, restrict our use of personal information, cause our customers to cease utilizing our products or services, make our business more costly, less efficient, or impossible to conduct, require us to modify our current or future products or services in a manner that is detrimental to our business and result in additional compliance costs, which could have a Material Adverse Effect.

The tax preparation industry continues to receive heightened attention from federal and state governments. New legislation, regulation, public policy considerations, changes in the cybersecurity environment, litigation by the government or private entities, or new interpretations of existing laws may result in greater oversight of the tax preparation industry, restrict the types of products and services that we can offer or the prices we can charge, or otherwise cause us to change the way we operate our Tax Preparation business or offer our tax preparation products and services. We may not be able to respond quickly to such regulatory, legislative, and other developments, and these changes may in turn increase our cost of doing business and limit our revenue opportunities. In addition, if our practices are not consistent with new interpretations of existing laws, rules, or regulations, we may become subject to lawsuits, penalties, fines, and other liabilities that did not previously apply. We are also required to comply with Federal Trade Commission (the ***"FTC"***) requirements and a variety of state revenue agency standards. Requirements imposed by the FTC or state agencies, including new requirements or their interpretation of existing laws, rules, or regulations, could be burdensome on our business, cause us to lose market share due to product changes we are required to implement, or may significantly increase the costs of providing those services to our customers and may prevent us from delivering a quality product to our customers in a timely manner and at an acceptable price, all of which could have a Material Adverse Effect. In addition, in our Tax Preparation business, we generate revenue from certain financial products related to our tax preparation software and services. These products include prepaid debit cards on which a tax filer may receive his or her tax refund and the ability of certain of our users to have the fees for our services deducted from their tax refund. Any regulation of these products by state or federal governments, or any competing products offered by state and federal tax collection agencies, could materially and adversely impact our revenue from these financial products.

In addition, we are subject to laws, regulations, and industry rules relating to the collection, use, and security of user data. We expect regulation in this area to increase, and our current data protection policies and practices may not be sufficient and thus may require modification. Numerous jurisdictions have passed, and may in the future pass, new laws related to the use and retention of consumer information, and this area continues to be an area of interest for U.S. federal, state, and foreign governmental authorities. These laws may be interpreted and applied inconsistently from jurisdiction to jurisdiction, and our current data protection policies and practices may not be consistent with all of those interpretations and applications. We have incurred, and may continue to incur, significant expenses to comply with privacy and security standards and protocols imposed by law, regulation, industry standards, and contractual obligations. Failure to comply with laws and regulations that protect user data could harm our reputation and could result in a Material Adverse Effect. See "*Complex and evolving U.S. and international laws and regulation regarding privacy and data protection could result in claims, changes to our business practices, penalties, increased cost of operations or otherwise harm our business, and concerns about the current privacy and cybersecurity environment, generally, could deter current and potential customers from adopting our products and services and damage our reputation"* for additional information regarding data privacy regulations.

Our ability to comply with all applicable laws, rules, and regulations and interpretations of such laws, rules, and regulations is largely dependent on our establishment and maintenance of compliance, audit, and reporting systems and procedures, as well as our ability to attract and retain qualified compliance, audit, and risk management personnel. While we have adopted systems, policies, and procedures reasonably designed to comply or facilitate compliance with all applicable laws, rules, and regulations and interpretations of such laws, rules, and regulations, these systems, policies, and procedures may not be fully effective. There can be no assurance that we will not be subject to investigations, claims, or other actions or proceedings by regulators or third parties with respect to our past or future compliance with applicable laws, rules, and regulations, the outcome of which may have a Material Adverse Effect.

If we fail to comply with applicable laws, rules, regulations and guidance, such failure could have a Material Adverse Effect. See *"Our Wealth Management business is subject to extensive regulation, and failure to comply with these regulations or interpretations thereof could have a Material Adverse Effect"* for additional information regarding the regulation of our business.

Our Wealth Management business is subject to extensive regulation, and failure to comply with these regulations or interpretations thereof could have a Material Adverse Effect.

Our Wealth Management business is subject to enhanced regulatory scrutiny and is heavily regulated by multiple agencies, including the SEC, Financial Industry Regulatory Authority (***"FINRA"***), state securities and insurance regulators, and other regulatory authorities. Failure to comply with these regulators' laws, rules, and regulations could result in the restriction of the ongoing conduct or growth, or even liquidation of, parts of our business and otherwise cause a Material Adverse Effect. In addition, regulators may adopt new laws or regulations, or their interpretation of existing laws or regulations may differ from our interpretation of the laws or regulations that are applicable to our business. Regulators may also take enforcement actions based on their interpretation of the law that could require or prompt us to change our business practices, increase our costs, including resulting in fines, penalties and disgorgement, or reduce our revenue, any of which could cause a Material Adverse Effect.

The regulatory environment in which our Wealth Management business operates is continually evolving, and the level of financial regulation to which we are subject has generally increased in recent years. Among the most significant regulatory changes affecting our Wealth Management business is the Dodd-Frank Wall Street Reform and Consumer Protection Act (the ***"Dodd-Frank Act"***), which mandates broad changes in the supervision and regulations of the wealth management industry. Regulators implementing the Dodd-Frank Act have adopted, proposed to adopt, and may in the future adopt regulations that could impact the manner in which we will market products and services in our Wealth Management business, manage our Wealth Management business operations, and interact with regulators. In addition, the Trump Administration has initiated and in some cases completed a broad review of U.S. fiscal laws and regulations. If significant changes are enacted as a result of this review, they could negatively impact our Wealth Management business and cause a Material Adverse Effect.

On June 5, 2019, the SEC adopted Regulation Best Interest (***"Reg. BI"***), elevating the standard of care for broker-dealers from the current "suitability" requirement to a "best interest" standard when making a recommendation of any securities transaction to a retail customer. The "best interest" standard requires a broker-dealer to make recommendations without putting its financial interests ahead of the interests of a retail customer and imposes certain disclosure and policy and procedural obligations. The SEC also adopted Form CRS

Relationship Summary (***"Form CRS"***), which requires RIAs and broker-dealers to deliver to retail investors a succinct, plain English summary about the relationship and services provided by the firm and the required standard of conduct associated with the relationship and services. In connection with adopting Reg. BI, the SEC added new record-making and record-keeping rules. The compliance date for Reg. BI and the related rules is June 30, 2020.

In addition, Reg. BI prohibits a broker-dealer and its associated persons from using the term "adviser" or "advisor" if the broker-dealer is not an RIA or the associated person is not a supervised person of an RIA. This prohibition requires us to change the titles of certain of our advisors, which could lead to confusion or distraction of both management and/or advisor time and attention.

Reg. BI's new standards of conduct and other requirements that heighten the duties of broker-dealers and investment advisors could result in additional supervisory, compliance and training costs and burdens, lesser compensation, and management distraction, and the required disclosure and policy and procedural obligations could impact the compensation our Wealth Management business and its representatives receive for selling certain types of products, particularly those that offer different compensation across different share classes (such as mutual funds and variable annuities), all of which could have a Material Adverse Effect on our business. Because our brokerage business comprises a significant portion of our business, our failure to successfully conform to these standards could negatively impact our results.

Legislatures and securities regulators in certain states in which we do business have enacted (or have considered enacting) their own standard of conduct rules for broker-dealers, insurance agents, and investment advisors. The requirements and scope of these state rules are not uniform. Accordingly, we may have to adopt different policies and procedures in different states, which could create added compliance, supervision, training and sales costs for our Wealth Management business. Should more states enact similar legislation or regulation, it could result in material additional compliance costs and could have a Material Adverse Effect.

Our Wealth Management business distributes its products and services through financial advisors who affiliate with us as independent contractors. There can be no assurance that legislative, judicial, or regulatory (including tax) authorities will not introduce proposals or assert interpretations of existing rules and regulations that would change, or at least challenge, the classification of our financial advisors as independent contractors. Although we believe we have properly classified our advisors as independent contractors, the IRS or other U.S. federal or state authorities or similar authorities may determine that we have misclassified our advisors as independent contractors for employment tax or other purposes and, as a result, seek additional taxes from us or attempt to impose fines and penalties, which could have a Material Adverse Effect on our business model, financial condition, and results of operations.

In addition, the SEC and FINRA have extensive rules and regulations with respect to capital requirements. As a registered broker-dealer, our Wealth Management business is subject to Rule 15c3-1 (the ***"Net Capital Rule"***) under the Securities Exchange Act of 1934, as amended, and related requirements of self-regulatory organizations, which specify minimum capital requirements that are intended to ensure the general soundness and liquidity of broker-dealers. As a result of the Net Capital Rule, our ability to withdraw capital from our subsidiaries that comprise our Wealth Management business could be restricted, which in turn could limit our ability to repay debt, redeem or purchase shares of our outstanding stock, or pay dividends, which could have a Material Adverse Effect. A large operating loss or charge against net capital could adversely affect our ability to expand or even maintain our present levels of business.

Our Wealth Management business offers products sponsored by third parties, including, but not limited to, mutual funds, insurance, annuities, and alternative investments. These products are subject to complex regulations that change frequently. Although we have controls in place to facilitate compliance with such regulations, there can be no assurance that our interpretation of the regulations will be consistent with various regulators' interpretations, that our procedures will be viewed as adequate by regulatory examiners, or that the operating subsidiaries will be deemed to be in compliance with regulatory requirements in all material respects. If products sold by our Wealth Management business do not perform as anticipated due to market factors or otherwise, or if product sponsors become insolvent or are otherwise unable to meet their obligations, this could result in material litigation and regulatory action against us. In addition, we could face liabilities for actual or alleged breaches of legal duties to customers with respect to the suitability of the financial products we make available in our open architecture product platform or the investment advice of our financial advisors.

See "*Government regulation of our business, including increased regulation or the interpretation of existing laws, rules or regulations, could have a Material Adverse Effect*" for additional information regarding the regulation of our business.

Current and future litigation, regulatory proceedings or adverse court interpretations of the laws and regulations under which the Company operates could have a Material Adverse Effect.

Many aspects of our business involve substantial risks of liability and regulatory oversight. We are currently subject to certain legal and regulatory proceedings and are likely to be subject to such proceedings in the future. In highly volatile markets, the volume of claims and amount of damages sought in litigation and regulatory proceedings against financial institutions have historically increased. Any proceedings to which we are subject, such as regulatory proceedings (including investigations or inquiries), purported class actions, shareholder derivative lawsuits, or claims by wealth management clients, could result in substantial expenditures, generate adverse publicity and could significantly impair our business, or force us to change our business practices. Involvement in any regulatory proceeding or the defense of any lawsuit, even if successful, could require substantial time and attention of our management and could require the expenditure of significant amounts for legal fees and other related costs. In addition, litigation or regulatory proceedings (including those brought by state or federal agencies) relating to our business practices may result in additional costs, such as fines, penalties and disgorgement, or otherwise restrict or limit our business practices, including the offering of certain of our products or services. To the extent that any such additional costs are incurred, or restrictions implemented that limit or restrict certain business practices, it could result in a Material Adverse Effect.

Further, as required by GAAP, we estimate loss contingencies and establish reserves based on our assessment of contingencies where liability is deemed probable and reasonably estimable in light of the facts and circumstances known to us at a particular point in time. Subsequent developments in legal or regulatory proceedings may affect our assessment and estimates of the loss contingency recorded as a liability or as a reserve against assets in our financial statements. See "Item 3. Legal Proceedings" along with "Item 8. Financial Statements and Supplementary Data—Note 11." Because litigation, regulatory proceedings, and other disputes are inherently unpredictable, the results of any of these matters may have a Material Adverse Effect.

We have had recent senior leadership transitions, and if we are not effective in managing those transitions, our business could be adversely impacted and we could experience a Material Adverse Effect.

We have had recent senior leadership transitions and have replaced some of our executive officers and senior leadership team. While many of our executive officers have relevant industry experience, they are new to our Company. Changes in senior management are inherently disruptive and can be difficult to manage, and efforts to implement any new strategic or operating goals may not succeed in the absence of a long-term management team. Periods of transition in senior management are often difficult due to cultural differences that may result from changes in strategy and style and the time required for new executives to gain detailed operational knowledge. These changes could also cause concerns to regulatory bodies, ratings agencies and third parties with whom we do business, and may increase the likelihood of turnover of our employees and, in the case of our Wealth Management business, turnover of advisors. Additionally, senior leadership transitions have resulted, and in the future may result, in significant transition costs. If we are not effective in managing these leadership and employee transitions, our business could be adversely impacted, and we could experience a Material Adverse Effect.

If we are unable to hire, retain, and motivate highly qualified employees, including our key employees, we may not be able to successfully manage our businesses.

Our business and operations are substantially dependent on the performance of our key employees and our future success depends on our ability to identify, attract, hire, retain, and motivate highly skilled management, technical, sales and marketing, and corporate development personnel, including personnel with experience and expertise in the wealth management, tax preparation, and technology industries to support our new strategic focus. Qualified personnel with experience relevant to our businesses are scarce, and competition to recruit them is intense. Changes of management or key employees may disrupt operations, and if we lose the services of one or more key employees and are unable to recruit and retain a suitable successor with relevant experience or if we fail to successfully hire, retain and manage a sufficient number of highly qualified employees, we may have difficulties in timely managing, supporting or expanding our businesses which may materially and adversely affect our business and financial results or delay achievement of our business objectives. Realignments of resources, reductions in workforce, or other operational decisions have created and could continue to create an unstable work

environment and may have a negative effect on our ability to hire, retain, and motivate employees. There can be no assurance that any retention program we initiate will be successful at retaining employees, including key employees.

We use stock options, restricted stock units, and other equity-based awards, along with cash-based bonus programs, to recruit and retain senior-level employees and advisors. With respect to those employees or advisors to whom we issue such equity-based awards, we face a significant challenge in retaining them if the value of equity-based awards in the aggregate or individually is either not deemed by the employee or advisor to be substantial enough or deemed so substantial that the employee or advisor leaves after their equity-based awards vest. If our stock price does not increase significantly above the exercise prices of our options, we may need to revisit our compensation program in order to motivate and retain our key employees and advisors. We may undertake or seek stockholder approval to undertake other equity-based programs to retain key personnel, which may be viewed as dilutive to our existing stockholders or may increase our compensation costs. There can be no assurance that any such programs, if approved by our stockholders, or any other incentive programs, would be successful in motivating and retaining our employees.

Future growth of our business and revenue growth depends upon our ability to adapt to technological change and successfully introduce new and enhanced products and services.

The tax preparation and wealth management industries are characterized by rapidly changing technology, evolving industry and security standards, and frequent new product introductions. Our competitors in these industries offer new and enhanced products and services every year. Consequently, customer expectations are constantly changing. We must successfully innovate and develop or offer new products and features to meet evolving customer needs and demands, while continually updating our technology infrastructure. We must devote significant resources to developing our skills, tools, and capabilities in order to capitalize on existing and emerging technologies. Our inability to quickly and effectively innovate our products, services, and infrastructure could result in a Material Adverse Effect.

We offer our digital tax preparation products and services through our website and through our mobile application. If our customers do not deem our website or our mobile application user friendly or if they deem our competitors' websites or mobile applications more user friendly or better than ours, our market share could decline, which could have a Material Adverse Effect. In addition, we regularly make upgrades to the technology we use for our tax preparation products, and these upgrades are expected to provide a better user experience and help us to keep existing customers or attract new customers. If our mobile application or the other upgrades we make to the technology we use in our Tax Preparation business are not successful, it could result in wasted development costs or damage to our brands and market share, any of which could have a Material Adverse Effect. We may also encounter problems in connection with our mobile application, and we may need to devote significant resources to the creation, support, and maintenance of new user experiences.

Our operating systems and network infrastructure, including our website, transaction management software, data center systems, or the systems of third-party co-location facilities and cloud service providers, could fail, become unavailable or otherwise be inadequate, are subject to significant and constantly evolving cybersecurity and other technological risks, and the security measures that we have implemented to secure confidential and personal information may be breached. A potential breach or any unavailability, inadequacy or failure of our operating systems and network infrastructure may pose risks to the uninterrupted operation of our systems, expose us to mitigation costs, litigation, investigation, fines and penalties by authorities, claims by third parties (including persons whose information was disclosed), damage to our reputation, and/or result in a material loss of revenues and current or potential customers and have a Material Adverse Effect.

Our Tax Preparation and Wealth Management businesses collect, use, and retain large amounts of confidential personal and financial information from their customers. Maintaining the integrity of our systems and networks is critical to the success of our business operations, including the retention of our customers and advisors, and to the protection of our proprietary information and our customers' personal information. A major breach or failure of our systems or those of our third-party service providers or partners may have materially negative consequences for our businesses, including possible fines, penalties and damages, reduced demand for our services, harm to our reputation and brands, further regulation and oversight by federal or state agencies, and loss of our ability to provide financial transaction services or accept and process customer credit card orders or tax returns.

We may detect, or we may receive notices from customers, service providers or public or private agencies that they have detected, vulnerabilities or current or potential failures in our operating systems, network infrastructure, or our software. The existence of vulnerabilities, even if they do not result in a security breach or system failure, may harm customer confidence and require substantial resources to address, and we may not be able to discover or remediate such vulnerabilities, breaches, or failures. Additionally, any system interruptions that result in the unavailability or unreliability of our websites, transaction processing systems, or network infrastructure could materially reduce our revenue and impair our ability to properly process transactions. Any system unavailability or unreliability may cause unanticipated system disruptions, slower response times, degradation in customer satisfaction, additional expense, or delays in reporting accurate financial information.

In addition, hackers may develop and deploy viruses, worms, and other malicious software programs that can be used to attack our operating systems and network infrastructure. Although we utilize network and application security measures, internal controls, and physical security procedures to safeguard such systems, there can be no assurance that a security breach, intrusion, or loss or theft of personal information will not occur. Any such incident could cause a Material Adverse Effect and require us to expend significant resources to address these problems, including notification under data privacy regulations. In addition, our employees (including temporary and seasonal employees) and contractors may have access to sensitive and personal information of our customers and employees. While we conduct background checks on our employees and contractors and limit access to systems and data, it is possible that one or more of these individuals may circumvent these controls, resulting in a security breach. It is also possible that unauthorized access to or disclosure of customer data may occur due to inadequate use of security controls by our customers. Unauthorized persons could gain access to customer accounts if customers do not maintain effective access controls of their systems and software.

While we maintain cyber liability insurance that provides both third-party liability and first-party liability coverages, this insurance is subject to exclusions and may not be sufficient to protect us against all losses. In addition, the trend toward broad consumer and general public notification of such incidents could exacerbate the harm to our business, financial condition, or results of operations. Even if we successfully protect our technology infrastructure and the confidentiality of sensitive data, we may incur significant expenses in connection with our responses to any such attacks as well as the adoption, implementation, and maintenance of appropriate security measures. We could also suffer harm to our business and reputation if attempted security breaches are publicized. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems, data thefts, physical system or network break-ins, inappropriate access, or other developments will not compromise or breach the technology or other security measures protecting the networks and systems used in connection with our businesses.

We rely on third-party vendors to host and store certain of our sensitive and personal information and data through co-location facilities and cloud services. We may not have the ability to effectively monitor or oversee the implementation of the security and control measures utilized by our third-party partners, and, in any event, individuals or third parties may be able to circumvent and/or exploit vulnerabilities that may exist in these security and business controls, resulting in a loss of sensitive and personal customer or employee information and data. Additionally, our systems, operations, data centers and cloud services, and those of our third-party service providers and partners, could be susceptible to damage or disruption, including in cases of fire, flood, earthquakes, other natural disasters, power loss, telecommunications failure, internet breakdown, break-in, human error, software bugs, hardware failures, malicious attacks, computer viruses, computer denial of service attacks, terrorist attacks, or other events beyond our control. Such damage or disruption may affect internal and external systems that we rely upon to provide our services, take and fulfill customer orders, handle customer service requests, and host other products and services.

During the period in which any of our services or products are unavailable, we could be unable or severely limited in our ability to generate revenues, and we may also be exposed to liability from those third parties to whom we provide such services or products. We could face significant losses as a result of these events, and our business interruption insurance may not be adequate to compensate us for all potential losses, which could result in a Material Adverse Effect. Our Tax Preparation and Wealth Management businesses have business continuity plans that include secondary disaster recovery centers, but if their primary data centers fail and those disaster recovery centers do not fully restore the failed environments, our business could suffer. In particular, if such interruption occurs during the tax season, it could have a Material Adverse Effect on our Tax Preparation business.

Complex and evolving U.S. and international laws and regulation regarding privacy and data protection could result in claims, changes to our business practices, penalties, increased cost of operations or otherwise harm our business, and concerns about the current privacy and cybersecurity environment, generally, could deter current and potential customers from adopting our products and services and damage our reputation.

Regulation related to the provision of online services is evolving as federal, state, and foreign governments continue to adopt new, or modify existing, laws and regulations addressing data privacy and the collection, processing, storage, transfer, and use of data. This includes, for example, the European Union's General Data Protection Regulation, which became effective on May 25, 2018, and the California Consumer Protection Act, which became effective on January 1, 2020. If we are unable to engineer products that meet these evolving requirements or help our customers meet their obligations under these or other new data regulations, we might experience reduced demand for our offerings. Further, penalties for non-compliance with these laws may be significant.

Other governmental authorities throughout the U.S. and around the world are considering similar types of legislative and regulatory proposals concerning data protection. Each of these privacy, security, and data protection laws and regulations could impose significant limitations, require changes to our business, require notification to customers or workers of a security breach, restrict our use or storage of personal information, or cause changes in customer purchasing behavior, which may make our business more costly, less efficient or impossible to conduct, and may require us to modify our current or future products or services, which may make customers less likely to purchase our products and may harm our future financial results. Additionally, any actual or alleged noncompliance with these laws and regulations could result in negative publicity and subject us to investigations, claims, or other remedies, including demands that we modify or cease existing business practices, and expose us to significant fines, penalties, and other damages. We have incurred, and may continue to incur, significant expenses to comply with existing privacy and security standards and protocols imposed by law, regulation, industry standards, or contractual obligations.

Additionally, the continued occurrence of cyberattacks and data breaches on governments, businesses and consumers in general, indicates that we operate in an external environment where cyberattacks and data breaches are becoming increasingly common. If the global cybersecurity environment worsens, and there are increased instances of security breaches of third-party offerings where consumers' data and sensitive information is compromised, consumers may be less willing to use online offerings, particularly offerings like ours in which customers often share sensitive financial data. In addition, the increased availability of data obtained as a result of breaches of third-party offerings could make our own products more vulnerable to fraudulent activity. Even if our products are not affected directly by such incidents, they could damage our reputation and deter current and potential customers from adopting our products and services or lead customers to cease using online and connected software products to transact financial business altogether.

We currently plan to increase our capture and use of user data for marketing purposes. In connection with our use of user data for marketing efforts, concerns may be expressed about whether our products, services, or processes compromise the privacy of users, customers and others. Concerns about our practices with regard to the collection, use, disclosure or security of personal information or other privacy related matters, even if unfounded, could damage the reputation of our business and our brands and adversely affect our operating results.

If our Tax Preparation business fails to process transactions effectively or fails to adequately protect against disputed or potential fraudulent activities, it could have a Material Adverse Effect, and stolen identity refund fraud could result in negative publicity and/or impede our Tax Preparation customers' ability to timely and successfully file their tax returns and receive their tax refunds.

Our Tax Preparation business processes a significant volume and dollar value of transactions on a daily basis, particularly during tax season. Due to the size and volume of transactions that we handle, effective processing systems and controls are essential to ensure that transactions are handled appropriately. Despite our efforts, it is possible that we may make errors or that fraudulent activity may affect our services. In addition to any direct damages and fines that may result from any such problems, which may be substantial, a loss of confidence in our controls may materially harm our business and damage our brand. The systems supporting our Tax Preparation business are comprised of multiple technology platforms, some of which are difficult to scale. If we are unable to effectively manage our systems and processes, we may be unable to process customer data in an accurate, reliable, and timely manner, which could result in a Material Adverse Effect.

Additionally, criminals may utilize stolen information obtained through hacking, phishing, and other means of identity theft in order to electronically file fraudulent federal and state tax returns. As a result, impacted taxpayers must complete additional forms and go through additional steps in order to report to appropriate authorities that their identities have been stolen and their tax returns were filed fraudulently. Though we offer assistance in the refund recovery process, any stolen identity refund fraud could impede our Tax Preparation customers' ability to timely and successfully file their tax returns and receive their tax refunds, and could diminish customers' perceptions of the security and reliability of our tax preparation products and services, resulting in negative publicity, despite there having been no breach in the security of our systems. Moreover, if stolen identity refund fraud is perpetrated at a material level through our tax preparation products or services, state, federal, or foreign tax authorities may refuse to allow us to continue to process our customers' tax returns electronically. Notably, federal, state, and foreign governmental authorities in jurisdictions in which we operate have taken action, and may take action in the future, in an attempt to combat stolen identity refund fraud, which may require changes to our systems and business practices in ways we cannot anticipate. As a result, stolen identity fraud, or any increased governmental regulation relating to our systems and business practices to attempt to combat that fraud, could result in a Material Adverse Effect on our Tax Preparation business.

The specialized and highly seasonal nature of our Tax Preparation business presents financial risks and operational challenges, which, if not satisfactorily addressed, could result in a Material Adverse Effect.

Our Tax Preparation business is highly seasonal, with a significant portion of our annual revenue for such services earned in the first four months of our fiscal year. The concentration of our revenue-generating activity during this relatively short period presents a number of challenges for us, including cash and resource management during the last eight months of our fiscal year, when our Tax Preparation business generally operates at a loss and incurs fixed costs of preparing for the upcoming tax season, responding to changes in competitive conditions, including marketing, pricing, and new product offerings, which could affect our position during the tax season, and ensuring optimal uninterrupted operations and service delivery during the tax season. If we experience significant business disruptions during the tax season or if we are unable to satisfactorily address the challenges described above and related challenges associated with a seasonal business, it could result in a Material Adverse Effect.

Additionally, due to this seasonality of our Tax Preparation business, a precise development and release schedule is required, and our tax preparation software and online service must be ready to launch in final form near the beginning of each calendar year to take advantage of the full tax season. We must update the code for our software and service on schedule each year to account for annual changes in tax laws and regulations and ensure that the software and service are accurate. Delayed and unpredictable changes to federal and state tax laws and regulations can cause an already tight development cycle to become even more challenging. If we are unable to meet this precise schedule and we launch our software and service late, we risk losing customers to our competitors. If we cannot develop our software with a high degree of accuracy and quality, we risk errors in the tax returns that are generated. Any delays, issues with accuracy or quality, or other errors could result in loss of reputation, lower customer retention, or legal claims, fees, and payouts related to the warranty on our software and service, which could result in a Material Adverse Effect on our Tax Preparation business.

The United States government's inability to agree on a federal budget may adversely impact our operations and financial results.

In the past, the failure of the United States government to timely complete its budget process has resulted in shutdowns of the federal government, including most recently a shutdown that began on December 22, 2018 and lasted until January 25, 2019. During these shutdowns, certain regulatory agencies, such as the Internal Revenue Service and the United States Department of the Treasury, have had to furlough critical employees and cease certain critical activities.

During a prolonged government shutdown, the ability of the Internal Revenue Service to timely review and process tax return filings may be significantly delayed, and representatives of the Internal Revenue Service may be unable to answer crucial taxpayer questions. Even after the shutdown has ended, the Internal Revenue Service may be significantly delayed in processing tax return filings as a result of accumulating a backlog of filings during the shutdown. These may be further exacerbated in years where there are significant changes to existing tax legislation. Any uncertainty surrounding the ability of the Internal Revenue Service to process tax return filings and respond to taxpayer questions could cause our customers not to purchase or to delay purchasing our products and services, thereby negatively impacting our revenues and future financial results, which could result in a Material Adverse Effect on our Tax Preparation business.

We may be negatively impacted by any future changes in tax laws.

Changes in state and federal tax laws require updates to our tax preparation software used in our Tax Preparation business. Such updates are costly and may be time consuming to ensure that they accurately reflect the new laws that are adopted. In addition, further changes in the way that state and federal governments structure their taxation regimes could also cause a Material Adverse Effect on our Tax Preparation business. The introduction of a simplified or flattened federal or state taxation structure may make our services less necessary or attractive to individual filers, which could reduce revenue and the number of units sold. We also face risk from the possibility of increased complexity in taxation structures, which may encourage some of our customers to seek professional tax advice instead of using our software or services. In the event that such changes to tax structures cause us to lose market share or cause a decline in customers, it could cause a Material Adverse Effect.

If our enterprise risk management and compliance frameworks, including our policies and procedures, are not effective at mitigating risk and loss to us, we could be exposed to unidentified or unanticipated risks, suffer unexpected claims or losses, experience reputational harm, and our financial condition and results of operations could be materially adversely affected.

Our enterprise risk management framework seeks to achieve an appropriate balance between risk and return, which is critical to optimizing stockholder value. We have established processes and procedures intended to identify, measure, monitor, report, analyze and control the types of risk to which we are subject. These risks include liquidity risk, credit risk, market risk, interest rate risk, operational risk, legal and compliance risk, and reputational risk, among others.

We also maintain a compliance program designed to identify, measure, assess, and report on adherence to applicable laws, policies and procedures to which the Company and its employees, contractors and financial advisors may be subject. While we seek to assess and improve our programs and policies on an ongoing basis, there can be no assurance that our risk management or compliance programs and policies, along with other related controls, will effectively limit claims or losses and mitigate all risk in our business. As with any risk management or compliance framework, there are inherent limitations to our risk management strategies and certain risks may exist, or develop in the future, that we have not appropriately anticipated or identified, particularly relating to conduct that is difficult to detect and deter. If these frameworks, including the internal controls and other risk-mitigating factors we employ, are not successful in identifying, monitoring and managing risks, we may be subject to the risks of errors and misconduct by our employees, contractors, financial advisors and other parties with whom we conduct business, such as fraud, non-compliance with policies, rules or regulation, recommending transactions that are not suitable, and improperly using or disclosing confidential information. We are further subject to the risk of nonperformance or inadequate performance of contractual obligations by third-party vendors of products and services that are used in our businesses. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Insurance and other traditional risk-shifting tools may be held by or available to us in order to manage certain exposures, but they are subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as the risk of counterparty denial of coverage, default or insolvency. If our risk management and compliance framework prove ineffective, we could suffer unexpected claims or losses, experience reputational harm, and our business financial condition and results of operations could be materially adversely affected.

In our Wealth Management business, prevention and detection of wrongdoing or fraud by our advisors, who are not our employees and tend to be located remotely from our headquarters, present unique challenges. There cannot be any assurance that misconduct by our advisors will not lead to a Material Adverse Effect on our business. RIAs have fiduciary obligations that require us and our advisors to act in the best interests of our customers and to disclose any material conflicts of interest. Conflicts of interest are under growing scrutiny by U.S. federal and state regulators. Our risk management processes include addressing potential conflicts of interest that arise in our business. Management of potential conflicts of interest has become increasingly complex. A perceived or actual failure to address conflicts of interest adequately could affect our reputation, the willingness of customers to transact business with us or give rise to litigation or regulatory actions, any of which could have a Material Adverse Effect.

If third parties claim that our services infringe upon their intellectual property rights, we may be forced to seek expensive licenses, reengineer our services, engage in expensive and time-consuming litigation, or stop marketing and licensing our services.

Companies and individuals with rights relating to the technology industry have frequently resorted to litigation regarding intellectual property rights. These parties have in the past made, and may in the future make, claims against us alleging infringement of patents, copyrights, trademarks, trade secrets, or other intellectual property or proprietary rights, or alleging unfair competition or violations of privacy or publicity rights. Responding to any such claims could be time-consuming, result in costly litigation, divert management’s attention, cause product or service release delays, or require removal or redesigning of our products or services, payment of damages for infringement, or entry into royalty or licensing agreements. Our technology, services, and products may not be able to withstand any third-party claims or rights against their use. In some cases, the ownership or scope of an entity’s or person’s rights is unclear. In addition, the ownership or scope of such rights may be altered by changes in the legal landscape, such as through developments in U.S. or international intellectual property laws or regulations or through court, agency, or regulatory board decisions. If a successful claim of infringement were made against us and we could not develop non-infringing technology or content or license the infringed or similar technology or content on a timely and cost-effective basis, our financial condition and results of operations could be materially and adversely affected.

We rely heavily on our technology and intellectual property, but we may be unable to adequately or cost-effectively protect or enforce our intellectual property rights, thereby weakening our competitive position and negatively impacting our business and financial results. We may have to litigate to enforce our intellectual property rights, which can be time consuming, expensive, and difficult to predict.

To protect our rights related to our services and technology, we rely on a combination of copyright and trademark laws, trade secrets, confidentiality agreements with employees and third parties, and protective contractual provisions. We also rely on laws pertaining to trademarks and domain names to protect the value of our corporate brands and reputation. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our services or technology, obtain and use information, marks, or technology that we regard as proprietary, or otherwise violate or infringe our intellectual property rights. In addition, it is possible that others could independently develop substantially equivalent intellectual property. Effectively policing the unauthorized use of our services and technology is time-consuming and costly, and the steps taken by us may not prevent misappropriation of our technology or other proprietary assets. If we do not effectively protect our intellectual property, or if others independently develop substantially equivalent intellectual property, our competitive position could be materially weakened.

We may seek to acquire companies or assets that complement our Wealth Management and Tax Preparation businesses, and if we are unsuccessful in completing any such acquisitions on favorable terms or integrating any company acquired it could result in a Material Adverse Effect.

We may seek to acquire companies or assets that complement our Wealth Management and Tax Preparation businesses. There can be no guarantee that any of the opportunities that we evaluate will result in the purchase by us of any business or asset being evaluated, or that, if acquired, we will be able to successfully integrate such acquisition.

If we are successful in our pursuit of any complementary acquisition opportunities, we intend to use available cash, debt and/or equity financing, and/or other capital or ownership structures designed to diversify our capital sources and attract a competitive cost of capital, all of which may change our leverage profile. There are a number of factors that impact our ability to succeed in acquiring the companies and assets we identify, including competition for these companies and assets, sometimes from larger or better-funded competitors. As a result, our success in completing acquisitions is not guaranteed. Our expectation is that, to the extent we are successful, any acquisitions will be additive to our businesses, taking into account potential benefits of operational synergies. However, these new business additions and acquisitions, if any, involve a number of risks and may not achieve our expectations, and, therefore, we could be materially and adversely affected by any such new business additions or acquisitions. There can be no assurance that the short or long-term value of any business or technology that we develop or acquire will be equal to the value of the cash and other consideration that we pay or expenses we incur.

RISKS RELATED TO OUR FINANCING ARRANGEMENTS

We have incurred a significant amount of indebtedness, which may materially and adversely affect our financial condition and future financial results.

We are party to a senior secured credit facility, which consists of a term loan and revolving line of credit for future working capital, capital expenditures and general business purposes. As of December 31, 2019, we had $389.7 million and $10.0 million in principal amount of outstanding indebtedness under the term loan and revolving credit facility, respectively. The final maturity date of the term loan is May 22, 2024. Under the terms of the revolving credit facility, we may borrow up to $65.0 million.

Our level of indebtedness may materially and adversely affect our financial condition and future financial results by, among other things:

- increasing our vulnerability to downturns in our businesses, to competitive pressures, and to adverse economic and industry conditions;
- requiring the dedication of a portion of our expected cash from operations to service the indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures and complementary acquisitions;
- increasing our interest payment obligations in the event that interest rates rise; and
- limiting our flexibility in planning for, or reacting to, changes in our businesses and our industries.

Our credit facilities impose certain restrictions on us, including restrictions on our ability to create liens, incur indebtedness and make investments. In addition, our credit facilities include covenants, the breach of which may cause the outstanding indebtedness to be declared immediately due and payable. This borrowing, and our ability to repay it, may also negatively impact our ability to obtain additional financing in the future and may affect the terms of any such financing.

In addition, we or our subsidiaries, may incur additional debt in the future. Any additional debt may result in risks similar to those discussed above or in other risks specific to the credit agreements entered into for those debts.

Our level of indebtedness has increased substantially as a result of the 1st Global Acquisition and is expected to increase further as a result of the pending HKFS Acquisition.

We incurred approximately $125.0 million of additional indebtedness to fund a portion of the purchase price of the 1st Global Acquisition, and the amount of cash required to make principal and interest payments on our outstanding debt has increased by approximately $8.0 million on an annual basis as a result of the increase in our indebtedness. As a result, the demands on our cash resources are significantly greater than prior to the 1st Global Acquisition. In addition, the purchase price of the HKFS Acquisition is expected to be paid with an incremental loan under our existing credit facility that is anticipated to be entered into on or about the time of the closing of the HKFS Acquisition. The increase in our indebtedness may have the effect of, among other things, reducing our flexibility to respond to changing business and economic conditions, reducing funds available for capital expenditures, stock repurchases and other activities and creating competitive disadvantages for us relative to other companies with lower debt levels.

Ultimately, our ability to service our debt obligations will depend on our future performance, which will be affected by financial, business, economic and other factors, including our ability to achieve the expected benefits and cost savings from the 1st Global Acquisition and, if consummated, the HKFS Acquisition. There is no guarantee that we will be able to generate sufficient cash flow to pay our debt service obligations when due. If we are unable to meet our debt service obligations or we fail to comply with our financial and other restrictive covenants contained in the agreements governing our indebtedness, we may be required to refinance all or part of our debt, sell important strategic assets at unfavorable prices or borrow more money. We may not be able to, at any given time, refinance our debt, sell assets or borrow more money on terms acceptable to us or at all. Our inability to refinance our debt could result in a Material Adverse Effect.

Existing cash and cash equivalents and cash generated from operations may not be sufficient to meet our anticipated cash needs for servicing debt, working capital, and capital expenditures.

Although we believe that existing cash and cash equivalents and cash generated from operations will be sufficient to meet our anticipated cash needs for servicing debt, working capital, and capital expenditures for at least the next 12 months, the underlying levels of revenues and expenses that we project may not prove to be accurate. As of December 31, 2019, we had $389.7 million and $10.0 million outstanding under our term loan and revolving credit facility, respectively. Servicing this debt will require the dedication of a portion of our expected cash flow from operations, thereby reducing the amount of our cash flow available for other purposes. In addition, our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness depends on our future performance, which is subject to the seasonality of our Tax Preparation segment, as well as other economic, financial, competitive, and other factors beyond our control. Our businesses may not continue to generate cash flow from operations sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Changes in the debt and capital markets, including market disruptions, limited liquidity, an increase in interest rates, changes in our credit rating, and our financial condition and results at such time, among other potential factors, may limit our ability to obtain or increase the cost of financing, as well as the risks of refinancing maturing debt. This may affect our ability to raise needed financing and reduce the amount of cash available to fund our operations, acquisitions, or other growth initiatives. If the debt and capital markets were not available or were constrained, it is not certain if adequate financing options would be available to us on terms and conditions that we would find acceptable, or if we could engage in these activities on desirable terms, which could limit or delay our capital allocation plans or result in a default on our debt obligations.

In addition, we may evaluate complementary acquisitions of businesses, products, or technologies from time to time. Any such transactions, if completed, may use a significant portion of our cash and cash equivalents. If we are unable to liquidate our investments when we need liquidity for complementary acquisitions or for other business purposes, we may need to change or postpone such acquisitions or find alternative financing for them. We may seek additional funding through public or private financings, through sales of equity, or through other arrangements. Our ability to raise funds may be materially and adversely affected by a number of factors, including factors beyond our control, such as economic conditions in the markets in which we operate and increased uncertainty in the financial, capital, and credit markets. Adequate funds may not be available when needed or may not be available on favorable terms. If we raise additional funds by issuing equity securities, dilution to existing stockholders may result. Any sale of a substantial amount of our common stock in the public market, either in the initial issuance or in a subsequent resale, could have a material adverse effect on the market price of our common stock. If funding is insufficient at any time in the future, we may be unable, or delayed in our ability, to develop or enhance our products or services, take advantage of business opportunities, or respond to competitive pressures, any of which could materially harm our business.

OTHER RISKS

Our stock price has been highly volatile and such volatility may continue.

The trading price of our common stock has been highly volatile, and such volatility does not always correspond to fluctuations in the market. Between January 1, 2018 and December 31, 2019, our closing stock price ranged from $19.17 to $40.25. On February 21, 2020, the closing price of our common stock was $21.97. Our stock price could decline or fluctuate significantly in response to many factors, including the other risks discussed in this Form 10-K and the following:

- actual or anticipated variations in quarterly and annual results of operations;
- impairment charges, changes in or loss of material contracts and relationships, dispositions or announcements of complementary acquisitions, or other business developments by us, our partners, or our competitors;
- changes in executive officers;
- conditions or trends in the tax preparation or wealth management markets or changes in market share;
- changes in general conditions in the United States and global economies or financial markets;
- announcements of technological innovations or new services by us or our competitors;
- changes in financial estimates or recommendations by securities analysts;
- disclosures of any accounting issues, such as restatements or material weaknesses in internal control over financial reporting;

- equity issuances resulting in the dilution of stockholders;
- the adoption of new regulations or accounting standards;
- adverse publicity (whether justified or not) with respect to our business; and
- announcements or publicity relating to litigation or governmental enforcement actions.

In addition, the equities market has experienced extreme price and volume fluctuations, and our stock has been particularly susceptible to such fluctuations. Often, class action litigation has been instituted against companies after periods of volatility in the price of such companies' stock. We have been defendants in such class action litigation in prior periods and could be subject to future litigation, potentially resulting in substantial cost and diversion of management's attention and resources.

Our financial results may fluctuate, which could cause our stock price to be volatile or decline.

Our financial results have varied on a quarterly basis and are likely to continue to fluctuate in the future. These fluctuations could cause our stock price to be volatile or decline. Many factors could cause our quarterly results to fluctuate materially, including but not limited to:

- the inability of any of our businesses to implement business plans and to meet our expectations;
- the seasonality of our Tax Preparation business and the resulting large quarterly fluctuations in our revenues;
- variable demand for our services, rapidly evolving technologies and markets, and consumer preferences;
- the level and mix of total client assets and advisory assets, which are subject to fluctuation based on market conditions and client activity;
- the mix of revenues generated by existing businesses or other businesses that we develop or acquire;
- changes in interest rates or reductions in our cash sweep revenue;
- volatility in stock markets impacting the value of our advisory assets;
- gains or losses driven by fair value accounting;
- litigation expenses and settlement costs;
- misconduct by employees, contractors and/or financial advisors, which is difficult to detect and deter;
- expenses incurred in finding, evaluating, negotiating, consummating, and integrating acquisitions;
- impairment or negative performance of the many different industries and counterparties we rely on and are exposed to;
- any restructuring charges we may incur;
- any economic downturn, which could result in lower acceptance rates on premium products and services offered by our Wealth Management business and impact the commissions and fee revenues of our financial advisory services;
- new court rulings, or the adoption of new or interpretation of existing laws, rules, or regulations, that adversely affect our business or that otherwise increase our potential liability or compliance costs;
- impairment in the value of long-lived assets or the value of acquired assets, including goodwill, technology, and acquired contracts and relationships; and
- the effect of changes in accounting principles or standards or in our accounting treatment of revenues or expenses.

For these reasons, among others, you should not rely on period-to-period comparisons of our financial results to forecast our future performance. Furthermore, our fluctuating operating results may fall below the expectations of securities analysts or investors and financial results volatility could make us less attractive to investors, either of which could cause the trading price of our stock to decline.

We cannot assure you we will continue to repurchase shares of our common stock pursuant to our stock repurchase plan.

On March 19, 2019, we announced that our board of directors (the ***"Board"***) authorized a stock repurchase plan pursuant to which we may repurchase up to $100.0 million of our common stock. Pursuant to the plan, share repurchases may be made through a variety of methods, including open market or privately negotiated transactions. The timing and number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, our capital allocation policy, and alternative investment opportunities. Our repurchase program does not obligate us to repurchase any specific number of shares and may be suspended or discontinued at any time. Any repurchases of our stock pursuant to the stock repurchase plan may materially reduce the amount of cash we have available and may not materially enhance the long-term value of our business or our stock. For the year ended December 31, 2019, we repurchased 1.3 million shares of our common stock for an aggregate purchase price of $28.4 million.

Our utilization of our federal NOLs may be severely limited or potentially eliminated.

As of December 31, 2019, we had federal NOLs of $391.9 million that will expire primarily between 2020 and 2037, with the majority of them expiring between 2020 and 2024. We are currently able to offset all of our federal cash tax liabilities with our federal NOLs, but we may not generate sufficient taxable income in future years to utilize all of our federal NOLs prior to their expiration. If our federal NOLs expire unused, their full benefit will not be realized. In addition, in years where our income exceeds our federal NOLs, which we expect to begin occurring in 2022, we will be required to make additional income tax payments.

In addition, if we were to have a change of ownership within the meaning of Section 382 of the Internal Revenue Code (defined as a cumulative change of 50 percentage points or more in the ownership positions of certain stockholders owning five percent or more of a company's common stock over a three-year rolling period), then under certain conditions, the amount of NOLs we could use in any one year could be limited. Our certificate of incorporation imposes certain limited transfer restrictions on our common stock that we expect will assist us in preventing a change of ownership and preserving our NOLs, but there can be no assurance that these restrictions will be sufficient. In addition, other restrictions on our ability to use the NOLs may be triggered by a merger or acquisition, depending on the structure of such a transaction. It is our intention to limit the potential impact of these restrictions, but there can be no guarantee that such efforts will be successful.

If we are unable to use our federal NOLs before they expire, or if the use of this tax benefit is severely limited or eliminated, there could be a material reduction in the amount of after-tax income and cash flow from operations, and it could have an effect on our ability to engage in certain transactions. For additional discussion regarding our deferred tax assets, see *"Our deferred tax assets may not be realized."*

Delaware law and our charter documents may impede or discourage a takeover, which could cause the market price of our shares to decline.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire us, even if a change of control would be beneficial to our existing stockholders. For example, Section 203 of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder. In addition, our certificate of incorporation and bylaws contain provisions that may discourage, delay, or prevent a third party from acquiring us without the consent of our Board, even if doing so would be beneficial to our stockholders. Provisions of our charter documents that could have an anti-takeover effect include:

- the requirement for supermajority approval by stockholders for certain business combinations;
- the ability of our Board to authorize the issuance of shares of undesignated preferred stock without a vote by stockholders;
- the ability of our Board to amend or repeal our bylaws;
- limitations on the removal of directors;
- limitations on stockholders' ability to call special stockholder meetings;
- advance notice requirements for nominating candidates for election to our Board or for proposing matters that can be acted upon by stockholders at stockholder meetings; and
- certain restrictions in our certificate of incorporation on transfers of our common stock designed to preserve our federal NOLs.

Our certificate of incorporation also restricts any person or entity from attempting to transfer our stock, without prior permission from our Board, to the extent that such transfer would (i) create or result in an individual or entity becoming a five-percent stockholder of our stock, or (ii) increase the stock ownership percentage of any existing five-percent stockholder. This amendment provides that any transfer that violates its provisions shall be null and void and would require the purported transferee to, upon our demand, transfer the shares that exceed the five percent limit to an agent designated by us for the purpose of conducting a sale of such excess shares. This provision in our certificate of incorporation may make the acquisition of Blucora more expensive to the acquirer and could significantly delay, discourage, or prevent third parties from acquiring Blucora without the approval of our Board.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

Our principal corporate office is located in Irving, Texas. Our Wealth Management segment operates out of our Irving corporate office and an additional office located in Dallas, Texas (obtained in connection with the 1st Global Acquisition). The headquarters for our Tax Preparation segment is in Cedar Rapids, Iowa.

All of our facilities are leased. In 2019, we signed a new corporate headquarters office lease, which commenced in January 2020. The corporate headquarters building will be located in Coppell, Texas and will replace our Irving corporate office and our additional office located in Dallas. We plan to move into the new corporate headquarters in the second half of 2020.

ITEM 3. Legal Proceedings

See “Item 8. Financial Statements and Supplementary Data—Note 11” for information regarding legal proceedings.

ITEM 4. Mine Safety Disclosures

None.

PART II

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

Market for Our Common Stock

Our common stock trades on the NASDAQ Global Select Market under the symbol “BCOR.” On February 21, 2020, the last reported sale price for our common stock on the NASDAQ Global Select Market was $21.97 per share.

Holders

As of February 21, 2020, there were 332 holders of record of our common stock. A substantially greater number of holders are beneficial owners whose shares are held of record by banks, brokers, and other financial institutions.

Share Repurchases

On March 19, 2019, we announced that our Board authorized the repurchase of up to $100.0 million of our common stock. The authorization does not have a specified expiration date. Share repurchase activity for the fourth quarter of 2019 by month was as follows (in thousands, except per share data):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs
October 1-31, 2019	431	$ 21.18	431	$ 78,203
November 1-30, 2019	313	$ 20.87	313	$ 71,671
December 1-31, 2019	—	$ —	—	$ 71,671
Total	744	$ 21.05	744	

For additional information regarding our stock repurchase program, see “Item 8. Financial Statements and Supplementary Data—Note 12.”

ITEM 6. Selected Financial Data

The following data is derived from our audited consolidated financial statements and should be read along with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our consolidated financial statements and notes in “Item 8. Financial Statements and Supplementary Data,” and the other financial information included elsewhere in this report.

		Years Ended December 31,				
		2019	2018	2017	2016	2015
Consolidated Statements of Operations Data:	(1) (2)	(In thousands, except per share data)				
Revenue:						
Wealth management services revenue		$ 507,979	$ 373,174	$ 348,620	$ 316,546	$ —
Tax preparation services revenue		209,966	187,282	160,937	139,365	117,708
Total revenue		717,945	560,456	509,557	455,911	117,708
Operating income (loss)		9	67,677	48,037	37,117	(4,807)
Other loss, net		(16,915)	(15,797)	(44,551)	(39,781)	(12,542)
Income (loss) from continuing operations before income taxes		(16,906)	51,880	3,486	(2,664)	(17,349)
Income tax benefit (expense)		65,054	(311)	25,890	1,285	4,623
Income (loss) from continuing operations		48,148	51,569	29,376	(1,379)	(12,726)
Discontinued operations, net of income taxes	(3)	—	—	—	(63,121)	(27,348)
Net income (loss)		48,148	51,569	29,376	(64,500)	(40,074)
Net income attributable to noncontrolling interests		—	(935)	(2,337)	(658)	—
Net income attributable to Blucora, Inc.		$ 48,148	$ 50,634	$ 27,039	$ (65,158)	$ (40,074)
Basic net income (loss) per share attributable to Blucora, Inc.:						
Continuing operations		$ 1.00	$ 0.94	$ 0.61	$ (0.05)	$ (0.31)
Discontinued operations	(3)	—	—	—	(1.52)	(0.67)
Basic net income (loss) per share		$ 1.00	$ 0.94	$ 0.61	$ (1.57)	$ (0.98)
Basic weighted average shares outstanding		48,264	47,394	44,370	41,494	40,959
Diluted net income (loss) per share attributable to Blucora, Inc.:						
Continuing operations		$ 0.98	$ 0.90	$ 0.57	$ (0.05)	$ (0.31)
Discontinued operations	(3)	—	—	—	(1.52)	(0.67)
Diluted net income (loss) per share		$ 0.98	$ 0.90	$ 0.57	$ (1.57)	$ (0.98)
Diluted weighted average shares outstanding		49,282	49,381	47,211	41,494	40,959
Consolidated Balance Sheet Data:	(1)					
Cash, cash equivalents, and investments		$ 80,820	$ 84,524	$ 59,965	$ 58,814	$ 66,774
Working capital	(3) (4)	45,611	83,532	47,641	43,480	174,571
Total assets		1,137,572	997,725	1,001,671	1,022,659	1,299,548
Total long-term liabilities	(2) (3) (4)	400,525	316,905	390,495	535,577	656,122
Total stockholders’ equity		643,515	607,595	541,387	417,019	462,284

(1) On December 31, 2015, we acquired HD Vest, a wealth management business that, in combination with 1st Global, was renamed Avantax Wealth Management as part of the Rebranding in 2019.

(2) On May 6, 2019, we acquired 1st Global, a tax-focused wealth management company. The purchase price was partially paid for using the proceeds from a $125.0 million increase in the term loan under our credit agreement. The operations of 1st Global are included in our operating results as part of the Wealth Management segment from the date of the 1st Global Acquisition.

(3) On October 14, 2015, we announced plans to divest the Search and Content and E-Commerce businesses. Accordingly, the operating results of these businesses have been presented as discontinued operations for all periods presented, and the related balance sheet data has been classified in its entirety within current assets and current liabilities as of December 31, 2015 but classified within current and long-term assets and liabilities, as appropriate, for prior periods. We sold the Search and Content business and the E-Commerce business on August 9, 2016 and November 17, 2016, respectively.

(4) As of December 31, 2016, our convertible senior notes were classified as a long-term liability with an outstanding balance, net of discount and issuance costs, of $164.2 million. We redeemed the convertible senior notes in June 2017.

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

You should read the following discussion and analysis in conjunction with the Selected Financial Data and our consolidated financial statements and notes thereto included elsewhere in this Form 10-K. The following discussion contains forward-looking statements that are subject to risks and uncertainties. See "*Cautionary Statement Regarding Forward-Looking Statements*" *for a discussion of the uncertainties, risks and assumptions associated with those statements. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Form 10-K, particularly in the section titled "Risk Factors."*

In addition, the following discussion and analysis compares our financial condition and results of operations for the year ended December 31, 2019 to the year ended December 31, 2018. For a discussion of the financial condition and results of operations for the year ended December 31, 2018 compared to the year ended December 31, 2017, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K for the year ended December 31, 2018 that was filed with the Securities and Exchange Commission on March 1, 2019.

Introduction and Company History

Blucora (the **"*Company,*" "*Blucora,*" "*we,*" "*our,*"** or **"*us*"**) operates two primary businesses: a Wealth Management business and a digital Tax Preparation business. The Wealth Management business consists of the operations of Avantax Wealth Management (***"Avantax,"*** the **"*Wealth Management business,*"** or the **"*Wealth Management segment*"**), which provides tax-focused wealth management solutions for financial advisors, tax preparers, certified public accounting firms, and their clients. The Tax Preparation business consists of the operations of TaxAct, Inc. (**"*TaxAct,*"** the **"*Tax Preparation business,*"** or the **"*Tax Preparation segment*"**) and provides digital tax preparation solutions for consumers, small business owners, and tax professionals through its website www.TaxAct.com.

On May 6, 2019, we closed the acquisition of all of the issued and outstanding common stock of 1st Global, Inc. and 1st Global Insurance Services, Inc. (together, ***"1st Global"***), a tax-focused wealth management company, for a cash purchase price of $180.0 million (the ***"1st Global Acquisition"***). The 1st Global Acquisition was strategically important as it expands our presence as the leading tax-focused independent broker-dealer while also providing the scale to compete more broadly in the wealth management market. The purchase price was paid with a combination of (i) cash on hand and (ii) the proceeds from a $125.0 million increase in the term loan under our credit agreement. The operations of 1st Global are included in our operating results as part of the Wealth Management segment from the date of the 1st Global Acquisition.

Following an evaluation of the Tax Preparation business's strategic initiatives, including which aspects of the Tax Preparation business were considered non-core strategies, on September 4, 2019, we completed the disposition of all of the issued and outstanding stock of SimpleTax for proceeds of $9.6 million. This amount was received in the third quarter of 2019, resulting in a $3.3 million gain on sale for the year ended December 31, 2019. Prior to its sale, SimpleTax was a component of our Tax Preparation business.

On September 9, 2019, we announced a rebranding of our Wealth Management business to Avantax Wealth Management (the ***"Rebranding"***). In connection with the Rebranding, HD Vest (which comprised all of the Wealth Management business prior to the 1st Global Acquisition) was renamed Avantax Wealth Management in mid-September 2019, and 1st Global converted in late October 2019. The Rebranding is designed to bring broader awareness to our Tax-Smart wealth management approach, providing tax-focused wealth management advice with technology-advantaged tools, allowing our financial advisors to easily provide Tax-Smart wealth solutions to their clients.

For a further discussion of Blucora's businesses and history, see "Business" in Part I, Item 1 of this Form 10-K.

Recent Developments

HKFS Acquisition

On January 6, 2020, we entered into a Stock Purchase Agreement (the ***"Purchase Agreement"***) with Honkamp Krueger Financial Services, Inc. (***"HKFS"***), the selling stockholders named therein (the ***"Sellers"***), and

JRD Seller Representative, LLC, pursuant to which we agreed to acquire all of the issued and outstanding common stock of HKFS for a cash purchase price of $160 million (the ***"HKFS Acquisition"***). HKFS is a registered investment advisor and wealth management business that partners with CPA firms in order to provide their consumer and small business clients with holistic planning and financial advisory services. The purchase price is expected to be paid with an incremental loan under the Senior Secured Credit Facility (as defined herein), which is anticipated to be entered into on or about the time of the closing of the HKFS Acquisition. The HKFS Acquisition is expected to close around the end of the first quarter, subject to customary closing conditions. The HKFS Acquisition was not reflected in our consolidated financial statements for the year ended December 31, 2019. For additional information, see "Item 8. Financial Statements and Supplementary Data—Note 18."

Leadership Changes

On January 6, 2020, Davinder Athwal resigned from his roles as Chief Financial Officer and Principal Financial Officer of the Company, while agreeing to stay on with the Company until January 31, 2020. In connection with Mr. Athwal's resignation, Stacy Murray, who serves as the Company's Principal Accounting Officer through her position as Chief Accounting Officer, assumed the duties of serving as the Company's Principal Financial Officer in an interim capacity.

On January 10, 2020, John Clendening, who served as our President and Chief Executive Officer, and also as a member of the Board, departed from his roles as an officer, employee, and director of the Company.

On January 30, 2020, the Company announced that the Board appointed Christopher W. Walters to serve as the Company's President and Chief Executive Officer, effective January 30, 2020, with Mr. Walters continuing to serve as a member of the Board following his appointment as President and Chief Executive Officer.

Seasonality

Our Tax Preparation segment is highly seasonal, with a significant portion of its annual revenue earned in the first four months of our fiscal year. During the third and fourth quarters, the Tax Preparation segment typically reports losses because revenue from the segment is minimal while core operating expenses continue. We anticipate that the seasonal nature of that part of the business will continue in the foreseeable future.

RESULTS OF OPERATIONS

Summary

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
Revenue:				
Wealth Management	$ 507,979	$ 373,174	$ 134,805	36 %
Tax Preparation	209,966	187,282	22,684	12 %
Total revenue	717,945	560,456	157,489	28 %
Operating income:				
Wealth Management	68,292	53,053	15,239	29 %
Tax Preparation	96,249	87,249	9,000	10 %
Corporate-level activity	(164,532)	(72,625)	(91,907)	127 %
Total operating income	$ 9	$ 67,677	$ (67,668)	(100)%

For the year ended December 31, 2019 compared to the year ended December 31, 2018, operating income decreased $67.7 million, consisting of a $225.2 million increase in operating expenses, partially offset by a $157.5 million increase in revenue.

Revenue increased $157.5 million due to increases of $134.8 million and $22.7 million in revenue related to our Wealth Management and Tax Preparation businesses, respectively, as discussed in the following “Segment Revenue/Operating Income” section. The increase in Wealth Management revenue included approximately $114.8 million in revenue from 1st Global.

Operating expenses increased $225.2 million primarily due to $110.7 million of incremental Wealth Management operating expenses contributed by 1st Global. Operating expenses also increased due to a $91.9 million increase in corporate-level expenses, which included a $50.9 million intangible asset impairment in connection with the Rebranding, as well as $25.8 million in acquisition and integration costs primarily due to the 1st Global Acquisition.

SEGMENT REVENUE/OPERATING INCOME

The revenue and operating income amounts in this section are presented on a basis consistent with accounting principles generally accepted in the United States (***“GAAP”***) and include certain reconciling items attributable to our segments. We have two reportable segments: (1) the Wealth Management segment and (2) the Tax Preparation segment. Segment information appearing in “Item 8. Financial Statements and Supplementary Data—Note 5” is presented on a basis consistent with our current internal management financial reporting. We do not allocate certain general and administrative costs (including personnel and overhead costs), stock-based compensation, acquisition-related costs, depreciation, amortization of acquired intangible assets, restructuring, other loss, net, and income taxes to segment operating results. Rather, we analyze such general and administrative costs separately under the heading “Corporate-level activity.”

Wealth Management

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
Revenue	$ 507,979	$ 373,174	$ 134,805	36%
Operating income	$ 68,292	$ 53,053	$ 15,239	29%
Segment margin	13%	14%		

For the year ended December 31, 2019 compared to the year ended December 31, 2018, Wealth Management operating income increased $15.2 million due to a $134.8 million increase in revenue partially offset by a $119.6 million increase in operating expenses.

- Wealth Management revenue increased $134.8 million due to the addition of $114.8 million in revenue from 1st Global, as well as $11.6 million and $7.2 million in increased advisory revenue and asset-based revenue, respectively, from our legacy business.
- Wealth Management operating expenses increased $119.6 million due to incremental expenses of $104.8 million from 1st Global. In addition, we experienced increased cost of revenue in our legacy business, primarily due to an increase in commissions and advisory fees paid to our financial advisors.

Sources of revenue

Wealth Management revenue is derived from multiple sources. We track sources of revenue, primary drivers of each revenue source, and recurring revenue. In addition, we focus on several business and key financial metrics in evaluating the success of our business relationships, our resulting financial position and operating performance. A summary of our sources of revenue and business metrics is as follows:

(In thousands, except percentages)			Years Ended December 31,		Change	
	Sources of Revenue	Primary Drivers	2019	2018	$	%
Advisor-driven	Commission	- Transactions - Asset levels - Product mix	$ 191,050	$ 164,201	$ 26,849	16%
	Advisory	- Advisory asset levels	252,367	164,353	88,014	54%
Other revenue	Asset-based	- Cash balances - Interest rates - Number of accounts - Client asset levels	48,182	31,456	16,726	53%
	Transaction and fee	- Account activity - Number of clients - Number of advisors - Number of accounts	16,380	13,164	3,216	24%
	Total revenue		$ 507,979	$ 373,174	$ 134,805	36%
	Total recurring revenue		$ 422,128	$ 303,117	$ 119,011	39%
	Recurring revenue rate		83.1%	81.2%		

Recurring revenue consists of trailing commissions, advisory fees, fees from cash sweep programs, and certain transaction and fee revenue, all as described further under the headings "*Commission revenue*," "*Advisory revenue*," "*Asset-based revenue*," and "*Transaction and fee revenue*," respectively. Certain recurring revenues are associated with asset balances and fluctuate depending on market values and current interest rates. Accordingly, our recurring revenue can be negatively impacted by adverse external market conditions. However, we believe recurring revenue is meaningful despite these fluctuations because it is not dependent upon transaction volumes or other activity-based revenues, which are more difficult to predict, particularly in declining or volatile markets.

Business metrics

(In thousands, except percentages and as otherwise indicated)	Years Ended December 31,		Change	
	2019	2018	$	%
Total Client Assets	$ 70,644,385	$ 42,249,055	$ 28,395,330	67%
Brokerage Assets	$ 43,015,221	$ 29,693,650	$ 13,321,571	45%
Advisory Assets	$ 27,629,164	$ 12,555,405	$ 15,073,759	120%
Advisory assets as a percentage of total client assets	39.1%	29.7%		
Number of advisors (in ones)	3,984	3,593	391	11%
Advisor-driven revenue per advisor	111.3	91.4	19.9	22%

Total client assets (**“*total client assets*”**) includes assets that we hold directly or indirectly on behalf of clients under a safekeeping or custody arrangement or for which we provide administrative services for clients. To the extent that we provide more than one service for a client’s assets, the value of the asset is only counted once in the total amount of total client assets. Total client assets include advisory assets, non-advisory brokerage accounts, annuities, and mutual fund positions held directly with fund companies. These assets are not reported on the consolidated balance sheets.

Advisory assets (**“*advisory assets*”**) includes external client assets for which we provide investment advisory and management services, typically as a fiduciary under the Investment Advisers Act of 1940. Our compensation for providing such services is typically a fee based on the value of the advisory assets for each advisory client. These assets are not reported on the consolidated balance sheets.

Brokerage assets represents the difference between total client assets and advisory assets.

As a result of the 1st Global Acquisition in May 2019, we obtained $20.0 billion of total client assets, $11.4 billion of advisory assets, and approximately 800 advisors from 1st Global.

Commission revenue. The Wealth Management segment generates two types of commissions: (1) transaction-based commissions and (2) trailing commissions. Transaction-based commissions, which occur when clients trade securities or purchase investment products, represent gross commissions generated by our financial advisors. The level of transaction-based commissions can vary from period-to-period based on the overall economic environment, number of trading days in the reporting period, market volatility, interest rate fluctuations, and investment activity of our financial advisors’ clients. We earn trailing commissions (a commission or fee that is paid periodically over time) on certain mutual funds and variable annuities held by clients. Trailing commissions are recurring in nature and are based on the market value of investment holdings in trail-eligible assets. Our commission revenue, by product category and by type of commission revenue, was as follows:

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
By product category:				
Mutual funds	$ 90,407	$ 87,624	$ 2,783	3%
Variable annuities	63,420	51,199	12,221	24%
Insurance	19,282	14,160	5,122	36%
General securities	17,941	11,218	6,723	60%
Total commission revenue	$ 191,050	$ 164,201	$ 26,849	16%
By type of commission:				
Transaction-based	$ 82,604	$ 67,350	$ 15,254	23%
Trailing	108,446	96,851	11,595	12%
Total commission revenue	$ 191,050	$ 164,201	$ 26,849	16%

For the year ended December 31, 2019 compared to the year ended December 31, 2018:

- Transaction-based commission revenue increased $15.3 million, primarily due to approximately $13.4 million of transaction-based commission revenue from 1st Global; and

- Trailing commission revenue increased $11.6 million, primarily due to approximately $13.2 million of trailing commission revenue from 1st Global, partially offset by the conversion of certain client assets to lower expense share classes.

Advisory revenue. Advisory revenue primarily includes fees charged to clients in advisory accounts in which Avantax is the Registered Investment Advisor (***"RIA"***) and is based on the value of advisory assets. Advisory fees are typically billed to clients quarterly, in advance, and are recognized as revenue ratably during the quarter. The value of the assets in an advisory account on the billing date determines the amount billed and, accordingly, the revenues earned in the following three-month period. The majority of our accounts are billed in advance using values as of the last business day of the prior calendar quarter.

Increases or decreases in advisory assets have a limited impact on advisory fee revenue in the period in which they occur. Rather, increases or decreases in advisory assets are a primary driver of future advisory fee revenue due to advisory fees being billed in advance. Advisory revenue for a particular quarter is predominately driven by the prior quarter-end advisory assets.

The activity within our advisory assets was as follows:

(In thousands)	**Years Ended December 31,**	
	2019	**2018**
Balance, beginning of the period	$ 12,555,405	$ 12,530,165
Net increase in new advisory assets	997,968	957,252
Inflows from the 1st Global Acquisition	11,397,301	—
Market impact and other	2,678,491	(932,012)
Balance, end of the period	$ 27,629,165	$ 12,555,405
Advisory revenue	$ 252,367	$ 164,353
Average advisory fee rate	118 bps	127 bps

For the year ended December 31, 2019 compared to the year ended December 31, 2018, advisory revenue increased by $88.0 million, including approximately $76.4 million resulting from the 1st Global Acquisition, as well as $11.6 million from our existing business. These revenue increases were primarily due to a $15.1 billion increase in advisory assets (including $11.4 billion in asset inflows from the 1st Global Acquisition), partially offset by a decrease in the average advisory fee rate, primarily due to the lower advisory fee structure of 1st Global, which was in effect for most of 2019.

Asset-based revenue. Asset-based revenue primarily includes fees from financial product manufacturer sponsorship programs, cash sweep programs and other asset-based revenues.

For the year ended December 31, 2019 compared to the year ended December 31, 2018, asset-based revenue increased $16.7 million (including approximately $9.6 million from 1st Global), primarily from higher cash sweep revenues following changes in our cash sweep program, increases in interest rates, and higher asset balances.

Transaction and fee revenue. Transaction and fee revenue primarily includes support fees charged to advisors, fees charged for executing certain transactions in client accounts, and other fees related to services provided and other account charges as generally outlined in agreements with financial advisors, clients, and financial institutions.

For the year ended December 31, 2019 compared to the year ended December 31, 2018, transaction and fee revenue increased $3.2 million (including approximately $2.3 million of revenues from 1st Global), primarily due to an increase in fees charged to advisors.

Tax Preparation

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
Revenue	$ 209,966	$ 187,282	$ 22,684	12%
Operating income	$ 96,249	$ 87,249	$ 9,000	10%
Segment margin	46%	47%		

For the year ended December 31, 2019 compared to the year ended December 31, 2018, Tax Preparation operating income increased $9.0 million due to a $22.7 million increase in revenue partially offset by a $13.7 million increase in operating expenses.

- Tax Preparation revenue increased $22.7 million, almost entirely due to an increase in consumer revenue as a result of price increases and a shift in product mix toward higher-priced products. While consumer e-files decreased 17%, this decrease was primarily due to a decrease in unpaid filers; and

- Tax Preparation operating expenses increased $13.7 million primarily due to an increase in personnel costs supporting product development, an increase in software development expenses, and higher sales and marketing consulting efforts, partially offset by reduced media spend.

Sources of revenue

Tax Preparation revenue is derived primarily from the sale of tax preparation digital services, ancillary services, packaged tax preparation software, and arrangements that may include a combination of these items. Ancillary services primarily include refund payment transfer and audit defense.

We classify Tax Preparation revenue into two different categories: consumer revenue and professional revenue. Consumer revenue represents Tax Preparation revenue derived from products sold to customers and businesses primarily for the preparation of individual or business tax returns. Professional revenue represents Tax Preparation revenue derived from products sold to tax return preparers who utilize our offerings to service end-user customers.

Revenue by category was as follows:

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
Consumer	$ 195,004	$ 172,207	$ 22,797	13 %
Professional	14,962	15,075	(113)	(1)%
Total revenue	$ 209,966	$ 187,282	$ 22,684	12 %

We measure our consumer tax preparation customers using the number of accepted federal tax e-files made through our software and digital services. We consider the volume of e-files to be an important non-financial metric in measuring the performance of the consumer side of the Tax Preparation business.

We measure our professional tax preparer customers using three metrics: (1) the number of accepted federal tax e-files made through our software, (2) the number of units sold, and (3) the number of e-files per unit sold. We consider growth in these areas to be important in measuring the performance of the professional tax preparer side of the Tax Preparation business.

Consumer and professional metrics were as follows:

(In thousands, except percentages and as otherwise indicated)	Years Ended December 31,		Change	
	2019	2018	$	%
Consumer:				
Consumer e-files (1)	3,239	3,896	(657)	(17)%
Professional:				
Professional e-files	2,011	1,916	95	5 %
Units sold (in ones)	20,746	20,719	27	— %
Professional e-files per unit sold (in ones)	96.9	92.5	4.4	4.8 %

(1) We participate in the Free File Alliance that is part of an IRS partnership that provides free electronic tax filing services to taxpayers meeting certain income-based guidelines. Free File Alliance e-files are included within consumer e-files above.

For the year ended December 31, 2019 compared to the year ended December 31, 2018, consumer e-files decreased 17% primarily due to a decrease in unpaid filers, while maintaining a stable number of monetized filers.

Corporate-Level Activity

Certain corporate-level activity, including certain general and administrative costs (including personnel and overhead costs), stock-based compensation, acquisition and integration costs, depreciation, amortization of acquired intangible assets, intangible asset impairment, and restructuring, is not allocated to our segments.

Corporate level activity by category is as follows:

(In thousands)	Years Ended December 31,		Change	
	2019	2018	$	%
Operating expenses	$ (27,361)	$ (20,495)	$ (6,866)	34 %
Stock-based compensation	(16,300)	(13,253)	(3,047)	23 %
Acquisition and integration costs	(25,763)	—	(25,763)	N/A
Depreciation	(6,851)	(5,003)	(1,848)	37 %
Amortization of acquired intangible assets	(37,357)	(33,586)	(3,771)	11 %
Impairment of intangible asset	(50,900)	—	(50,900)	N/A
Restructuring	—	(288)	288	(100)%
Total corporate-level activity	$ (164,532)	$ (72,625)	$ (91,907)	127 %

For the year ended December 31, 2019 compared to the year ended December 31, 2018, corporate-level activity increased $91.9 million primarily due to the following factors:

- an increase in operating expenses primarily due to increases in headcount as a result of strategic initiatives;
- an increase in stock-based compensation, primarily due to the impact from 1st Global, partially offset by a reduction in stock-based compensation for 2019 due to forfeitures as a result of executive departures;
- acquisition and integration costs for 2019, primarily related to the 1st Global Acquisition;
- an increase in depreciation expense, primarily due to increased amortization from depreciable assets acquired from 1st Global and internally-developed software fixed assets capitalized in 2019 and the latter part of 2018;
- an increase in amortization expense, primarily due to increased amortization from intangible assets obtained in the 1st Global Acquisition; and
- an impairment charge of $50.9 million related to the HD Vest trade name intangible asset following the Rebranding.

OPERATING EXPENSES

Cost of Revenue

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
Wealth management services cost of revenue	$ 352,081	$ 253,580	$ 98,501	39 %
Tax preparation services cost of revenue	10,691	10,040	651	6 %
Amortization of acquired technology	—	99	(99)	(100)%
Total cost of revenue	$ 362,772	$ 263,719	$ 99,053	38 %
Percentage of revenue	51%	47%		

Cost of revenue consists of costs related to our Wealth Management and Tax Preparation businesses, which include commissions and advisory fees paid to financial advisors, third-party costs, and costs associated with the technical support team and the operation of our data centers. Data center costs include personnel expenses, the cost of temporary help and contractors, professional services fees, software support and maintenance, bandwidth and hosting costs, and depreciation. Cost of revenue also includes the amortization of acquired technology.

For the year ended December 31, 2019 compared to the year ended December 31, 2018, cost of revenue increased $99.1 million primarily due to the following factors:

- a $98.5 million increase in Wealth Management services cost of revenue, primarily due to an increase in commissions and advisory fees paid to our financial advisors, including approximately $80.0 million of commissions paid to 1st Global advisors; and

- a $0.7 million increase in Tax Preparation services cost of revenue, primarily due to an increase in data center costs.

Engineering and Technology

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
Engineering and technology	$ 30,931	$ 19,332	$ 11,599	60%
Percentage of revenue	4%	3%		

Engineering and technology expenses are associated with the research, development, support, and ongoing enhancements of our offerings, which include personnel expenses, the cost of temporary help and contractors, software support and maintenance, bandwidth and hosting, and professional services fees.

For the year ended December 31, 2019 compared to the year ended December 31, 2018, engineering and technology expenses increased $11.6 million, primarily due to higher headcount and consulting expenses in our Tax Preparation business, as well as approximately $2.6 million of costs from 1st Global, partially offset by a decrease resulting from clearing firm conversion costs we recognized for 2018.

Sales and Marketing

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
Sales and marketing	$ 126,205	$ 111,361	$ 14,844	13%
Percentage of revenue	18%	20%		

Sales and marketing expenses primarily consist of personnel expenses, the cost of temporary help and contractors, marketing expenses associated with our Wealth Management business and Tax Preparation business, and back office processing support expenses for our Wealth Management business.

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For the year ended December 31, 2019 compared to the year ended December 31, 2018, sales and marketing expenses increased $14.8 million primarily due to:

- Higher expenses in our Wealth Management business, including approximately $14.1 million of costs from 1st Global; and
- Higher consulting efforts and headcount in our Tax Preparation business.

These increases were partially offset by reduced media spend in our Tax Preparation business, a decrease in costs related to our transition to a new clearing firm clearing firm that was completed in 2018, and lower stock-based compensation costs.

General and Administrative

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
General and administrative	$ 78,529	$ 60,124	$ 18,405	31%
Percentage of revenue	11%	11%		

General and administrative (***"G&A"***) expenses primarily consist of personnel expenses, the cost of temporary help and contractors, professional services fees, general business development and management expenses, occupancy and general office expenses, business taxes, and insurance expenses.

For the year ended December 31, 2019 compared to the year ended December 31, 2018, G&A expenses increased $18.4 million primarily due to an increase in personnel costs related to increases in headcount and stock-based compensation (including $8.1 million of costs from 1st Global), partially offset by a decrease in prior period consulting expenses primarily related to strategic initiatives.

Acquisition and Integration

(In thousands, except percentages)	Year Ended December 31, 2019
Employee-related expenses	$ 5,241
Professional services	17,752
Other expenses	2,770
Total	$ 25,763
Percentage of revenue	4%

Acquisition and integration expenses were primarily related to the 1st Global Acquisition and consist of employee-related expenses, professional services fees, and other expenses. We did not incur acquisition and integration expenses for the years ended December 31, 2018 and 2017.

Depreciation, Amortization of Acquired Intangible Assets, and Impairment of an Intangible Asset

(In thousands, except percentages)	Years Ended December 31,		Change	
	2019	2018	$	%
Depreciation	$ 5,479	$ 4,468	$ 1,011	23%
Amortization of acquired intangible assets	37,357	33,487	3,870	12%
Impairment of goodwill and intangible assets	50,900	—	50,900	N/A
Total	$ 93,736	$ 37,955	$ 55,781	147%
Percentage of revenue	13%	7%		

Depreciation of property and equipment includes depreciation of computer equipment and software, office equipment and furniture, and leasehold improvements. Amortization of acquired intangible assets primarily includes the amortization of client, advisor, and sponsor relationships, which are amortized over their estimated lives.

For the year ended December 31, 2019 compared to the year ended December 31, 2018, amortization expense increased $3.9 million primarily due to the amortization of advisor relationships acquired in the 1st Global Acquisition. In connection with the Rebranding, the Company evaluated the HD Vest trade name indefinite-lived asset by performing a quantitative impairment test of that intangible asset. The quantitative impairment test determined that the carrying value of the HD Vest trade name exceeded its fair value. As a result, we recognized an impairment charge of $50.9 million on the "Impairment of intangible asset" line on the consolidated statement of comprehensive income for the year ended December 31, 2019.

Other Loss, Net

(In thousands)	Years Ended December 31,		Change	
	2019	2018	$	%
Interest expense	$ 19,017	$ 15,610	$ 3,407	22 %
Loss on debt extinguishment and amortization of debt issuance costs	1,042	2,367	(1,325)	(56)%
Accretion of debt discounts	228	163	65	40 %
Interest income	(449)	(349)	(100)	29 %
Gain on sale of a business	(3,256)	—	(3,256)	N/A
Other	333	(1,994)	2,327	(117)%
Other loss, net	$ 16,915	$ 15,797	$ 1,118	7 %

For the year ended December 31, 2019 compared to the year ended December 31, 2018, other loss, net, increased $1.1 million primarily due to the following factors:

- a $3.4 million increase in interest expense due to higher outstanding debt balances as a result of the $125.0 million increase in the term loan under the Senior Secured Credit Facility (as defined herein) in the second quarter of 2019;
- a $3.3 million gain on the sale of SimpleTax, which was a provider of digital tax preparation services in Canada, that we recognized in 2019 and included in "Gain on sale of a business" in the above table;
- a $2.1 million gain on the sale of an investment that we recognized in 2018 and is included in "Other" in the above table; and
- a loss on debt extinguishment related to debt prepayments that we recognized in 2018.

Income Taxes

For 2019, we recorded income tax benefit of $65.1 million. Our effective income tax rate differed from the 21% statutory rate in 2019 primarily due to a $56.9 million tax benefit related to the partial release of valuation allowances and $4.1 million in excess tax benefits (windfalls) for stock compensation.

At December 31, 2019, we had deferred tax assets recorded for gross temporary differences representing future tax deductions of $593.4 million, primarily comprised of $391.9 million of federal net operating loss carryforwards and $109.3 million of federal capital loss carryforwards. We currently estimate that approximately $77.3 million and $20.8 million of federal net operating loss carryforwards will expire in 2020 and 2021, respectively, and $106.3 million of federal capital loss carryforwards will expire in 2021. We recorded a valuation allowance against deferred tax assets related to the federal net operating and capital loss carryforwards that are anticipated to expire unutilized. The ultimate realization of our deferred tax assets depends on our ability to generate future taxable income. Our actual future taxable income may differ from our projected taxable income as a result of differences in pre-tax income, as well as future originating book-tax differences, including excess tax benefits (windfalls) for stock compensation, which, due to inherent uncertainty, we do not forecast. In the future, if we determine more or less of the recognized net deferred tax assets is more likely than not to be realized, we will record a charge or benefit to the income statement to account for the further change in valuation allowance.

Given that we have released a large portion of valuation allowances associated with our NOLs during the 2019 fiscal year, we expect to have a higher annual effective tax rate for 2020, estimated at approximately 30%.

For 2018, we recorded income tax expense of $0.3 million. Our effective income tax rate differed from the 21% statutory rate in 2018 primarily due to the reversal of valuation allowances previously recorded for net operating losses used to offset current income tax expense, and the effect of state income taxes.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA

We define Adjusted EBITDA as net income attributable to Blucora, Inc., determined in accordance with GAAP, excluding the effects of stock-based compensation, depreciation and amortization of acquired intangible assets, restructuring, other loss, net, net income attributable to noncontrolling interests, acquisition and integration costs, income tax expense (benefit), and the impairment of an intangible asset. Restructuring costs relate to the move of our corporate headquarters that was completed in 2018. Acquisition and integration costs primarily relate to the 1st Global Acquisition. The impairment of an intangible asset relates to the impairment of the HD Vest trade name intangible asset following the Rebranding.

We believe that Adjusted EBITDA provides meaningful supplemental information regarding our performance. We use this non-GAAP financial measure for internal management and compensation purposes, when publicly providing guidance on possible future results, and as a means to evaluate period-to-period comparisons. We believe that Adjusted EBITDA is a common measure used by investors and analysts to evaluate our performance, that it provides a more complete understanding of the results of operations and trends affecting our business when viewed together with GAAP results, and that management and investors benefit from referring to this non-GAAP financial measure. Items excluded from Adjusted EBITDA are significant and necessary components to the operations of our business and, therefore, Adjusted EBITDA should be considered as a supplement to, and not as a substitute for or superior to, GAAP net income. Other companies may calculate Adjusted EBITDA differently and, therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

A reconciliation of our Adjusted EBITDA to net income attributable to Blucora, Inc., which we believe to be the most comparable GAAP measure, is presented below:

(In thousands)	Years Ended December 31,		
	2019	2018	2017
Net income attributable to Blucora, Inc.	$ 48,148	$ 50,634	$ 27,039
Stock-based compensation	16,300	13,253	11,653
Depreciation and amortization of acquired intangible assets	44,208	38,589	38,139
Restructuring	—	288	3,101
Other loss, net	16,915	15,797	44,551
Net income attributable to noncontrolling interests	—	935	2,337
Acquisition and integration costs	25,763	—	—
Income tax expense (benefit)	(65,054)	311	(25,890)
Impairment of intangible asset	50,900	—	—
Adjusted EBITDA	$ 137,180	$ 119,807	$ 100,930

Non-GAAP net income and non-GAAP net income per share

We define non-GAAP net income as net income attributable to Blucora, Inc., determined in accordance with GAAP, excluding the effects of stock-based compensation, amortization of acquired intangible assets (including acquired technology), the impairment of an intangible asset, accretion and write-off of debt discount and debt issuance costs on previous debt, gain on the sale of a business, acquisition- and integration-related costs, restructuring costs, net income attributable to noncontrolling interests, the related cash tax impact of those adjustments, and non-cash income taxes. The write-off of debt discount and debt issuance costs on our formerly outstanding convertible senior notes and the closed TaxAct - HD Vest 2015 credit facility related to the debt refinancing that occurred in the second quarter of 2017. We exclude the non-cash portion of income taxes because of our ability to offset a substantial portion of our cash tax liabilities by using deferred tax assets, which primarily consist of U.S. federal net operating losses. The majority of these net operating losses will expire, if unutilized, between 2020 and 2024.

We believe that non-GAAP net income and non-GAAP net income per share provide meaningful supplemental information to management, investors, and analysts regarding our performance and the valuation of our business by excluding items in the statement of operations that we do not consider part of our ongoing operations or have not been, or are not expected to be, settled in cash. Additionally, we believe that non-GAAP net income and non-GAAP

net income per share are common measures used by investors and analysts to evaluate our performance and the valuation of our business. Non-GAAP net income and non-GAAP net income per share should be evaluated in light of our financial results prepared in accordance with GAAP and should be considered as a supplement to, and not as a substitute for or superior to, GAAP net income and GAAP net income per share. Other companies may calculate these non-GAAP measures differently, and, therefore, our non-GAAP net income and non-GAAP net income per share may not be comparable to similarly titled measures of other companies.

A reconciliation of our non-GAAP net income and non-GAAP net income per share to net income attributable to Blucora, Inc. and net income per share attributable to Blucora, Inc., respectively, which we believe to be the most comparable GAAP measures, is presented below:

(In thousands, except per share amounts)	Years Ended December 31,		
	2019	2018	2017
Net income attributable to Blucora, Inc.	$ 48,148	$ 50,634	$ 27,039
Stock-based compensation	16,300	13,253	11,653
Amortization of acquired intangible assets	37,357	33,586	34,002
Impairment of intangible asset	50,900	—	—
Accretion and write-off of debt discount and debt issuance costs on previous debt	—	—	17,875
Gain on sale of a business	(3,256)	—	—
Acquisition and integration costs	25,763	—	—
Restructuring costs	—	288	3,101
Net income attributable to noncontrolling interests	—	935	2,337
Cash tax impact of adjustments to GAAP net income	(2,396)	(2,257)	(6)
Non-cash income tax benefit	(68,618)	(2,403)	(26,853)
Non-GAAP net income	$ 104,198	$ 94,036	$ 69,148
Per diluted share:			
Net income attributable to Blucora, Inc. (1)	$ 0.98	$ 0.90	$ 0.57
Stock-based compensation	0.33	0.27	0.25
Amortization of acquired intangible assets	0.76	0.68	0.72
Impairment of intangible asset	1.03	—	—
Accretion and write-off of debt discount and debt issuance costs on previous debt	—	—	0.37
Gain on sale of a business	(0.07)	—	—
Acquisition and integration costs	0.52	—	—
Restructuring	—	0.01	0.07
Net income attributable to noncontrolling interests	—	0.14	0.05
Cash tax impact of adjustments to GAAP net income	(0.05)	(0.05)	—
Non-cash income tax benefit	(1.39)	(0.05)	(0.57)
Non-GAAP net income	$ 2.11	$ 1.90	$ 1.46
Weighted average shares outstanding used in calculating Non-GAAP net income per share	49,282	49,381	47,211

(1) Any difference in “per diluted share” between this table and the consolidated statements of comprehensive income is due to using different weighted average shares outstanding in the event that there is GAAP net loss but non-GAAP net income and vice versa.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

Our principal source of liquidity is our cash and cash equivalents. As of December 31, 2019, we had cash and cash equivalents of $80.8 million. Our Avantax Wealth Management broker-dealer subsidiary operates in a highly regulated industry and is subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have substantial monetary and non-monetary impacts on Avantax's operations. As of December 31, 2019, Avantax met all capital adequacy requirements to which it was subject.

We generally invest our excess cash in high quality marketable investments, which primarily consist of money market funds invested in securities issued by agencies of the U.S. We may invest, from time-to-time, in other vehicles, such as debt instruments issued by the U.S. federal government and its agencies, international governments, municipalities and publicly held corporations, as well as commercial paper, and insured time deposits with commercial banks. Specific holdings can vary from period to period depending upon our cash requirements. Our financial instrument investments held at December 31, 2019 had minimal default risk and short-term maturities.

Historically, we have financed our operations primarily from cash provided by operating activities and access to credit markets. Our historical uses of cash have been funding our operations, capital expenditures, business combinations that enhance our strategic position, and share repurchases under our share repurchase program. We plan to finance our operating, working capital, regulatory capital requirements at our broker-dealer subsidiary, and capital expenditure requirements for at least the next 12 months largely through cash and cash equivalents. However, the underlying levels of revenues and expenses that we project may not prove to be accurate, and we may be required to draw on our revolving credit facility or increase the principal amount of our term loan to meet our capital requirements. Since our results of operations are sensitive to various factors, including, among others, the level of competition we face, regulatory and legal impacts, and political and economic conditions, such factors could adversely affect our liquidity and capital resources. For further discussion of the risks to our business related to liquidity, see "Item 1A. Risk Factors" under the heading "*Existing cash and cash equivalents and cash generated from operations may not be sufficient to meet our anticipated cash needs for servicing debt, working capital, and capital expenditures*."

We may use our cash and cash equivalents in the future to invest in our current businesses, for repayment of debt, for acquiring companies or assets, for stock buybacks, for returning capital to stockholders, or for other utilizations that we deem to be in the best interests of stockholders.

Indebtedness

In May 2017, we entered into a credit agreement with a syndicate of lenders that provides for a term loan facility (the ***"Term Loan"***) and a revolving line of credit (including a letter of credit sub-facility) (the ***"Revolver"***) for working capital, capital expenditures, and general business purposes (as amended, the **"*Senior Secured Credit Facility*"**). After we increased the outstanding principal amount of the Term Loan by $125.0 million to finance the 1st Global Acquisition, the Senior Secured Credit Facility provides for up to $565.0 million of borrowings, consisting of a committed $65.0 million under the Revolver and a $500.0 million Term Loan that mature on May 22, 2022 and May 22, 2024, respectively. Obligations under the Senior Secured Credit Facility are guaranteed by certain of Blucora's subsidiaries and secured by substantially all the assets of the Company and certain of its subsidiaries.

At December 31, 2019, there were $399.7 million in outstanding borrowings under the Senior Secured Credit Facility, including $389.7 million and $10.0 million in principal amount outstanding under the Term Loan and the Revolver, respectively. Based on aggregate loan commitments as of December 31, 2019, approximately $165.3 million was available for future borrowing under the Senior Secured Credit Facility.

In connection with the previously announced HKFS Acquisition, we expect to pay the purchase price of $160.0 million with an incremental loan under the Senior Secured Credit Facility that is anticipated to be entered into on or about the time of the closing of the HKFS Acquisition, which is expected to close after all closing conditions are met. In addition, we plan to pay off the outstanding balance of the Revolver prior to closing.

The interest rate on the Term Loan is variable at the London Interbank Offered Rate, plus the applicable interest rate margin of 3.00% for Eurodollar Rate loans and 2.00% for ABR loans.

Commencing December 31, 2019, principal payments of the Term Loan are due on a quarterly basis in an amount equal to $312,500 (subject to reduction for prepayments), with the remaining principal amount due on the maturity date of May 22, 2024. We have the right to prepay the Term Loan and outstanding amounts under the Revolver without any premium or penalty (other than customary Eurodollar breakage costs). Prepayments on the Term Loan are subject to certain prepayment minimums. We may be required to make annual prepayments on the Term Loan in an amount equal to a percentage of excess cash flow of the Company during the applicable fiscal year from 0% to 50%, depending on the Consolidated First Lien Net Leverage Ratio (as defined in the Senior Secured Credit Facility agreement) for such fiscal year. For the year ended December 31, 2019, we made prepayments of $0.3 million towards the Term Loan. For the year ended December 31, 2018, we made prepayments of $80.0 million towards the Term Loan.

Depending on our Consolidated First Lien Net Leverage Ratio (as defined in the Senior Secured Credit Facility agreement), the applicable interest rate margin on the Revolver is 2.75% to 3.25% for Eurodollar Rate loans and 1.75% to 2.25% for ABR loans. Interest is payable at the end of each interest period.

Share Repurchase Plan

On March 19, 2019, we announced that our board of directors authorized a stock repurchase plan pursuant to which we may repurchase up to $100.0 million of our common stock. Pursuant to the plan, share repurchases may be made through a variety of methods, including open market or privately negotiated transactions. The timing and number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities. Our repurchase program does not obligate us to repurchase any specific number of shares and may be suspended or discontinued at any time. In addition, any repurchases of our stock pursuant to the stock repurchase plan may materially reduce the amount of cash we have available and may not materially enhance the long-term value of our business or our stock. For the year ended December 31, 2019, we repurchased 1.3 million shares of our common stock for an aggregate purchase price of $28.4 million.

Contractual Obligations and Commitments

Our contractual obligations and commitments are as follows for years ending December 31:

(In thousands)	2020	2021	2022	2023	2024	Thereafter	Total
Operating lease commitments:							
Operating lease obligations (1) (2)	$ 3,715	$ 2,275	$ 4,714	$ 4,817	$ 4,919	$ 35,418	$ 55,858
Sublease income	(991)	—	—	—	—	—	(991)
Net operating lease commitments	2,724	2,275	4,714	4,817	4,919	35,418	54,867
Purchase commitments	14,759	6,866	5,150	3,244	1,500	5,625	37,144
Debt commitment—Term Loan	1,250	1,250	1,250	1,250	384,688	—	389,688
Debt commitment—Revolver	10,000	—	—	—	—	—	10,000
Interest payable	19,507	19,126	18,920	18,757	7,793	—	84,103
Total	$ 48,240	$ 29,517	$ 30,034	$ 28,068	$ 398,900	$ 41,043	$ 575,802

(1) Operating lease obligations include obligations due to short-term leases. In accordance with the short-term lease practical expedient in Accounting Standards Codification 842, *Leases*, we do not record a lease liability for short-term leases.
(2) Operating lease obligations include obligations relating to our new corporate headquarters office lease, which will be located in Coppell, TX. The corporate headquarters building will replace our Irving, Texas corporate office and our additional office located in Dallas, TX. Lease payments will commence in August 2021 and end in June 2033, and will result in $45.3 million in undiscounted lease payments during this time period.

The contractual obligations and commitments table presented above does not reflect unrecognized tax benefits of approximately $6.3 million, the timing of which is uncertain. For additional discussion on unrecognized tax benefits, see “Item 8. Financial Statements and Supplementary Data—Note 16.”

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements.

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Cash Flows

Our cash flows were comprised of the following:

(In thousands)	Years Ended December 31,		
	2019	2018	Change ($)
Net cash provided by operating activities	$ 92,804	$ 105,548	$ (12,744)
Net cash used by investing activities	(169,594)	(7,633)	(161,961)
Net cash provided (used) by financing activities	77,836	(74,804)	152,640
Net cash provided by continuing operations	1,046	23,111	(22,065)
Effect of exchange rate changes on cash and cash equivalents	38	(56)	94
Net increase in cash, cash equivalents, and restricted cash	$ 1,084	$ 23,055	$ (21,971)

Net cash from operating activities

Net cash from the operating activities of continuing operations consists of net income, offset by certain non-cash adjustments, and changes in our working capital. Operating cash flows and changes in working capital were as follows:

(In thousands)	Years Ended December 31,		
	2019	2018	Change ($)
Net income	$ 48,148	$ 51,569	$ (3,421)
Non-cash adjustments	47,032	51,406	(4,374)
Operating cash flows before working capital	95,180	102,975	(7,795)
Changes in working capital	(2,376)	2,573	(4,949)
Net cash provided by operating activities	$ 92,804	$ 105,548	$ (12,744)

Net cash provided by operating activities for 2019 included $95.2 million of operating cash flows before working capital and $2.4 million of working capital changes. For the year ended December 31, 2019 compared to the year ended December 31, 2018, the $7.8 million decrease in operating cash flows before working capital was primarily due to acquisition and integration costs incurred in 2019, partially offset by increases in operating income from our Wealth Management and Tax Preparation businesses. The changes in working capital for 2019 were primarily due to the reduction of deferred revenue assumed in the 1st Global Acquisition, partially offset by the reduction in prepaid expenses acquired in the 1st Global Acquisition.

Net cash provided by operating activities for 2018 included $103.0 million of operating cash flows before working capital and $2.6 million of working capital changes. The working capital contribution was primarily driven by clearing firm conversion incentives and the timing of accruals.

Net cash from investing activities

Net cash from investing activities of continued operations primarily consists of cash outlays for business acquisitions, transactions (purchases of and proceeds from sales and maturities) related to our investments, and purchases of property and equipment. Our investing activities tend to fluctuate from period-to-period primarily based upon the level of acquisition activity. Investing cash flows were as follows:

(In thousands)	Years Ended December 31,		
	2019	2018	Change
Business acquisition, net of cash acquired	$ (166,560)	$ —	$ (166,560)
Purchases of property and equipment	(10,501)	(7,633)	(2,868)
Proceeds from sale of a business, net of cash	7,467	—	7,467
Net cash used by investing activities	$ (169,594)	$ (7,633)	$ (161,961)

Net cash used by investing activities for 2019 consisted of $166.6 million of cash spent in connection with the 1st Global Acquisition and $10.5 million in purchases of property and equipment, partially offset by $7.5 million in net proceeds received from the sale of SimpleTax.

Net cash used by investing activities for 2018 consisted of $7.6 million in purchases of property and equipment.

Net cash from financing activities

Net cash from the financing activities of continuing operations primarily consists of transactions related to the issuance of debt and stock. Our financing activities tend to fluctuate from period-to-period based upon our financing needs. Financing cash flows were as follows:

(In thousands)	Years Ended December 31,		
	2019	2018	Change
Proceeds from credit facilities, net of debt issuance costs and debt discount	$ 131,489	$ —	$ 131,489
Payments on credit facilities	(313)	(80,000)	79,687
Stock repurchases	(28,399)	—	(28,399)
Payment of redeemable noncontrolling interests	(24,945)	—	(24,945)
Proceeds from stock option exercises	4,387	12,773	(8,386)
Proceeds from issuance of stock through employee stock purchase plan	2,212	2,100	112
Tax payments from shares withheld for equity awards	(5,652)	(8,362)	2,710
Contingent consideration payments for business acquisition	(943)	(1,315)	372
Net cash provided (used) by financing activities	$ 77,836	$ (74,804)	$ 152,640

Net cash provided by financing activities in 2019 primarily consisted of $131.5 million of additional borrowings under the Senior Secured Credit Facility to finance the 1st Global Acquisition and $6.6 million of combined proceeds from the issuance of common stock related to stock option exercises and the employee stock purchase plan. These cash inflows were partially offset by cash outflows of $28.4 million for share repurchases, $24.9 million to settle redeemable noncontrolling interests related to the acquisition of HD Vest in 2015, and $5.7 million in tax payments from shares withheld for equity awards.

Net cash used by financing activities for 2018 primarily consisted of prepayments of $80.0 million towards the Term Loan under the Senior Secured Credit Facility, $8.4 million in tax payments from shares withheld for equity awards, and $1.3 million in contingent consideration paid related to the acquisition of SimpleTax. These cash outflows were offset by $14.9 million in combined proceeds from the issuance of common stock related to stock option exercises and the employee stock purchase plan.

Critical Accounting Policies and Estimates

This Management's Discussion and Analysis of Financial Condition and Results of Operations and the disclosures included elsewhere in this Annual Report on Form 10-K are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingencies. In some cases, we could have reasonably used different accounting policies and estimates.

The SEC has defined a company's most critical accounting policies as the ones that are the most important to the portrayal of the company's financial condition and results of operations and which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. On an ongoing basis, we evaluate the estimates used. We base our estimates on historical experience, current conditions, and on various other assumptions that we believe to be reasonable under the circumstances and, based on information available to us at that time, we make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources as well as identify and assess our accounting treatment with respect to commitments and contingencies. Actual results may differ significantly from these estimates under different assumptions, judgments, or conditions. We believe the following critical accounting policies involve the more significant judgments and estimates used in the preparation of our consolidated financial statements, and we continually update and assess the facts and circumstances regarding all of these critical accounting matters and other significant accounting matters affecting estimates in our financial statements. These critical accounting estimates are also described in "Item 8. Financial Statements and Supplementary Data—Note 2.“

Wealth management revenue recognition

Wealth management revenue primarily consists of commission revenue, advisory revenue, asset-based revenue, and transaction and fee revenue. Wealth management revenue is earned from customers primarily located in the United States.

Revenue is recognized upon the transfer of services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those services. Payments received by us in advance of the performance of service are deferred and recognized as revenue when earned.

Commissions represent amounts generated by clients' purchases and sales of securities and investment products. We serve as the registered broker-dealer or insurance agent for those trades. We generate two types of commissions: (1) transaction-based commissions and (2) trailing commissions. Transaction-based commissions are generated on a per-transaction fee and are recognized as revenue on the trade date, which is when our performance obligations have been substantially completed. Trailing commissions are earned by us based on our ongoing account support to clients of our advisors. Trailing commissions are based on a percentage of the current market value of clients' investment holdings in trail-eligible assets and recognized over the period during which our services are performed. Since trailing commission revenue is generally paid in arrears, we estimate it based on a number of factors, including historical payout ratios, as well as stock market index levels and the amount of trailing commission revenues received in prior periods. These estimates are primarily based on historical information, and there is not significant judgment involved.

A substantial portion of commission revenue is ultimately paid to financial advisors. We record an estimate for transaction-based commissions payable based upon the payout rate of the financial advisor generating the accrued commission revenue. We record an estimate for trailing commissions payable based upon historical payout ratios. Such amounts are recorded as "Commissions and advisory fees payable" on the consolidated balance sheets and "Wealth management services cost of revenue" on the consolidated statements of comprehensive income.

Advisory revenue includes fees charged to clients in advisory accounts for which we are the registered investment advisor. These fees are based on the value of assets within these advisory accounts. Advisory revenues are deferred and recognized ratably over the period (typically quarterly) in which our performance obligations have been completed.

Asset-based revenue primarily includes fees from financial product manufacturer sponsorship programs, cash sweep programs, and other asset-based revenues, primarily including margin revenues, and are recognized ratably over the period in which services are provided.

Transaction and fee revenue primarily includes (1) support fees charged to advisors, which are recognized over time as advisory services are provided, (2) fees charged for executing certain transactions in client accounts, which are recognized on a trade-date basis, and (3) other fees related to services provided and other account charges as generally outlined in agreements with financial advisors, clients, and financial institutions, which are recognized as services are performed or as earned, as applicable.

Tax preparation revenue recognition

We generate revenue from the sale of tax preparation digital services, packaged tax preparation software, ancillary services, and multiple element arrangements that may include a combination of these items. Tax Preparation revenue is earned from customers primarily located in the United States.

Digital revenues include revenues associated with our digital software products sold to customers and businesses primarily for the preparation of individual or business tax returns, and digital revenues are generally recognized when customers and businesses complete and file returns. Digital revenues are recognized net of an allowance for the portion of the returns filed using our refund payment transfer services (as explained below) that we estimate will not be accepted and funded by IRS.

Packaged tax preparation software revenues are generated from the sale of our downloadable software products and are recognized when legal title transfers, which is when customers download the software.

Ancillary service revenues primarily include fees we charge for refund payment transfer services, audit defense services, and referral and marketing arrangements with third party partners. Refund payment transfer services allow the cost of TaxAct software products to be deducted from a taxpayer's refund instead of being paid at the time of filing. The fees the customer pays for refund payment transfer services and audit defense services are recognized as revenue at the time of filing. Revenue for our referral and marketing arrangements with third party partners is recognized at a point in time or over time based on the nature of the performance obligation under each arrangement.

Certain of our tax preparation software packages marketed towards professional tax preparers contain multiple elements, including a software element and an unlimited e-filing capability element. For these software packages that contain multiple elements, we allocate the total consideration of the package to the two elements. We then recognize revenue for the software element upon download or shipment and recognize revenue for the unlimited filing element over time based on an estimated filing timeline. The impact of multiple element arrangements is not material and only impacts the timing of revenue recognition over the tax filing season, which is primarily concentrated within the first two quarters of each year.

Income taxes

We account for income taxes under the asset and liability method, under which deferred tax assets, including net operating loss carryforwards, and liabilities are determined based on temporary differences between the book and tax bases of assets and liabilities. We periodically evaluate the likelihood of the realization of deferred tax assets and reduce the carrying amount of the deferred tax assets by a valuation allowance to the extent we believe it is more likely than not a portion will not be realized. We consider many factors when assessing the likelihood of future realization of the deferred tax assets, including expectations of future taxable income, recent cumulative earnings experience by taxing jurisdiction, and other relevant factors. There is a wide range of possible judgments relating to the valuation of our deferred tax assets.

We record liabilities to address uncertain tax positions that have been taken in previously filed tax returns or that are expected to be taken in a future tax return. The determination for required liabilities is based upon an analysis of each individual tax position, taking into consideration whether it is more likely than not that the tax position, based on technical merits, will be sustained upon examination. The tax benefit to be recognized in the financial statements from such a position is measured as the largest amount of benefit that has a greater than 50% cumulative likelihood of being realized upon ultimate settlement with the taxing authority. The difference between the amount recognized and the total tax position is recorded as a liability. The ultimate resolution of these tax positions may be greater or less than the liabilities recorded.

Business combinations

We account for business combinations using the acquisition method. The application of the acquisition method requires the use of significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in order to properly allocate purchase price consideration to assets acquired, liabilities assumed, and goodwill. Our estimates of the fair values of assets and liabilities acquired are based upon assumptions believed to be reasonable, and when appropriate, include assistance from independent third-party appraisal firms.

For the 1st Global Acquisition, the purchase price was allocated to 1st Global's tangible assets, identifiable intangible assets, and assumed liabilities based on their estimated fair values at the time of the 1st Global Acquisition. This allocation involved a number of assumptions, estimates, and judgments that could materially affect the timing or amounts recognized in our financial statements. The most subjective areas included determining the fair value of the following:

- intangible assets, including the valuation methodology, estimations of future cash flows, discount rates, growth rates, as well as the estimated useful life of intangible assets;
- deferred tax assets and liabilities and uncertain tax positions;
- pre-existing liabilities or legal claims, and deferred revenue, in each case as may be applicable; and

- goodwill, as measured as the excess of consideration transferred over the net of the 1st Global Acquisition date fair values of the assets acquired and the liabilities assumed.

The Company's assumptions and estimates were based upon comparable market data and information obtained from our management and the management of 1st Global.

Intangible asset impairment

We evaluate indefinite-lived intangible assets for impairment annually, as of November 30, or more frequently when events or circumstances indicate that impairment may have occurred. The assessment of fair value used in our intangible asset impairment evaluations uses the present value of future discounted cash flows, an income approach. The significant estimates we use in our discounted cash flow models include the weighted-average cost of capital and long-term rates of revenue growth. The weighted-average cost of capital considers the relevant risk associated with business-specific characteristics and the uncertainty related to the ability to achieve the projected cash flows. These estimates and the resulting valuations require significant judgment. Our estimates of the fair values of intangible assets are based upon assumptions believed to be reasonable, and when appropriate, include assistance from independent third-party appraisal firms.

Recent Accounting Pronouncements

See "Item 8. Financial Statements and Supplementary Data—Note 2" for more information on recently issued and adopted accounting pronouncements.

Quarterly Results of Operations (Unaudited)

The following table presents a summary of our unaudited consolidated results of operations for the eight quarterly periods of 2019 and 2018. The information for each of these quarters has been prepared on a basis consistent with our annual audited consolidated financial statements. You should read this information in conjunction with our consolidated financial statements and notes thereto in “Item 8. Financial Statements and Supplementary Data.” The operating results for any quarter are not necessarily indicative of results for any future period.

	2018				2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands except per share data and percentages)							
Revenue:								
Wealth management services revenue	$ 92,082	$ 92,015	$ 91,887	$ 97,190	$ 89,532	$ 127,831	$ 145,428	$ 145,188
Tax preparation services revenue	113,883	65,833	3,498	4,068	136,236	65,909	3,588	4,233
Total revenue	205,965	157,848	95,385	101,258	225,768	193,740	149,016	149,421
Operating expenses:								
Cost of revenue:								
Wealth management services cost of revenue	63,064	62,149	62,313	66,054	61,374	87,477	102,030	101,200
Tax preparation services cost of revenue	4,353	2,459	1,370	1,858	4,201	3,149	1,633	1,708
Amortization of acquired technology	50	49	—	—	—	—	—	—
Total cost of revenue	67,467	64,657	63,683	67,912	65,575	90,626	103,663	102,908
Engineering and technology	5,131	4,848	4,246	5,107	6,529	7,159	8,635	8,608
Sales and marketing	55,253	23,791	15,675	16,642	55,572	29,256	19,976	21,401
General and administrative	14,866	15,625	13,404	16,229	17,077	19,002	19,642	22,808
Acquisition and integration	—	—	—	—	1,797	9,183	6,759	8,024
Depreciation	1,915	993	798	762	1,061	1,315	1,470	1,633
Amortization of other acquired intangible assets	8,307	8,806	8,271	8,103	8,044	9,169	10,082	10,062
Impairment of intangible asset (1)	—	—	—	—	—	—	50,900	—
Restructuring (2)	289	2	—	(3)	—	—	—	—
Total operating expenses	153,228	118,722	106,077	114,752	155,655	165,710	221,127	175,444
Operating income (loss)	52,737	39,126	(10,692)	(13,494)	70,113	28,030	(72,111)	(26,023)
Other loss, net	(5,228)	(2,759)	(3,863)	(3,947)	(3,958)	(5,118)	(2,606)	(5,233)
Income (loss) before income taxes	47,509	36,367	(14,555)	(17,441)	66,155	22,912	(74,717)	(31,256)
Income tax benefit (expense)	(1,963)	(907)	818	1,741	(3,985)	8,124	12,331	48,584
Net income (loss)	45,546	35,460	(13,737)	(15,700)	62,170	31,036	(62,386)	17,328
Net income attributable to noncontrolling interests	(205)	(222)	(227)	(281)	—	—	—	—
Net income (loss) attributable to Blucora, Inc.	$ 45,341	$ 35,238	$ (13,964)	$ (15,981)	$ 62,170	$ 31,036	$ (62,386)	$ 17,328
Net income (loss) per share attributable to Blucora, Inc.:								
Basic	$ 0.97	$ 0.75	$ (0.37)	$ (0.38)	$ 1.29	$ 0.64	$ (1.28)	$ 0.36
Diluted	$ 0.93	$ 0.71	$ (0.37)	$ (0.38)	$ 1.25	$ 0.62	$ (1.28)	$ 0.36
Weighted average shares outstanding:								
Basic	46,641	47,221	47,712	48,002	48,161	48,555	48,652	47,689
Diluted	48,665	49,434	47,712	48,002	49,542	49,822	48,652	48,344

(1) In the third quarter of 2019, we recognized a $50.9 million impairment of an intangible asset related to the HD Vest trade name intangible asset following the Rebranding. See “Item 8. Financial Statements and Supplementary Data—Note 6” for more information.

(2) In 2017, we relocated our corporate headquarters from Bellevue, Washington to Irving, Texas. In connection with this plan, we incurred restructuring costs. See “Item 8. Financial Statements and Supplementary Data—Note 4” for more information.

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ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risk and interest rate risk.

Financial market risk: We do not invest in financial instruments or their derivatives for trading or speculative purposes. By policy, we limit our credit exposure to any one issuer, other than securities issued by the U.S. federal government and its agencies, and do not have any derivative instruments in our investment portfolio. The three primary goals that guide our investment decisions, with the first being the most important to us, are: to preserve capital, maintain ease of conversion into immediate liquidity, and achieve a rate of return over a pre-determined benchmark. As of December 31, 2019, we were principally invested in money market fund securities. We consider the market value, default, and liquidity risks of our investments to be low at December 31, 2019.

Interest rate risk: At December 31, 2019, our cash equivalent balance of $4.3 million was held in money market funds. We consider the interest rate risk for our cash equivalent securities held at December 31, 2019 to be low. For further detail on our cash equivalents, see "Item 8. Financial Statements and Supplementary Data—Note 2."

In addition, as of December 31, 2019, we had $399.7 million in principal amount of debt outstanding under the Senior Secured Credit Facilities, which carries a degree of interest rate risk. This debt has a floating portion of its interest rate tied to the London Interbank Offered Rate (***"LIBOR"***). For further information on our outstanding debt, see "Item 8. Financial Statements and Supplementary Data—Note 9." A hypothetical 100 basis point increase in LIBOR on December 31, 2019 would result in a $17.3 million increase in our interest expense until the scheduled maturity date in 2024.

The following table provides information about our cash equivalent securities as of December 31, 2019, including principal cash flows for 2020 and thereafter and the related weighted average interest rates. Principal amounts and weighted average interest rates by expected year of maturity are as follows (in thousands, except percentages):

	Amount	Weighted Average Interest rate
2020	$ 4,264	2.29%
Thereafter	—	—
Total	$ 4,264	2.29%
Fair Value	$ 4,264	

ITEM 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Blucora, Inc. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Business Combination

Description of the Matter	On May 6, 2019, the Company completed its acquisition of 1st Global for a total consideration of $180 million, as disclosed in Note 3 to the consolidated financial statements. The transaction was accounted for as a business combination. Auditing management’s accounting for the 1st Global acquisition was complex and highly judgmental due to the significant estimation required in determining the future cash flows expected to be generated by the acquired intangible assets, which primarily included advisor relationships. In particular, the future cash flow estimates are sensitive to significant assumptions such as the projections of revenues, gross profit margins, operating expenses (collectively referred to as projected financial information or “PFI”), advisor attrition rate, and the discount rate. These significant assumptions are forward looking and could be affected by future economic and market conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s process to account for acquisitions, including management’s review of key judgments and assumptions underlying the recognition and valuation of the intangible assets. For the 1st Global acquisition, we evaluated, among other items, the significant assumptions, including the projected financial information, advisor attrition rate, and discount rates used in valuing the intangibles. When evaluating these assumptions, we considered current industry and economic trends, 1st Global’s past performance, and current business plans. In addition, we evaluated the completeness and accuracy of the underlying data supporting the assumptions. We involved our valuation specialists to assist in auditing the valuation methodology and assumptions used by the Company. We have also evaluated the Company’s disclosures in relation to this matter.

Valuation of Income Taxes

Description of the Matter	At December 31, 2019, the Company had gross deferred tax assets on deductible temporary differences of $129.3 million, which were offset by a $43.8 million valuation allowance, resulting in a net deferred tax asset of $85.5 million, as disclosed in Note 16. Included in the gross deferred tax assets was $84.7 million generated by net operating loss carryforwards. Deferred tax assets are reduced by a valuation allowance if, based upon the weight of all available evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. Management’s analysis of the realizability of its deferred tax assets was complex and highly judgmental because the amounts are material to the financial statements and the assessment process can be complex, involves significant judgment, and includes assumptions that may be affected by future market or economic conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that address the risks of material misstatement relating to the realizability of deferred tax assets, including controls over management’s projections of future taxable income, and the future reversal of existing taxable temporary differences. Among other audit procedures performed, we evaluated the assumptions used by the Company related to projections of future taxable income and tested the completeness and accuracy of the underlying data used in its projections. For example, we assessed the historical accuracy of management’s projections and compared the projections of future taxable income with other forecasted financial information prepared by the Company, as well as management’s consideration of current industry and economic trends. We also tested the Company’s scheduling of the reversal of existing temporary taxable differences. We have also evaluated the Company’s income tax disclosures in relation to this matter.

Impairment of Indefinite-Lived Intangible

Description of the Matter	As reflected in the Company’s consolidated financial statements at December 31, 2018, the Company’s indefinite-lived intangible assets were $72 million. As disclosed in Note 6 to the consolidated financial statements, indefinite-lived intangible assets are tested for impairment annually as of November 30, or more frequently if indicators of impairment require the performance of an interim impairment assessment. On September 9, 2019, the Company announced its intention to rebrand its Wealth Management business, which caused the existing HD Vest trade name indefinite-lived intangible asset to become impaired. As a result, a non-cash impairment charge of $50.9 million was recorded in the quarter ended September 30, 2019. Auditing management’s impairment test related to this indefinite-lived intangible was complex and highly judgmental due to the measurement uncertainty in determining the fair values of the asset. The fair value estimate for the trade name was sensitive to significant assumptions such as forecasted revenue, revenue growth rates, revenue survival rates, and the selected discount rate.
How We Addressed the Matter in Our Audit	We tested controls over the Company’s indefinite-lived intangible asset impairment assessment process. This included testing of controls over the review of the Company’s forecast as well as controls over the review of the significant assumptions used to estimate the fair values of the indefinite-lived intangible asset. To test the fair value of the indefinite-lived intangible asset, our audit procedures included assessing methodologies and testing the significant assumptions and underlying data used by the Company, specifically the projected financial information including revenue growth and survival rates and the selected discount rate. We also evaluated the completeness and accuracy of the underlying data supporting the assumptions. Additionally, we compared the significant assumptions used by management to current industry and economic trends as well as other relevant factors. We performed sensitivity analyses of significant assumptions to evaluate the change in the fair value of the indefinite-lived intangible asset and assessed the historical accuracy of management’s estimates. In addition, we involved a valuation specialist to assist in evaluating the significant assumptions in the fair value estimate.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2012.
Dallas, Texas
February 28, 2020

BLUCORA, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	December 31,	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 80,820	$ 84,524
Cash segregated under federal or other regulations	5,630	842
Accounts receivable, net of allowance	16,266	15,721
Commissions receivable	21,176	15,562
Other receivables	2,902	7,408
Prepaid expenses and other current assets, net	12,349	7,755
Total current assets	139,143	131,812
Long-term assets:		
Property and equipment, net	18,706	12,389
Right-of-use assets, net	10,151	—
Goodwill, net	662,375	548,685
Other intangible assets, net	290,211	294,603
Deferred tax asset, net	9,997	—
Other long-term assets	6,989	10,236
Total long-term assets	998,429	865,913
Total assets	$ 1,137,572	$ 997,725
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,969	$ 3,798
Commissions and advisory fees payable	19,905	15,199
Accrued expenses and other current liabilities	36,144	18,980
Deferred revenue—current	12,014	10,257
Lease liabilities—current	3,272	46
Current portion of long-term debt, net	11,228	—
Total current liabilities	93,532	48,280
Long-term liabilities:		
Long-term debt, net	381,485	260,390
Deferred tax liability, net	—	40,394
Deferred revenue—long-term	7,172	8,581
Lease liabilities—long-term	5,916	100
Other long-term liabilities	5,952	7,440
Total long-term liabilities	400,525	316,905
Total liabilities	494,057	365,185
Redeemable noncontrolling interests	—	24,945
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock, par $0.0001—900,000 authorized shares; 49,059 shares issued and 47,753 shares outstanding at December 31, 2019; 48,044 shares issued and outstanding at December 31, 2018	5	5
Additional paid-in capital	1,586,972	1,569,725
Accumulated deficit	(914,791)	(961,689)
Accumulated other comprehensive loss	(272)	(446)
Treasury stock, at cost—1,306,000 shares at December 31, 2019	(28,399)	—
Total stockholders' equity	643,515	607,595
Total liabilities and stockholders' equity	$ 1,137,572	$ 997,725

See notes to consolidated financial statements.

BLUCORA, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share data)

	Years Ended December 31,		
	2019	2018	2017
Revenue:			
Wealth management services revenue	$ 507,979	$ 373,174	$ 348,620
Tax preparation services revenue	209,966	187,282	160,937
Total revenue	717,945	560,456	509,557
Operating expenses:			
Cost of revenue:			
Wealth management services cost of revenue	352,081	253,580	235,859
Tax preparation services cost of revenue	10,691	10,040	10,018
Amortization of acquired technology	—	99	195
Total cost of revenue	362,772	263,719	246,072
Engineering and technology	30,931	19,332	19,614
Sales and marketing	126,205	111,361	102,798
General and administrative	78,529	60,124	52,668
Acquisition and integration	25,763	—	—
Depreciation	5,479	4,468	3,460
Amortization of other acquired intangible assets	37,357	33,487	33,807
Impairment of intangible asset	50,900	—	—
Restructuring	—	288	3,101
Total operating expenses	717,936	492,779	461,520
Operating income	9	67,677	48,037
Other loss, net	(16,915)	(15,797)	(44,551)
Income (loss) before income taxes	(16,906)	51,880	3,486
Income tax benefit (expense)	65,054	(311)	25,890
Net income	48,148	51,569	29,376
Net income attributable to noncontrolling interests	—	(935)	(2,337)
Net income attributable to Blucora, Inc.	$ 48,148	$ 50,634	$ 27,039
Net income per share attributable to Blucora, Inc. (1):			
Basic	$ 1.00	$ 0.94	$ 0.61
Diluted	$ 0.98	$ 0.90	$ 0.57
Weighted average shares outstanding:			
Basic	48,264	47,394	44,370
Diluted	49,282	49,381	47,211
Comprehensive income (loss):			
Net income	$ 48,148	$ 51,569	$ 29,376
Other comprehensive income (loss)	174	(442)	377
Comprehensive income	48,322	51,127	29,753
Comprehensive income attributable to noncontrolling interests	—	(935)	(2,337)
Comprehensive income attributable to Blucora, Inc.	$ 48,322	$ 50,192	$ 27,416

(1) Net income per share for the year ended December 31, 2018 included the noncontrolling interest redemption impact discussed further in “Note 2—Summary of Significant Accounting Policies” and in “Note 17—Net Income Per Share.”

See notes to consolidated financial statements.

BLUCORA, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Redeemable noncontrolling interests	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Treasury stock		Total
		Shares	Amount				Shares	Amount	
Balance as of December 31, 2016	$ 15,696	41,845	$ 4	$ 1,510,152	$ (1,092,756)	$ (381)	—	—	$ 417,019
Common stock issued for stock options and restricted stock units	—	4,382	1	40,271	—	—	—	—	40,272
Common stock issued for employee stock purchase plan	—	139	—	1,429	—	—	—	—	1,429
Other comprehensive income	—	—	—	—	—	377	—	—	377
Stock-based compensation and impact of ASU 2016-09	—	—	—	12,801	51,543	—	—	—	64,344
Tax payments from shares withheld for equity awards	—	—	—	(9,095)	—	—	—	—	(9,095)
Other	—	—	—	2	—	—	—	—	2
Net income	2,337	—	—	—	27,039	—	—	—	27,039
Balance as of December 31, 2017	$ 18,033	46,366	$ 5	$ 1,555,560	$ (1,014,174)	$ (4)	—	$ —	$ 541,387
Common stock issued for stock options and restricted stock units	—	1,577	—	13,151	—	—	—	—	13,151
Common stock issued for employee stock purchase plan	—	101	—	2,100	—	—	—	—	2,100
Other comprehensive loss	—	—	—	—	—	(442)	—	—	(442)
Stock-based compensation	—	—	—	13,253	—	—	—	—	13,253
Tax payments from shares withheld for equity awards	—	—	—	(8,362)	—	—	—	—	(8,362)
Impact of adoption of new accounting guidance related to revenue recognition	—	—	—	—	1,851	—	—	—	1,851
Adjustment of redeemable noncontrolling interests to redemption value	5,977	—	—	(5,977)	—	—	—	—	(5,977)
Net income	935	—	—	—	50,634	—	—	—	50,634
Balance as of December 31, 2018	$ 24,945	48,044	$ 5	$ 1,569,725	$ (961,689)	$ (446)	—	$ —	$ 607,595
Common stock issued for stock options and restricted stock units	—	906	—	4,387	—	—	—	—	4,387
Common stock issued for employee stock purchase plan	—	109	—	2,212	—	—	—	—	2,212
Stock repurchases	—	—	—	—	—	—	(1,306)	(28,399)	(28,399)
Other comprehensive income	—	—	—	—	—	174	—	—	174
Stock-based compensation	—	—	—	16,300	—	—	—	—	16,300
Tax payments from shares withheld for equity awards	—	—	—	(5,652)	—	—	—	—	(5,652)
Impact of adoption of new leases accounting standard	—	—	—	—	(1,636)	—	—	—	(1,636)
Impact of ASC 842 consolidated deferred tax	—	—	—	—	386	—	—	—	386
Reclassification of mandatorily redeemable noncontrolling interests	(22,428)	—	—	—	—	—	—	—	—
Redemption of noncontrolling interests	(2,517)	—	—	—	—	—	—	—	—
Net income	—	—	—	—	48,148	—	—	—	48,148
Balance as of December 31, 2019	$ —	49,059	$ 5	$ 1,586,972	$ (914,791)	$ (272)	(1,306)	$ (28,399)	$ 643,515

See notes to consolidated financial statements.

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

	Years Ended December 31,		
	2019	2018	2017
Operating activities:			
Net income	$ 48,148	$ 51,569	$ 29,376
Adjustments to reconcile net income to net cash from operating activities:			
Stock-based compensation	16,300	13,253	11,653
Depreciation and amortization of acquired intangible assets	44,208	38,589	38,139
Impairment of intangible asset	50,900	—	—
Reduction of right-of-use assets	4,425	—	—
Restructuring (non-cash)	—	—	1,569
Deferred income taxes	(67,549)	(3,039)	(16,159)
Amortization of premium on investments, net, and debt issuance costs	1,042	833	1,099
Accretion of debt discounts	228	163	1,947
Loss on debt extinguishment and modification expense	—	1,534	20,445
Gain on sale of a business	(3,256)	—	—
Other	734	73	30
Cash provided (used) by changes in operating assets and liabilities:			
Accounts receivable	871	(4,286)	(483)
Commissions receivable	(471)	1,260	(678)
Other receivables	4,506	(3,851)	(204)
Prepaid expenses and other current assets	10,537	(815)	(869)
Other long-term assets	3,377	3,450	(12,281)
Accounts payable	29	(615)	(123)
Commissions and advisory fees payable	432	(2,614)	1,226
Lease liabilities	(7,335)	—	—
Deferred revenue	(17,367)	9,930	(3,248)
Accrued expenses and other current and long-term liabilities	3,045	114	1,407
Net cash provided by operating activities	92,804	105,548	72,846
Investing activities:			
Business acquisition, net of cash acquired	(166,560)	—	—
Purchases of property and equipment	(10,501)	(7,633)	(5,039)
Proceeds from sale of a business, net of cash	7,467	—	—
Proceeds from sales of investments	—	—	249
Proceeds from maturities of investments	—	—	7,252
Purchases of investments	—	—	(409)
Net cash provided (used) by investing activities	(169,594)	(7,633)	2,053
Financing activities:			
Proceeds from credit facilities, net of debt issuance costs and debt discount	131,489	—	365,836
Repurchase of convertible notes	—	—	(172,827)
Payments on credit facilities	(313)	(80,000)	(290,000)
Repayment of note payable with related party	—	—	(3,200)
Stock repurchases	(28,399)	—	—
Payment of redeemable noncontrolling interests	(24,945)	—	—
Proceeds from stock option exercises	4,387	12,773	40,271
Proceeds from issuance of stock through employee stock purchase plan	2,212	2,100	1,429
Tax payments from shares withheld for equity awards	(5,652)	(8,362)	(9,095)
Contingent consideration payments for business acquisition	(943)	(1,315)	(946)
Other	—	—	(30)
Net cash provided (used) by financing activities	77,836	(74,804)	(68,562)
Net cash provided by continuing operations	1,046	23,111	6,337
Net cash provided by investing activities from discontinued operations	—	—	1,028
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	38	(56)	78
Net increase in cash, cash equivalents, and restricted cash	1,084	23,055	7,443
Cash, cash equivalents, and restricted cash, beginning of period	85,366	62,311	54,868
Cash, cash equivalents, and restricted cash, end of period	$ 86,450	$ 85,366	$ 62,311
Supplemental cash flow information:			
Cash paid for income taxes	$ 3,106	$ 1,806	$ 1,267

Cash paid for interest	$ 18,852	$ 15,335	$ 23,316

See notes to consolidated financial statements.

BLUCORA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2019, 2018, and 2017

Note 1: Description of the Business

Blucora, Inc. (the **"*Company,*" "*Blucora,*" "*we,*" "*our,*"** or **"*us*"**) operates two primary businesses: the Wealth Management business and the digital Tax Preparation business.

Wealth Management

The Wealth Management business consists of the operations of Avantax Wealth Management (***"Avantax,"*** the **"*Wealth Management business,*"** or the **"*Wealth Management segment*"**), which provides tax-focused wealth management solutions for financial advisors, tax preparers, certified public accounting firms, and their clients. Avantax is comprised of what was formerly HD Vest and 1st Global, both of which are discussed below.

On May 6, 2019, we closed the acquisition of all of the issued and outstanding common stock of 1st Global, Inc. and 1st Global Insurance Services, Inc. (together, ***"1st Global"***), a tax-focused wealth management company, for a cash purchase price of $180.0 million (the ***"1st Global Acquisition"***). The purchase price was paid with a combination of (i) cash on hand and (ii) the proceeds from a $125.0 million increase in the term loan under our credit agreement. See further discussion of the term loan in "Note 9—Debt." The operations of 1st Global are included in our operating results as part of the Wealth Management segment from the date of the 1st Global Acquisition. See further discussion in "Note 3—Acquisitions and Dispositions."

On September 9, 2019, we announced a rebranding of our Wealth Management business to Avantax Wealth Management (the ***"Rebranding"***). In connection with the Rebranding, HD Vest (which comprised all of the Wealth Management business prior to the 1st Global Acquisition) was renamed Avantax Wealth Management in mid-September 2019, and 1st Global converted in late October 2019. In connection with the Rebranding, we recorded an impairment charge related to the HD Vest trade name intangible asset of $50.9 million for the year ended December 31, 2019. See further discussion in "Note 6—Goodwill and Other Intangible Assets."

Tax Preparation

The Tax Preparation business consists of the operations of TaxAct, Inc. (**"*TaxAct,*"** the **"*Tax Preparation business,*"** or the **"*Tax Preparation segment*"**) and provides digital tax preparation solutions for consumers, small business owners, and tax professionals through its website www.TaxAct.com.

The Tax Preparation segment is highly seasonal, with a significant portion of its annual revenue earned in the first four months of the fiscal year. During the third and fourth quarters, the Tax Preparation segment typically reports losses because revenue from the segment is minimal while core operating expenses continue.

Segments

We have two reportable segments: (1) the Wealth Management segment and (2) the Tax Preparation segment.

Reclassification

We reclassified $0.7 million in loans given to several HD Vest advisors from "Other long-term assets" to "Accounts receivable, net of allowance" on our consolidated balance sheet as of December 31, 2018.

Principles of consolidation and use of estimates

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany accounts and transactions have been eliminated.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (***"GAAP"***) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingencies. Actual amounts may differ from estimates.

Net capital and regulatory requirements

The Avantax Wealth Management broker-dealer subsidiary operates in a highly regulated industry and is subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have substantial monetary and non-monetary impacts to Avantax's operations. As of December 31, 2019, Avantax met all capital adequacy requirements to which it was subject.

Note 2: Summary of Significant Accounting Policies

Cash, cash equivalents, restricted cash, and cash segregated under federal or other regulations

The following table presents cash, cash equivalents, and restricted cash as reported on the consolidated balance sheets and the consolidated statements of cash flows (in thousands):

	December 31,	
	2019	2018
Cash and cash equivalents	$ 80,820	$ 84,524
Cash segregated under federal or other regulations	5,630	842
Total cash, cash equivalents, and restricted cash	$ 86,450	$ 85,366

We generally invest our available cash in high-quality marketable investments. These investments include money market funds invested in securities issued by agencies of the U.S. government. We may invest, from time-to-time, in other vehicles, such as debt instruments issued by the U.S. federal government and its agencies, international governments, municipalities and publicly held corporations, as well as commercial paper and insured time deposits with commercial banks. Specific holdings can vary from period to period depending upon our cash requirements. Such investments are reported at fair value on the consolidated balance sheets.

Cash segregated under federal and other regulations is held in a separate bank account for the exclusive benefit of our Wealth Management business clients and is considered restricted cash.

Accounts receivable

Accounts receivable are stated at amounts due from customers, net of an allowance for doubtful accounts. The allowance for doubtful accounts was not material at December 31, 2019 and 2018, respectively.

Property and equipment

Property and equipment are stated at cost. Depreciation is calculated under the straight-line method over the following estimated useful lives:

	Estimated Useful Life
Computer equipment and software	3 years
Data center servers	3 years
Internally developed software	3 years
Office equipment	7 years
Office furniture	7 years
Leasehold improvements	Shorter of lease term or economic life

We capitalize certain internal-use software development costs, consisting primarily of contractor costs and employee salaries and benefits allocated on a project or product basis. We capitalized $7.4 million, $6.5 million, and $3.5 million of internal-use software costs for the years ended December 31, 2019, 2018, and 2017, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years Ended December 31, 2019, 2018, and 2017

Business combinations and intangible assets including goodwill

We account for business combinations using the acquisition method.

Under the acquisition method, the purchase price of the 1st Global Acquisition has been allocated to 1st Global's tangible assets, identifiable intangible assets, and assumed liabilities based on their estimated fair values at the time of the 1st Global Acquisition. This allocation involves a number of assumptions, estimates, and judgments that could materially affect the timing or amounts recognized in our financial statements. The most subjective areas include determining the fair value of the following:

- intangible assets, including the valuation methodology, estimations of future cash flows, discount rates, growth rates, as well as the estimated useful life of intangible assets;
- deferred tax assets and liabilities and uncertain tax positions, which were initially estimated as of the 1st Global Acquisition date;
- pre-existing liabilities or legal claims, and deferred revenue, in each case as may be applicable; and
- goodwill as measured as the excess of consideration transferred over the net of the 1st Global Acquisition date fair values of the assets acquired and the liabilities assumed.

The Company's assumptions and estimates are based upon comparable market data and information obtained from our management and the management of 1st Global.

Goodwill is calculated as the excess of the fair value of total consideration over the acquisition-date fair value of net assets, including the amount assigned to identifiable intangible assets, and is assigned to reporting units that are expected to benefit from the synergies of the business combination as of the acquisition date. Reporting units are consistent with reportable segments. Identifiable intangible assets with finite lives are amortized over their useful lives on a straight-line basis, except for advisor relationships which are amortized proportional to expected revenue. Acquisition-related costs, including advisory, legal, accounting, valuation, and other similar costs, are expensed in the periods in which the costs are incurred. The results of operations of acquired businesses are included in the consolidated financial statements from the acquisition date.

Goodwill and intangible assets

We evaluate goodwill and indefinite-lived intangible assets for impairment annually, as of November 30, or more frequently when events or circumstances indicate that impairment may have occurred.

As a result of the Rebranding in the third quarter of 2019, we evaluated the Wealth Management indefinite-lived assets for potential impairment. Accordingly, we evaluated the HD Vest trade name indefinite-lived asset by performing a quantitative impairment test comparing the carrying value of the HD Vest trade name intangible asset to its fair value. The quantitative impairment test determined that the carrying value of the HD Vest trade name exceeded its fair value. As a result, we recognized an impairment charge of $50.9 million on the "Impairment of intangible asset" line on the consolidated statement of comprehensive income for the year ended December 31, 2019. For additional information, see "Note 6—Goodwill and Other Intangible Assets."

Subsequently, we performed our annual assessment as of November 30, 2019 and determined that no conditions existed that would make it more likely than not that goodwill and the indefinite-lived assets were further impaired.

Definite-lived intangible assets are reviewed for impairment when events or circumstances indicate that the carrying value of an asset or group of assets may not be recoverable. The determination of recoverability is based on an estimate of pre-tax undiscounted future cash flows, using our best estimates of future revenues and operating expenses, expected to result from the use and eventual disposition of the asset or group of assets over the

remaining economic life of the primary asset in the asset group. We measure the amount of the impairment as the excess of the asset's carrying value over its fair value.

Fair value typically is estimated using the present value of future discounted cash flows, an income approach. The significant estimates in the discounted cash flow model include the weighted-average cost of capital and long-term rates of revenue growth and/or profitability of our businesses. The weighted-average cost of capital considers the relevant risk associated with business-specific characteristics and the uncertainty related to the ability to achieve the projected cash flows. These estimates and the resulting valuations require significant judgment.

Fair value of financial instruments

We measure cash equivalents and contingent consideration liability at fair value. We consider the carrying values of accounts receivable, commissions receivable, other receivables, prepaid expenses, other current assets, accounts payable, commissions and advisory fees payable, accrued expenses, and other current liabilities to approximate fair values primarily due to their short-term natures. See "Note 7—Fair Value Measurements" for additional information.

Redeemable noncontrolling interests

Noncontrolling interests that are redeemable at the option of the holder and not solely within the control of the issuer are classified outside of stockholders' equity. In connection with the acquisition of HD Vest in 2015, the former management of HD Vest retained an ownership interest in that business. We were party to put and call arrangements that became exercisable beginning in the first quarter of 2019 with respect to those interests. These put and call arrangements allowed certain former members of HD Vest management to require us to purchase their interests or allow us to acquire such interests for cash, respectively, within ninety days after we filed our Annual Report on Form 10-K for the year ended December 31, 2018, which occurred on March 1, 2019.

The redemption value of the arrangements was based upon several factors, including, among others, our implied enterprise value, our implied equity value and certain of our financial performance measures. To the extent that the redemption value of these interests exceeded the value determined by adjusting the carrying value for the subsidiary's attribution of net income (loss), the value of such interests was adjusted to the redemption value with a corresponding adjustment to additional paid-in capital; this occurred in the third quarter of 2018, and we recorded an adjustment of $6.0 million for the year ended December 31, 2018. The redemption amount of noncontrolling interests was $24.9 million as of December 31, 2018. In the second quarter of 2019, all of these arrangements were settled in cash for $24.9 million.

Revenue recognition

We recognize revenue when all five of the following revenue recognition criteria have been satisfied:

- contract(s) with customers have been identified;
- performance obligations have been identified;
- transaction prices have been determined;
- transaction prices have been allocated to the performance obligations; and
- the performance obligations have been fulfilled by transferring control over the promised services to the customer.

The determination of when these criteria are satisfied varies by product or service and is explained in more detail below.

Wealth management revenue recognition. Wealth management revenue primarily consists of commission revenue, advisory revenue, asset-based revenue, and transaction and fee revenue.

Revenue is recognized upon the transfer of services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those services. Payments received by us in advance of the performance of service are deferred and recognized as revenue when earned.

Commissions represent amounts generated by clients' purchases and sales of securities and investment products. We serve as the registered broker-dealer or insurance agent for those trades. We generate two types of commissions: (1) transaction-based commissions and (2) trailing commissions. Transaction-based commissions are generated on a per-transaction fee and are recognized as revenue on the trade date, which is when our performance obligations have been substantially completed. Trailing commissions are earned by us based on our ongoing account support to clients of our advisors. Trailing commissions are based on a percentage of the current market value of clients' investment holdings in trail-eligible assets and recognized over the period during which our services are performed. Since trailing commission revenue is generally paid in arrears, we estimate it based on a number of factors, including historical payout ratios, as well as stock market index levels and the amount of trailing commission revenues received in prior periods. These estimates are primarily based on historical information, and there is not significant judgment involved.

A substantial portion of commission revenue is ultimately paid to financial advisors. We record an estimate for transaction-based commissions payable based upon the payout rate of the financial advisor generating the accrued commission revenue. We record an estimate for trailing commissions payable based upon historical payout ratios. Such amounts are recorded as "Commissions and advisory fees payable" on the consolidated balance sheets and "Wealth management services cost of revenue" on the consolidated statements of comprehensive income.

Advisory revenue includes fees charged to clients in advisory accounts for which we are the registered investment advisor. These fees are based on the value of assets within these advisory accounts. Advisory revenues are deferred and recognized ratably over the period (typically quarterly) in which our performance obligations have been completed.

Asset-based revenue primarily includes fees from financial product manufacturer sponsorship programs, cash sweep programs, and other asset-based revenues, primarily including margin revenues, and are recognized ratably over the period in which services are provided.

Transaction and fee revenue primarily includes (1) support fees charged to advisors, which are recognized over time as advisory services are provided, (2) fees charged for executing certain transactions in client accounts, which are recognized on a trade-date basis, and (3) other fees related to services provided and other account charges as generally outlined in agreements with financial advisors, clients, and financial institutions, which are recognized as services are performed or as earned, as applicable.

The timing of Wealth Management revenue recognition was as follows (in thousands):

	Years Ended December 31,					
	2019			2018		
Wealth Management Segment Revenues:	Recognized Upon Transaction	Recognized Over Time	Total	Recognized Upon Transaction	Recognized Over Time	Total
Commission revenue	$ 82,604	$ 108,446	$ 191,050	$ 67,351	$ 96,850	$ 164,201
Advisory revenue	—	252,367	252,367	—	164,353	164,353
Asset-based revenue	—	48,182	48,182	—	31,456	31,456
Transaction and fee revenue	3,457	12,923	16,380	3,211	9,953	13,164
Total	$ 86,061	$ 421,918	$ 507,979	$ 70,562	$ 302,612	$ 373,174

Tax preparation revenue recognition. We generate revenue from the sale of tax preparation digital services, packaged tax preparation software, ancillary services, and multiple element arrangements that may include a combination of these items.

Digital revenues include revenues associated with our digital software products sold to customers and businesses primarily for the preparation of individual or business tax returns, and digital revenues are generally recognized when customers and businesses complete and file returns. Digital revenues are recognized net of an allowance for the portion of the returns filed using our refund payment transfer services (as explained below) that we estimate will not be accepted and funded by IRS.

Packaged tax preparation software revenues are generated from the sale of our downloadable software products and are recognized when legal title transfers, which is when customers download the software.

Ancillary service revenues primarily include fees we charge for refund payment transfer services, audit defense services, and referral and marketing arrangements with third party partners. Refund payment transfer services allow the cost of TaxAct software products to be deducted from a taxpayer's refund instead of being paid at the time of filing. The fees the customer pays for refund payment transfer services and audit defense services are recognized as revenue at the time of filing. Revenue for our referral and marketing arrangements with third party partners is recognized at a point in time or over time based on the nature of the performance obligation under each arrangement.

Certain of our tax preparation software packages marketed towards professional tax preparers contain multiple elements, including a software element and an unlimited e-filing capability element. For these software packages that contain multiple elements, we allocate the total consideration of the package to the two elements. We then recognize revenue for the software element upon download or shipment and recognize revenue for the unlimited filing element over time based on an estimated filing timeline. The impact of multiple element arrangements is not material and only impacts the timing of revenue recognition over the tax filing season, which is primarily concentrated within the first two quarters of each year.

The timing of Tax Preparation revenue recognition was as follows (in thousands):

	Years Ended December 31,					
	2019			2018		
Tax Preparation Segment Revenues:	Recognized Upon Transaction	Recognized Over Time	Total	Recognized Upon Transaction	Recognized Over Time	Total
Consumer	$ 192,438	$ 2,566	$ 195,004	$ 172,207	$ —	$ 172,207
Professional	12,616	2,346	14,962	12,604	2,471	15,075
Total	$ 205,054	$ 4,912	$ 209,966	$ 184,811	$ 2,471	$ 187,282

Advertising expenses

Costs for advertising are recorded as expense and classified within "Sales and marketing" on the consolidated statements of comprehensive income when the advertisement appears. Advertising expense totaled $54.5 million, $53.3 million, and $51.7 million for the years ended December 31, 2019, 2018, and 2017, respectively. Prepaid advertising costs were $0.3 million at both December 31, 2019 and 2018.

Stock-based compensation

We measure stock-based compensation at the grant date based on the fair value of the award and recognize it as expense, net of estimated forfeitures, over the vesting or service period, as applicable, of the stock award using the straight-line method. We recognize stock-based compensation over the vesting period for each separately vesting portion of a share-based award as if they were individual share-based awards. We estimate forfeitures at the time of grant, based upon historical data, and revise those estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Income taxes

We account for income taxes under the asset and liability method, under which deferred tax assets, including net operating loss carryforwards, and deferred tax liabilities are determined based on temporary differences between the book and tax bases of assets and liabilities. We periodically evaluate the likelihood of the realization of deferred tax assets and reduce the carrying amount of the deferred tax assets by a valuation allowance to the extent we believe it is more likely than not a portion will not be realized. We consider many factors when assessing the likelihood of future realization of deferred tax assets, including expectations of future taxable income, recent cumulative earnings experience by taxing jurisdiction, and other relevant factors. There is a wide range of possible judgments relating to the valuation of our deferred tax assets.

We record liabilities to address uncertain tax positions that have been taken in previously filed tax returns or that are expected to be taken in a future tax return. The determination for required liabilities is based upon an analysis of each individual tax position, taking into consideration whether it is more likely than not that the tax position, based on technical merits, will be sustained upon examination. The tax benefit to be recognized in the financial statements from such a position is measured as the largest amount of benefit that has a greater than 50% cumulative likelihood of being realized upon ultimate settlement with the taxing authority. The difference between the amount recognized and the total tax position is recorded as a liability. The ultimate resolution of these tax positions may be greater or less than the liabilities recorded. We recognize interest and penalties related to uncertain tax positions in interest expense and general and administrative expense, respectively.

Concentration of credit risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents, short-term investments, trade accounts receivable, and commissions receivable. These instruments are generally unsecured and uninsured.

For cash equivalents, short-term investments, and commissions receivable, we attempt to manage exposure to counterparty credit risk by only entering into agreements with major financial institutions and investment sponsors that are expected to be able to fully perform under the terms of the agreement.

Accounts receivable are typically unsecured and are derived from revenues earned from customers primarily located in the United States operating in a variety of geographic areas. We perform ongoing credit evaluations of our customers and maintain allowances for potential credit losses.

Geographic revenue information

Almost all of our revenue for 2019, 2018, and 2017 was generated from customers located in the United States.

Recently adopted accounting pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (***"FASB"***) in the form of accounting standards updates (***"ASUs"***) to the FASB's Accounting Standards Codification (***"ASC"***). We consider the applicability and impact of all recent ASUs. ASUs not listed below were assessed and determined to be either

not applicable or are expected to have minimal impact on our consolidated financial position and results of operations. We are currently considering, or have recently adopted, ASUs that impact the following areas:

Revenue recognition. In May 2014, the FASB issued guidance codified in ASC 606, *Revenue from Contracts with Customers* (**"*ASC 606*"**), which amends the guidance in former ASC 605, *Revenue Recognition*. The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by using a five-step process. ASC 606 became effective on a retrospective basis (either to each reporting period presented or with the cumulative effect of initially applying this guidance recognized at the date of initial application) for annual reporting periods, including interim reporting periods within those annual reporting periods, beginning after December 15, 2017.

We adopted ASC 606 on January 1, 2018, utilizing the modified retrospective transition method. Upon adoption, we recognized a $1.8 million cumulative effect as an adjustment to the opening balance of retained earnings and deferred revenues on the consolidated balance sheets.

As a result of the adoption of ASC 606, we now recognize certain licensing fees on a net basis, which reduced both transaction and fee revenues and operating expenses by $1.8 million for the year ended December 31, 2018, on the consolidated statements of comprehensive income. Had we not adopted ASC 606, total revenues for the year ended December 31, 2018 would have been $3.3 million higher than reported on the consolidated statements of comprehensive income.

Pursuant to the modified retrospective transition method, prior periods were not retrospectively adjusted, and we do not disclose the value of unsatisfied performance obligations for contracts with original expected durations of one year or less.

Leases. In February 2016, the FASB issued guidance codified in ASC 842, *Leases* (***"ASC 842"***), which supersedes the guidance in ASC 840, *Leases* (***"ASC 840"***). Under ASC 842, lease assets and liabilities resulting from both operating leases and finance leases (formerly known as "capital leases") are recognized on the balance sheet. Lease liabilities are measured as the present value of unpaid lease payments for operating leases under which we are the lessee, and a corresponding right-of-use (***"ROU"***) asset is recognized for the right to use the leased assets.

ASC 842 became effective on a modified retrospective basis for annual reporting periods, including interim reporting periods within those annual reporting periods, beginning after December 15, 2018. Prior comparable periods are presented in accordance with accounting guidance under ASC 840 and were not restated.

We adopted ASC 842 on January 1, 2019 for all open leases with a term greater than one year as of the adoption date, using the modified retrospective method of adoption with a cumulative effect adjustment to retained earnings. We elected to utilize several practical expedients that were available under ASC 842, including: (1) the practical expedients under which there is no requirement to reassess lease existence, classification, and initial direct costs; (2) the hindsight practical expedient, under which we used hindsight in determining certain lease terms; (3) the short-term lease expedient, under which we do not apply the balance sheet recognition requirements of ASC 842 to leases with a term of twelve months or less; and (4) the lease component practical expedient, under which we made a policy election to account for the nonlease components of a lease together with the related lease components as a single lease component. The adoption of ASC 842 resulted in $6.6 million of additional operating lease assets, $9.1 million of additional operating lease liabilities, and a $1.6 million adjustment to the opening balance of retained earnings as a result of reevaluating certain of our lease terms as of the adoption date. Upon adoption, we also reclassified $0.9 million of other lease-related balances to reduce the measurement of lease assets.

Our lease terms are contractually fixed but may include extension or termination options reasonably assured to be exercised at lease inception, which are included in the recognition of ROU assets and lease liabilities. Our leases do not contain residual value guarantees or material variable lease payments. We do not have any material

restrictions or covenants imposed by leases that would impact our ability to pay dividends or cause us to incur additional financial obligations.

Our leases are not complex; therefore, there were no significant assumptions or judgments made in applying the requirements of ASC 842, including the determination of whether the contracts contained a lease and the determination of the discount rates for the leases.

Stock-based compensation. In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Shared-Based Payment Accounting* (***"ASU 2016-09"***). ASU 2016-09 requires that excess tax benefits and deficiencies be recognized as income tax benefit or expense, rather than as additional paid-in capital. In addition, ASU 2016-09 requires that excess tax benefits be recorded in the period that shares vest or settle, regardless of whether the benefit reduces taxes payable in the same period. Cash flows related to excess tax benefits will be included as an operating activity (and no longer classified as a financing activity) in the statement of cash flows. ASU 2016-09 became effective for annual reporting periods, including interim reporting periods within those annual reporting periods, beginning after December 15, 2016. The portion of ASU 2016-09 related to the recognition of excess tax benefits and deficiencies as income tax benefit or expense was effective on a prospective basis, and the portion of ASU 2016-09 related to the timing of excess tax benefit recognition was effective using a modified retrospective transition method with a cumulative-effect adjustment to equity as of the beginning of the period in which ASU 2016-09 was adopted. The cash flow presentation guidance was effective on a retrospective or prospective basis.

We implemented ASU 2016-09 on January 1, 2017 and recorded a cumulative-effect adjustment of $51.5 million to credit retained earnings for deferred tax assets related to net operating losses that arose from excess tax benefits, which we have deemed realizable. In addition:

- At the time of adoption and on a prospective basis, the primary impact of adoption was the recognition of excess tax benefits and deficiencies, including deferred tax assets related to net operating losses that arose from excess tax benefits that we have deemed realizable in the income tax provision (rather than in additional paid-in capital). This caused income taxes to differ from taxes at the statutory rates for 2017. For the year ended December 31, 2017, we recognized an estimated $20.1 million decrease to the income tax provision, which resulted in a $20.1 million increase to income from continuing operations and net income attributable to Blucora, a $0.45 increase to basic earnings per share, and a $0.43 increase to diluted earnings per share.

- We applied the cash flow presentation guidance on a retrospective basis, restating the consolidated statements of cash flows to present excess tax benefits as an operating activity (rather than a financing activity). For the year ended December 31, 2017, that resulted in an increase to cash provided by operating activities from continuing operations of $16.0 million and a corresponding decrease to cash used by financing activities from continuing operations. The restatement had no impact on total cash flows for the period presented.

ASU 2016-09 also clarifies that payments made to tax authorities on an employee's behalf for withheld shares should be presented as a financing activity in the statement of cash flows, allows the repurchase of more of an employee's shares for tax withholding purposes without triggering liability accounting, and provides an accounting policy election to account for forfeitures as they occur. The cash flow presentation requirements for payments made to tax authorities on an employee's behalf had no impact to any periods presented, since such cash flows historically have been presented as a financing activity. We are not planning to change tax withholdings and will continue to estimate forfeitures in determining the amount of compensation cost to be recognized in each period.

Accounting pronouncements to be adopted in future periods

Measurement of Credit Losses. In June 2016, the FASB issued ASU 2016-03, *Measurement of Credit Losses on Financial Statements* (***"ASU 2016-03"***) that requires companies to measure credit losses utilizing a methodology that reflects expected credit losses and requires a consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-03 is effective for fiscal years beginning after December 15,

2019, including those interim periods within those fiscal years. We are currently assessing the impact of adopting ASU 2016-03, but based on a preliminary assessment, we do not expect the adoption of this guidance to have a material impact on our consolidated financial statements and related disclosures.

Note 3: Acquisitions and Dispositions

Acquisition of 1st Global

On May 6, 2019, we closed the 1st Global Acquisition, pursuant to which we acquired all of the issued and outstanding common stock of 1st Global for a cash purchase price of $180.0 million. The 1st Global Acquisition was strategically important as it expands our presence as the leading tax-focused independent broker-dealer while also providing the scale to compete more broadly in the wealth management market. The purchase price has been allocated to 1st Global's tangible assets, identifiable intangible assets, and assumed liabilities based on their estimated fair values at the time of the 1st Global Acquisition.

The fair values of assets acquired and liabilities assumed in the 1st Global Acquisition were as follows (in thousands):

	Estimated Purchase Price Allocation at 1st Global Acquisition Date	Purchase Price Allocation Adjustments Since Acquisition Date	Purchase Price Allocation at December 31, 2019
Assets acquired:			
Tangible assets acquired including cash of $12,389	$ 37,153	$ 1,260	$ 38,413
Goodwill	125,277	(7,485)	117,792
Identifiable intangible assets	78,200	5,780	83,980
Liabilities assumed:			
Contingent liability	(10,000)	(1,052)	(11,052)
Deferred revenues	(17,715)	—	(17,715)
Other current liabilities	(13,397)	441	(12,956)
Deferred tax liabilities, net	(19,518)	1,056	(18,462)
Total assets acquired and liabilities assumed	$ 180,000	$ —	$ 180,000
Cash paid at the 1st Global Acquisition date			$ 176,850
Cash to be paid after the 1st Global Acquisition date (1)			$ 3,150

(1) The Company retained $3.2 million of the purchase price of the 1st Global Acquisition, of which $2.1 million was paid to employees of 1st Global in 2019, with the remainder to be paid to either 1st Global or former employees of 1st Global within the twelve months following the 1st Global Acquisition.

For the period from the date of the 1st Global Acquisition to December 31, 2019, the Company adjusted its preliminary fair value estimates and estimated useful lives based upon information obtained through December 31, 2019, which resulted in an immaterial impact to the Company's operating results. These adjustments primarily related to estimated intangible asset fair values (primarily related to the advisor relationships intangible asset), a contingent liability, deferred tax liabilities, net, and goodwill. The primary area of the acquisition accounting that had not yet been finalized as of December 31, 2019 related to deferred taxes, which would result in a change to goodwill.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years Ended December 31, 2019, 2018, and 2017

The identifiable intangible assets were as follows (in thousands, except as otherwise indicated):

	Estimated Fair Value	Accumulated Amortization through December 31, 2019	Weighted Average Estimated Remaining Useful Life (in months)
Advisor relationships	$ 78,400	$ 3,568	196
Developed technology	2,980	916	29
Trade name	1,000	218	29
Training materials	900	196	29
Sponsor relationships	700	38	137
Balance as of December 31, 2019	$ 83,980	$ 4,936	

For the year ended December 31, 2019, we recognized amortization expense of $4.9 million in “Amortization of other acquired intangible assets” on the consolidated statement of comprehensive income.

The excess of the total consideration over the tangible assets, identifiable intangible assets, and assumed liabilities was recorded as goodwill. Goodwill consists largely of synergistic opportunities for our Wealth Management business, including increased scale, enhanced capabilities, and an integrated platform of brokerage, investment advisory and insurance services. Goodwill is not expected to be deductible for income tax purposes and is reported in our Wealth Management segment.

As part of the 1st Global Acquisition, we assumed a contingent liability related to a regulatory inquiry and recorded the contingent liability as part of the opening balance sheet. While the inquiry is still on-going, we evaluated a range of possible losses, resulting in a contingent liability reserve balance of $11.1 million at December 31, 2019.

The gross contractual amount of acquired accounts receivable, including commissions receivable, was $6.7 million. As an insignificant amount of these receivables was expected to be uncollectible, the acquired amount approximates fair value.

For the year ended December 31, 2019, we incurred transaction costs of $6.5 million associated with the 1st Global Acquisition, which were recognized as “Acquisition and integration” expenses on the consolidated statement of comprehensive income (loss).

The operations of 1st Global are included in our operating results as part of the Wealth Management segment from the date of the 1st Global Acquisition. From the date of the 1st Global Acquisition, 1st Global contributed approximately $114.8 million of revenue and $0.3 million of income before income taxes to our consolidated results for the year ended December 31, 2019.

Pro forma financial information of the 1st Global Acquisition: The financial information in the table below summarizes the combined results of operations of Blucora and 1st Global, on a pro forma basis, for the period in which the 1st Global Acquisition occurred and the prior reporting period as though the companies had been combined as of the beginning of each period presented. Pro forma net income includes adjustments for amortization expense on the definite-lived intangible assets identified in the 1st Global Acquisition, debt-related expenses associated with the credit facility used to finance the 1st Global Acquisition, and for the removal of acquisition-related transaction costs. Income taxes also have been adjusted for the effect of these items.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years Ended December 31, 2019, 2018, and 2017

The following pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had the 1st Global Acquisition occurred at the beginning of the period presented (amounts in thousands):

	Years Ended December 31,	
	2019	2018
Revenue	$ 777,245	$ 734,489
Net income	36,205	41,319

Disposition of SimpleTax

On September 4, 2019, we completed the disposition of all of the issued and outstanding stock of SimpleTax, which was a provider of digital tax preparation services in Canada, for proceeds of $9.6 million. This amount was received in the third quarter of 2019 and is included in “Proceeds from sale of a business, net of cash” on the consolidated statement of cash flows for the year ended December 31, 2019. We also recognized a gain on the sale of $3.3 million, which is in “Other loss, net” on the consolidated statement of comprehensive income for the year ended December 31, 2019.

The sale of SimpleTax did not meet the requisite criteria to constitute discontinued operations, as the historical results of SimpleTax were not material to our consolidated results of operations. Prior to its sale, the operations of SimpleTax were included in our operating results as part of the Tax Preparation segment.

Summarized financial information for SimpleTax prior to the sale was as follows (in thousands):

Major classes of assets and liabilities:	September 3, 2019	December 31, 2018
Cash	$ 2,198	$ 1,088
Accounts receivable	12	27
Intangible assets	119	143
Goodwill	4,199	4,102
Total assets	6,528	5,360
Accrued expenses and other current liabilities	102	77
Long-term liabilities	38	37
Total liabilities	$ 140	$ 114

Note 4: Restructuring

In connection with the relocation of our corporate headquarters to Irving, Texas in 2017, we incurred total restructuring costs of $7.3 million, of which $7.0 million was recognized on the consolidated statements of comprehensive income for the years ended December 31, 2017 and 2016. These costs were primarily recorded in “Restructuring” on the consolidated statements of comprehensive income and within corporate-level activity for segment purposes. The table below summarizes the activity in the restructuring liability (in thousands):

	Employee-Related Termination Costs	Contract Termination Costs	Total
Balance as of December 31, 2017	$ 1,202	$ 681	$ 1,883
Restructuring charges	288	—	288
Payments	(1,490)	(157)	(1,647)
Balance as of December 31, 2018	$ —	$ 524	$ 524
Payments	—	(524)	(524)
Balance as of December 31, 2019	$ —	$ —	$ —

Employee-related termination costs primarily included severance benefits, under both ongoing and one-time benefit arrangements. Contract termination costs and fixed asset impairments were incurred in connection with the previous headquarters' operating lease and related fixed assets.

Note 5: Segment Information and Revenues

We have two reportable segments: (1) the Wealth Management segment and (2) the Tax Preparation segment. Our Chief Executive Officer is the chief operating decision maker and reviews financial information presented on a disaggregated basis. This information is used for purposes of allocating resources and evaluating financial performance.

We do not allocate certain general and administrative costs (including personnel and overhead costs), stock-based compensation, depreciation, and amortization of intangible assets to the reportable segments. Such amounts are reflected in the table below under the heading "Corporate-level activity." In addition, we do not allocate other loss, net, and income taxes to the reportable segments. We do not report assets or capital expenditures by segment to the chief operating decision maker.

Information on reportable segments currently presented to our chief operating decision maker and a reconciliation to consolidated net income are presented below (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Revenue:			
Wealth Management	$ 507,979	$ 373,174	$ 348,620
Tax Preparation	209,966	187,282	160,937
Total revenue	717,945	560,456	509,557
Operating income:			
Wealth Management	68,292	53,053	50,916
Tax Preparation	96,249	87,249	72,921
Corporate-level activity	(164,532)	(72,625)	(75,800)
Total operating income	9	67,677	48,037
Other loss, net	(16,915)	(15,797)	(44,551)
Income tax benefit (expense)	65,054	(311)	25,890
Net income	$ 48,148	$ 51,569	$ 29,376

Revenues by major category within each segment are presented below (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Wealth Management:			
Commission	$ 191,050	$ 164,201	$ 160,241
Advisory	252,367	164,353	145,694
Asset-based	48,182	31,456	26,297
Transaction and fee	16,380	13,164	16,388
Total Wealth Management revenue	$ 507,979	$ 373,174	$ 348,620
Tax Preparation:			
Consumer	$ 195,004	$ 172,207	$ 147,084
Professional	14,962	15,075	13,853
Total Tax Preparation revenue	$ 209,966	$ 187,282	$ 160,937

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years Ended December 31, 2019, 2018, and 2017

Note 6: Goodwill and Other Intangible Assets

Goodwill

The following table presents goodwill by reportable segment (in thousands):

	Wealth Management	Tax Preparation	Total
Balance as of December 31, 2017	$ 356,041	$ 192,996	$ 549,037
Foreign currency translation adjustment	—	(352)	(352)
Balance as of December 31, 2018	356,041	192,644	548,685
Acquired (1)	117,792	—	117,792
Disposed (1)	—	(4,102)	(4,102)
Balance as of December 31, 2019	$ 473,833	$ 188,542	$ 662,375

(1) For the year ended December 31, 2019, goodwill acquired resulted from the 1st Global Acquisition, and goodwill disposed resulted from the disposition of SimpleTax. For additional information, see "Note 3—Acquisitions and Dispositions."

Intangible Assets

Intangible assets other than goodwill consisted of the following (in thousands):

		December 31, 2019			December 31, 2018		
	Weighted Average Amortization Period (months)	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Definite-lived intangible assets:							
Advisor relationships	193	$ 318,700	$ (71,066)	$ 247,634	$ 240,300	$ (50,973)	$ 189,327
Sponsor relationships	166	17,200	(3,705)	13,495	16,500	(2,750)	13,750
Technology	26	46,952	(41,335)	5,617	43,847	(38,396)	5,451
Trade names (1)	31	2,600	(396)	2,204	—	—	—
Customer relationships	1	101,575	(100,518)	1,057	101,686	(87,811)	13,875
Curriculum	29	1,700	(996)	704	800	(600)	200
Total definite-lived intangible assets	186	488,727	(218,016)	270,711	403,133	(180,530)	222,603
Indefinite-lived intangible assets:							
Trade names (1)		19,500	—	19,500	72,000	—	72,000
Total intangible assets		$ 508,227	$ (218,016)	$ 290,211	$ 475,133	$ (180,530)	$ 294,603

(1) At December 31, 2018, the HD Vest trade name was included in "Trade names" in indefinite-lived intangible assets. At December 31, 2019, the HD Vest trade name was included in "Trade names" in definite-lived intangible assets. For more information, see the *"Intangible asset impairment"* section below.

Amortization expense was as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Statement of comprehensive income line item:			
Cost of revenue	$ —	$ 99	$ 195
Amortization of other acquired intangible assets	37,357	33,487	33,807
Total	$ 37,357	$ 33,586	$ 34,002

Expected amortization of definite-lived intangible assets held as of December 31, 2019 was as follows (in thousands):

2020	$	27,688
2021		23,992
2022		20,732
2023		19,502
2024		19,025
Thereafter		159,772
Total	$	270,711

Intangible asset impairment. The carrying value of our indefinite-lived intangible asset related to the trade names within our Wealth Management business prior to the Rebranding was $52.5 million. In connection with the Rebranding, HD Vest was renamed Avantax Wealth Management in mid-September 2019. Accordingly, the Company evaluated the HD Vest trade name indefinite-lived asset by performing a quantitative impairment test of that intangible asset. This test compared the carrying value of the HD Vest trade name asset to its fair value. We utilized Level 3 fair value measurements in estimating fair value using the present value of future discounted cash flows, an income approach. The significant estimates used in the discounted cash flow model include the weighted-average cost of capital and long-term rates of revenue growth. The weighted-average cost of capital considered the relevant risk associated with business-specific characteristics and the uncertainty related to the ability to achieve the projected cash flows. These estimates and the resulting valuations required significant judgment.

The quantitative impairment test determined that the carrying value of the HD Vest trade name exceeded its fair value. As a result, we recognized an impairment charge of $50.9 million on the “Impairment of intangible asset” line on the consolidated statement of comprehensive income for the year ended December 31, 2019. For segment purposes, the impairment of intangible asset is in “Corporate-level activity.” Following the impairment, the remaining useful life of the HD Vest trade name asset was estimated to be three years.

Note 7: Fair Value Measurements

In accordance with ASC 820, *Fair Value Measurements and Disclosures*, certain of our assets and liabilities are carried at fair value and are value using inputs that are classified in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs, other than Level 1, or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data and reflect our own assumptions.

The fair value hierarchy of our financial assets and liabilities carried at fair value and measured on a recurring basis was as follows (in thousands):

			Fair value measurements at the reporting date using					
	December 31, 2019		Quoted prices in active markets using identical assets (Level 1)		Significant other observable inputs (Level 2)		Significant unobservable inputs (Level 3)	
Cash equivalents: money market and other funds	$	4,264	$	4,264	$	—	$	—
Total assets at fair value	$	4,264	$	4,264	$	—	$	—

		Fair value measurements at the reporting date using		
	December 31, 2018	Quoted prices in active markets using identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents: money market and other funds	$ 23,181	$ 23,181	$ —	$ —
Total assets at fair value	$ 23,181	$ 23,181	$ —	$ —
Acquisition-related contingent consideration liability	$ 1,275	$ —	$ —	$ 1,275
Total liabilities at fair value	$ 1,275	$ —	$ —	$ 1,275

Cash equivalents are classified within Level 1 of the fair value hierarchy because we value them utilizing quoted prices in active markets. Unrealized gains and losses are included in “Accumulated other comprehensive income (loss)” on the consolidated balance sheets, and amounts reclassified out of comprehensive income into net income are determined on the basis of specific identification.

The acquisition-related contingent consideration liability was related to our acquisition of SimpleTax in 2015, and this liability was included in “Accrued expenses and other current liabilities” on the consolidated balance sheet as of December 31, 2018. The remaining liability was paid off in 2019. This liability was included within Level 3 of the fair value hierarchy because we valued it utilizing inputs not observable in the market. Specifically, we determined the fair value of the contingent consideration liability based on a probability-weighted discounted cash flow analysis, which included assumptions related to estimating SimpleTax revenues, the probability of payment (100%), and the discount rate (9%).

A reconciliation of Level 3 items measured at fair value on a recurring basis was as follows (in thousands):

	Years Ended December 31,	
	2019	2018
Acquisition-related contingent consideration liability:		
Balance at beginning of year	$ 1,275	$ 2,689
Payment	(1,331)	(1,315)
Foreign currency transaction (gain) loss	56	(99)
Balance at end of year	$ —	$ 1,275

Note 8: Balance Sheet Components

Other receivables consisted of the following (in thousands):

	December 31,	
	2019	2018
Income taxes receivable	$ 2,735	$ 7,243
Other receivables	167	165
Total other receivables	$ 2,902	$ 7,408

Prepaid expenses and other current assets, net consisted of the following (in thousands):

	December 31,	
	2019	2018
Prepaid expenses	$ 11,787	$ 7,169
Other current assets	562	586
Total prepaid expenses and other current assets, net	$ 12,349	$ 7,755

Property and equipment, net, consisted of the following (in thousands):

	December 31,	
	2019	2018
Internally developed software	$ 13,046	$ 9,220
Computer equipment and data center	6,998	5,641
Purchased software	5,404	4,214
Leasehold improvements and other	4,624	3,313
Office furniture	1,221	929
Office equipment	1,314	662
	32,607	23,979
Accumulated depreciation	(19,172)	(13,724)
	13,435	10,255
Capital projects in progress	5,271	2,134
Total property and equipment, net	$ 18,706	$ 12,389

Total depreciation expense was $6.9 million, $5.0 million, and $4.1 million for the years ended December 31, 2019, 2018, and 2017, respectively.

The net book value of internally-developed software was $12.8 million and $8.0 million at December 31, 2019 and 2018, respectively. We recorded depreciation expense for internally-developed software of $3.2 million, $1.5 million, and $0.9 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Accrued expenses and other current liabilities consisted of the following (in thousands):

	December 31,	
	2019	2018
Salaries and related expenses	$ 15,053	$ 13,050
Contingent liability from 1st Global Acquisition	11,052	—
Retained purchase price from 1st Global Acquisition	1,050	—
Accrued vendor and advertising costs	4,351	1,541
Other	4,638	4,389
Total accrued expenses and other current liabilities	$ 36,144	$ 18,980

In 2018, we received $9.3 million of incentives from our new clearing firm provider. These incentives are reported in current and long-term deferred revenue on the consolidated balance sheets. As these incentives are amortized, the amortized amount reduces operating expenses. As of December 31, 2019, $0.9 million and $7.2 million was reported in current and long-term deferred revenue, respectively.

Note 9: Debt

Our debt consisted of the following (in thousands):

	December 31, 2019				December 31, 2018			
		Unamortized				Unamortized		
	Principal amount	Discount	Debt issuance costs	Net carrying value	Principal amount	Discount	Debt issuance costs	Net carrying value
Senior secured credit facility	$ 399,687	$ (1,366)	$ (5,608)	$ 392,713	$ 265,000	$ (970)	$ (3,640)	$ 260,390
Less: Current portion of long-term debt, net				(11,228)				—
Long-term debt, net				$ 381,485				$ 260,390

In May 2017, we entered into a credit agreement with a syndicate of lenders that provides for a term loan facility (the ***"Term Loan"***) and a revolving line of credit (including a letter of credit sub-facility) (the ***"Revolver"***) for working capital, capital expenditures, and general business purposes (as amended, the **"*Senior Secured Credit Facility*"**). After we increased the outstanding principal amount of the Term Loan by $125.0 million to finance the 1st Global Acquisition, the Senior Secured Credit Facility provides for up to $565.0 million of borrowings, consisting of a committed $65.0 million under the Revolver and a $500.0 million Term Loan that mature on May 22, 2022 and May 22, 2024, respectively. Obligations under the Senior Secured Credit Facility are guaranteed by certain of Blucora's subsidiaries and secured by substantially all the assets of the Company and certain of its subsidiaries.

At December 31, 2019, we had $389.7 million and $10.0 million in principal amount outstanding under the Term Loan and the Revolver, respectively. Based on aggregate loan commitments as of December 31, 2019, approximately $165.3 million was available for future borrowing under the Senior Secured Credit Facility.

The Senior Secured Credit Facility includes financial and operating covenants, including a consolidated total net leverage ratio, which are set forth in detail in the Senior Secured Credit Facility agreement. As of December 31, 2019, we were in compliance with all of the financial and operating covenants under the Senior Secured Credit Facility agreement.

The interest rate on the Term Loan is variable at the London Interbank Offered Rate, plus the applicable interest rate margin of 3.00% for Eurodollar Rate loans and 2.00% for ABR loans.

Commencing December 31, 2019, principal payments of the Term Loan are due on a quarterly basis in an amount equal to $312,500 (subject to reduction for prepayments), with the remaining principal amount due on the maturity date of May 22, 2024. We have the right to prepay the Term Loan and outstanding amounts under the Revolver without any premium or penalty (other than customary Eurodollar breakage costs). Prepayments on the Term Loan are subject to certain prepayment minimums. We may be required to make annual prepayments on the Term Loan in an amount equal to a percentage of excess cash flow of the Company during the applicable fiscal year from 0% to 50%, depending on the Consolidated First Lien Net Leverage Ratio (as defined in the Senior Secured Credit Facility agreement) for such fiscal year. For the year ended December 31, 2019, we made prepayments of $0.3 million towards the Term Loan. For the year ended December 31, 2018, we made prepayments of $80.0 million towards the Term Loan.

As of December 31, 2019, the Term Loan's and Revolver's principal amounts approximated their fair values as they are variable rate instruments and their current applicable margins approximate current market conditions.

Depending on our Consolidated First Lien Net Leverage Ratio (as defined in the Senior Secured Credit Facility agreement), the applicable interest rate margin on the Revolver is 2.75% to 3.25% for Eurodollar Rate loans and 1.75% to 2.25% for ABR loans. Interest is payable at the end of each interest period.

Note 10: Leases

Our leases are primarily related to office space. For the year ended December 31, 2019, we recognized operating lease expense of approximately $6.5 million in "General and administrative" expense on the consolidated statement of comprehensive income. Included in total operating lease expense were variable lease expenses of $1.3 million, which relate to reimbursements to lessors for operating expenses and utilities. For the years ended December 31, 2018 and 2017, we recognized rent expense of $2.9 million and $3.0 million, respectively, in "General and administrative" expense on the consolidated statements of comprehensive income.

As of December 31, 2019, our weighted-average remaining operating lease term was approximately 4.5 years, and our weighted-average operating lease discount rate was 5.4%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years Ended December 31, 2019, 2018, and 2017

Operating leases were recorded on the consolidated balance sheets as follows (in thousands):

	December 31, 2019
Lease liabilities—current	$ 3,223
Lease liabilities—long-term	5,865
Total operating lease liabilities	$ 9,088

The maturities of our operating lease liabilities as of December 31, 2019 are as follows (in thousands):

Undiscounted cash flows:	
2020	$ 3,614
2021	1,136
2022	1,264
2023	1,292
2024	1,319
Thereafter	1,799
Total undiscounted cash flows	$ 10,424
Imputed interest	(1,336)
Present value of cash flows	$ 9,088

The Company's finance lease liabilities as of December 31, 2019 were immaterial.

Cash paid on operating lease liabilities was $8.7 million for the year ended December 31, 2019. Lease liabilities from new ROU assets obtained during the year ended December 31, 2019 was $6.7 million due to a building lease obtained in the 1st Global Acquisition. In 2019, we signed a new corporate headquarters office lease, which commenced in January 2020 and, therefore, was not reflected on the consolidated financial statements as of December 31, 2019.

As a result of relocating our corporate headquarters to Irving, Texas in 2017, we have a non-cancelable operating lease that runs through 2020 for our former corporate headquarters in Bellevue, Washington, which we occupied until May 2017. In March 2017, we agreed to a sublease for the entire Bellevue facility, which was effective June 1, 2017 and expires on September 30, 2020, consistent with the underlying operating lease. We recognized sublease income of $1.4 million, $1.3 million, and $0.6 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Note 11: Commitments and Contingencies

Our contractual commitments are as follows for years ending December 31 (in thousands):

	2020	2021	2022	2023	2024	Thereafter	Total
Operating lease commitments:							
Operating lease obligations (1) (2)	$ 3,715	$ 2,275	$ 4,714	$ 4,817	$ 4,919	$ 35,418	$ 55,858
Sublease income	(991)	—	—	—	—	—	(991)
Net operating lease commitments	2,724	2,275	4,714	4,817	4,919	35,418	54,867
Purchase commitments	14,759	6,866	5,150	3,244	1,500	5,625	37,144
Debt commitment—Term Loan	1,250	1,250	1,250	1,250	384,688	—	389,688
Debt commitment—Revolver	10,000	—	—	—	—	—	10,000
Interest payable	19,507	19,126	18,920	18,757	7,793	—	84,103
Total	$ 48,240	$ 29,517	$ 30,034	$ 28,068	$ 398,900	$ 41,043	$ 575,802

(1) Operating lease obligations include obligations due to short-term leases. In accordance with the short-term lease practical expedient in ASC 842, we do not record a lease liability for short-term leases.

(2) Operating lease obligations include obligations relating to our new corporate headquarters office lease, which will be located in Coppell, TX. The corporate headquarters building will replace our Irving, Texas corporate office and our additional office located in Dallas, TX. Lease payments will commence in August 2021 and end in June 2033, and will result in $45.3 million in undiscounted lease payments during this time period.

Operating leases. For information on our operating leases, see “Note 10—Leases.”

Purchase commitments. Our purchase commitments consist primarily of marketing agreements, commitments with a vendor to provide cloud computation services, commitments to our clearing firm provider, and commitments for advisory support programs.

Debt commitments. Our debt commitments are based upon contractual payment terms and consist of the outstanding principal related to the Senior Secured Credit Facility. For further detail regarding the Senior Secured Credit Facility, see “Note 9—Debt.”

Off-balance sheet arrangements. We have no off-balance sheet arrangements.

Litigation. From time to time, we are subject to various legal proceedings or claims that arise in the ordinary course of business. We accrue a liability when management believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Although we believe that resolving such claims, individually or in aggregate, will not have a material adverse impact on its financial statements, these matters are subject to inherent uncertainties. Aside from the contingent liability described in “Note 3—Acquisitions and Dispositions,” we are not currently party to any such matters for which we have incurred a liability on our consolidated balance sheets.

We have entered into indemnification agreements in the ordinary course of business with our officers and directors. Pursuant to these agreements, we may be obligated to advance payment of legal fees and costs incurred by the defendants pursuant to our obligations under these indemnification agreements and applicable Delaware law.

Note 12: Stockholders' Equity

Stock Repurchase Plan. On March 19, 2019, we announced that our board of directors authorized a stock repurchase plan pursuant to which we may repurchase up to $100.0 million of our common stock. Pursuant to the plan, share repurchases may be made through a variety of methods, including open market or privately negotiated transactions. The timing and number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities. For the year ended December 31, 2019, we repurchased 1.3 million shares of our common stock for an aggregate purchase price of $28.4 million. There were no stock repurchases in 2018 and 2017.

Accumulated other comprehensive loss. The following table provides information about activity in accumulated other comprehensive loss (in thousands):

	Unrealized gain (loss) on investments	Foreign currency translation adjustment	Total
Balance as of December 31, 2016	$ (1)	$ (380)	$ (381)
Other comprehensive income	1	376	377
Balance as of December 31, 2017	—	(4)	(4)
Other comprehensive loss	—	(442)	(442)
Balance as of December 31, 2018	—	(446)	(446)
Other comprehensive income	—	174	174
Balance as of December 31, 2019	$ —	$ (272)	$ (272)

Note 13: Stock-based Compensation

Employee Stock Purchase Plan

The 2016 Employee Stock Purchase Plan *(**“ESPP”**)* permits eligible employees to contribute up to 15% of their base earnings toward the twice-yearly purchase of our common stock, subject to an annual maximum dollar

amount. The purchase price is the lesser of 85% of the fair market value of common stock on the first day or on the last day of an offering period. An aggregate of 2.4 million shares of common stock are authorized for issuance under the ESPP. Of this amount, 0.7 million shares were available for issuance as of December 31, 2019. We issue new shares upon purchase through the ESPP.

Stock incentive plan

We may grant incentive or non-qualified stock options, stock, restricted stock, time-based restricted stock units and performance-based restricted stock units (collectively, ***"RSUs"***), stock appreciation rights, and performance shares or performance units to employees, non-employee directors, and consultants.

In 2018, our stockholders approved the Blucora, Inc. 2018 Long-term Incentive Plan (the ***"2018 Plan"***), which replaced the Blucora, Inc. 2015 Incentive Plan (as amended and restated). Upon approval of the 2018 Plan, we have granted all RSUs and options under the 2018 Plan, except for inducement awards made under the Blucora, Inc. 2016 Equity Inducement Plan.

Stock options and RSUs generally vest over a period of one-to-three years, with the majority of awards vesting over three years. For stock options and RSUs granted in 2018 or after, one-third of the award vests one year after the date of grant, with the remainder of the award vesting ratably thereafter on an annual basis. For stock options and RSUs granted prior to 2018, one-third of the award vests one year after the date of grant, with the remainder of the award vesting ratably thereafter on a semi-annual basis. In addition, stock options expire seven years from the date of grant. There are a few exceptions to this vesting schedule, which provide for vesting at different rates or based on achievement of performance targets.

We issue new shares upon the exercise of stock options and upon the vesting of RSUs. If a stock option or RSU is surrendered or otherwise unused, the related shares will continue to be available for issuance.

A summary of the general terms of stock options and RSUs at December 31, 2019 is as follows:

Number of shares authorized for awards	10,806,231
Options and RSUs outstanding	2,971,002
Options and RSUs expected to vest	2,747,970
Options and RSUs available for grant	5,028,497

The following activity occurred under our stock incentive plans:

	Number of Options	Weighted average exercise price	Intrinsic value (in thousands)	Weighted average remaining contractual term (in years)
Stock options:				
Outstanding at December 31, 2018	2,447,939	$ 14.62		
Granted	280,135	$ 27.38		
Forfeited	(265,490)	$ 17.10		
Expired	(9,995)	$ 8.63		
Exercised	(838,282)	$ 9.42		
Outstanding at December 31, 2019	1,614,307	$ 19.16	$ 11,612	4.5
Exercisable at December 31, 2019	752,375	$ 15.12	$ 8,288	3.8
Vested and expected to vest after December 31, 2019	1,559,047	$ 18.91	$ 11,572	4.4

	Number of Units	Weighted average grant date fair value	Intrinsic value (in thousands)	Weighted average remaining contractual term (in years)
RSUs:				
Outstanding at December 31, 2018	862,935	$ 21.78		
Granted	1,055,206	$ 28.89		
Forfeited	(193,368)	$ 23.86		
Vested	(368,078)	$ 17.30		
Outstanding at December 31, 2019	1,356,695	$ 28.22	$ 35,466	1.7
Expected to vest after December 31, 2019	1,188,923	$ 28.17	$ 31,078	1.6

Supplemental information is presented below:

	Years Ended December 31,		
	2019	2018	2017
Stock options:			
Weighted average grant date fair value per option granted	$ 8.88	$ 7.68	$ 6.25
Total intrinsic value of options exercised (in thousands)	$ 17,674	$ 27,759	$ 44,405
Total fair value of options vested (in thousands)	$ 2,593	$ 4,142	$ 5,566
RSUs:			
Weighted average grant date fair value per unit granted	$ 28.89	$ 26.89	$ 18.39
Total intrinsic value of units vested (in thousands)	$ 10,679	$ 16,452	$ 14,642
Total fair value of units vested (in thousands)	$ 6,368	$ 6,069	$ 6,469

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years Ended December 31, 2019, 2018, and 2017

We account for stock-based compensation in accordance with ASC 718, *Stock Compensation*, which requires that compensation related to all share-based awards (including stock options, RSUs, and ESPP shares) be recognized in the consolidated financial statements. Amounts recognized for stock-based compensation expense on the consolidated statements of comprehensive income are as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Cost of revenue	$ 4,082	$ 1,467	$ 774
Engineering and technology	715	766	984
Sales and marketing	346	2,424	2,376
General and administrative	11,157	8,596	7,519
Restructuring	—	—	1,148
Total	$ 16,300	$ 13,253	$ 12,801

To estimate stock-based compensation expense, we used the Black-Scholes-Merton valuation method with the following assumptions for stock options granted:

	Years Ended December 31,		
	2019	2018	2017
Risk-free interest rate	2.28% - 2.88%	1.82% - 2.54%	1.2% - 1.94%
Expected dividend yield	0%	0%	0%
Expected volatility	38% - 42%	38% - 42%	39% - 45%
Expected life	3.6	3.6	3.8

The risk-free interest rate was based on the implied yield available on U.S. Treasury issues with an equivalent remaining term. The expected dividend yield was zero since we have not paid a dividend since 2008. The expected volatility was based on historical volatility of our stock for the related expected life of the award. The expected life of the award was based on historical experience, including historical post-vesting termination behavior.

As of December 31, 2019, total unrecognized stock-based compensation expense related to unvested stock awards was as follows:

	Expense (in thousands)	Weighted average period over which to be recognized (in years)
Stock options	$ 1,544	1.1
RSUs	18,977	2.0
Total	$ 20,521	1.9

Note 14: Other Loss, Net

"Other loss, net" on the consolidated statements of comprehensive income consisted of the following (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Interest expense	$ 19,017	$ 15,610	$ 21,211
Loss on debt extinguishment and amortization of debt issuance costs (1)	1,042	2,367	21,534
Accretion of debt discounts	228	163	1,947
Interest income	(449)	(349)	(110)
Gain on sale of a business (2)	(3,256)	—	—
Other (3)	333	(1,994)	(31)
Other loss, net	$ 16,915	$ 15,797	$ 44,551

(1) For the year ended December 31, 2017, we recognized a $20.4 million loss on debt extinguishment that primarily resulted from the prepayment of a portion of the credit facility previously entered into in 2015 for the purpose of financing the HD Vest acquisition, as well as the redemption of convertible senior notes previously issued in 2013.

(2) For the year ended December 31, 2019, we recognized a $3.3 million gain on the sale of SimpleTax. See Note 3—Acquisitions and Dispositions for additional information.

(3) For the year ended December 31, 2018, we had a $2.1 million gain on the sale of an investment.

Note 15: 401(k) Plan

We have a 401(k) savings plan covering our employees. Eligible employees may contribute through payroll deductions. We may match the employees' 401(k) contributions at the discretion of our board of directors. Pursuant to a continuing resolution, we have matched a portion of the 401(k) contributions made by our employees. The amount we have contributed ranges from 1% to 4% of an employee's salary, depending upon the percentage contributed by the employee. For the years ended December 31, 2019, 2018, and 2017, we contributed $2.4 million, $1.9 million, and $1.6 million, respectively, to our employees' 401(k) plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years Ended December 31, 2019, 2018, and 2017

Note 16: Income Taxes

Income (loss) before income taxes consisted of the following (in thousands):

	Years Ended December 31,		
	2019	2018	2017
United States	$ (18,088)	$ 51,385	$ 3,293
Foreign	1,182	495	193
Income (loss) before income taxes	$ (16,906)	$ 51,880	$ 3,486

Income tax expense (benefit) consisted of the following (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Current:			
U.S. federal	$ (732)	$ (42)	$ 123
State	2,901	3,230	962
Foreign	333	157	122
Total current expense	2,502	3,345	1,207
Deferred:			
U.S. federal	(62,580)	(3,035)	(26,012)
State	(4,970)	37	(1,022)
Foreign	(6)	(36)	(63)
Total deferred benefit	(67,556)	(3,034)	(27,097)
Income tax expense (benefit)	$ (65,054)	$ 311	$ (25,890)

Income tax expense (benefit) differed from the amount calculated by applying the statutory federal income tax rate of 21% for 2019 and 2018, and 35% for 2017, as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Income tax expense (benefit) at the statutory federal income tax rate	$ (3,550)	$ 10,895	$ 1,220
Non-deductible compensation	1,933	2,796	283
Non-deductible acquisition-related transaction costs	1,359	—	—
State income taxes, net of federal benefit	(1,897)	2,014	582
Uncertain tax positions and audit settlements	(1,227)	473	(321)
Research and development credit	—	(552)	—
Excess tax benefits of stock-based compensation	(4,100)	(6,851)	(11,558)
Valuation allowances	(56,881)	(8,537)	4,974
Tax legislation impact	—	—	(21,430)
Other	(691)	73	360
Income tax expense (benefit)	$ (65,054)	$ 311	$ (25,890)

The primary difference between the statutory tax rate and the annual effective tax rate was the valuation allowance release, as discussed further below. Other differences between the statutory rate and the annual effective tax rate are related to excess tax benefits (windfalls) for stock compensation, uncertain tax positions, and state taxes, partially offset by non-deductible compensation and non-deductible acquisition-related transaction costs.

The tax effect of temporary differences and net operating loss carryforwards that gave rise to our deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2019	2018
Deferred tax assets:		
Net operating loss and credit carryforwards	$ 84,684	$ 97,154
Capital loss	22,948	23,008
Accrued compensation	6,686	5,526
Stock-based compensation	4,986	3,971
Deferred revenue	4,042	3,700
Lease liability	2,133	—
Other, net	3,833	2,143
Total gross deferred tax assets	129,312	135,502
Valuation allowance	(43,824)	(100,705)
Deferred tax assets, net of valuation allowance	85,488	34,797
Deferred tax liabilities:		
Amortization	(69,668)	(72,563)
Depreciation	(2,521)	(1,572)
Right-of-use assets	(2,382)	—
Other, net	(920)	(1,056)
Total gross deferred tax liabilities	(75,491)	(75,191)
Net deferred tax assets (liabilities)	$ 9,997	$ (40,394)

At December 31, 2019, we evaluated the need for a valuation allowance for certain deferred tax assets based upon our assessment of whether it is more likely than not that we will generate sufficient future taxable income necessary to realize the deferred tax benefits. We maintain a valuation allowance against our deferred tax assets that are capital in nature to the extent that it is more likely than not that the related deferred tax benefit will not be realized. We also have a deferred tax asset related to the net operating losses (***"NOLs"***) that we believe is more likely than not to expire before utilization. In 2019, we released $56.9 million of the valuation allowance because we believe this portion of net operating losses is more likely than not to be realized. Additionally, we are no longer in a three-year cumulative loss position. If in the future we determine that any additional portion of the deferred tax assets is more likely than not to be realized, the tax benefit relating to any reversal of the valuation allowance on deferred tax assets as of December 31, 2019 will be recognized as a reduction of income tax expense. Conversely, if we determine that it is more likely than not that our deferred tax assets will not be utilized, we would record additional tax expense.

The changes in the valuation allowance for deferred tax assets are shown below (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Balance at beginning of year	$ 100,705	$ 109,242	$ 226,813
Decrease in valuation allowance—future year utilization	(45,651)	—	—
Increase (decrease) in valuation allowance—current year utilization	(10,943)	(8,597)	4,875
Decrease in valuation allowance—change in federal income tax rate	—	—	(72,482)
Decrease in valuation allowance—adoption of ASU 2016-09	—	—	(50,203)
Increase (decrease) in valuation allowance—other	(287)	60	239
Balance at end of year	$ 43,824	$ 100,705	$ 109,242

As of December 31, 2019, our U.S. federal and state net operating loss carryforwards for income tax purposes were $391.9 million and $26.9 million, respectively, which primarily related to excess tax benefits for stock-based compensation. If not utilized, our federal net operating loss carryforwards will expire between 2020 and 2037, with the majority of them expiring between 2020 and 2024. Additionally, changes in ownership, as defined by Section 382 of the Internal Revenue Code, may limit the amount of net operating loss carryforwards used in any one year.

A reconciliation of the unrecognized tax benefit balances is as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Balance at beginning of year	$ 22,590	$ 22,625	$ 22,919
Gross increases for tax positions of prior years	—	516	93
Gross decreases for tax positions of prior years	(99)	—	(31)
Gross increases for tax positions of current year	60	—	—
Purchase accounting for 1st Global Acquisition	442	—	—
Settlements with taxing authorities	(563)	—	(66)
Statute of limitations expirations	(2,947)	(551)	(290)
Balance at end of year	$ 19,483	$ 22,590	$ 22,625

The total amount of unrecognized tax benefits that could affect our effective tax rate if recognized was $6.3 million and $4.7 million as of December 31, 2019 and 2018, respectively. The remaining $13.2 million and $17.9 million was not recognized on the consolidated balance sheets as of December 31, 2019 and 2018, respectively, and if recognized, would create a deferred tax asset subject to a valuation allowance. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and Canada. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2015, although NOL carryforwards and tax credit carryforwards from any year are subject to examination and adjustment for at least three years following the year in which they are fully utilized. As of December 31, 2019, no significant adjustments have been proposed relative to our tax positions.

For the year ended December 31, 2019, we reversed $0.4 million of interest and penalties related to uncertain tax positions. For the years ended December 31, 2018 and 2017, we recognized $0.4 million and $0.2 million of interest and penalties related to uncertain tax positions, respectively. We had $1.4 million and $1.5 million accrued for interest and penalties as of December 31, 2019 and 2018, respectively.

Note 17: Net Income Per Share

“Basic net income per share” is calculated using the weighted average number of common shares outstanding during the period. “Diluted net income per share” is calculated using the weighted average number of common shares outstanding plus the number of dilutive potential common shares outstanding during the period. Dilutive potential common shares consist of the incremental common shares issuable upon the exercise of outstanding

stock options and the vesting of unvested RSUs. Dilutive potential common shares are excluded from the calculation of diluted net income per share if their effect is antidilutive.

The calculation of basic and diluted net income per share attributable to Blucora, Inc. is as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Numerator:			
Net income	$ 48,148	$ 51,569	$ 29,376
Net income attributable to noncontrolling interests	—	(935)	(2,337)
Adjustment of redeemable noncontrolling interests (1)	—	(5,977)	—
Net income attributable to Blucora, Inc. shareholders after adjustment of redeemable noncontrolling interests	$ 48,148	$ 44,657	$ 27,039
Denominator:			
Basic weighted average common shares outstanding	48,264	47,394	44,370
Dilutive potential common shares	1,018	1,987	2,841
Diluted weighted average common shares outstanding	49,282	49,381	47,211
Net income per share attributable to Blucora, Inc.:			
Basic net income per share	$ 1.00	$ 0.94	$ 0.61
Diluted net income per share	$ 0.98	$ 0.90	$ 0.57
Shares excluded	1,150	354	1,058

(1) For the year ended December 31, 2018, the redemption value adjustment for our redeemable noncontrolling interest was deducted from net income for purposes of calculating net income per share attributable to Blucora, Inc. This redeemable noncontrolling interest was subsequently redeemed in 2019. See “Note 2—Summary of Significant Accounting Policies” for further discussion of redeemable noncontrolling interests.

Note 18: Subsequent Event

On January 6, 2020, we entered into a Stock Purchase Agreement (the ***“Purchase Agreement”***) with Honkamp Krueger Financial Services, Inc. (***“HKFS”***), the selling stockholders named therein (the ***“Sellers”***), and JRD Seller Representative, LLC, pursuant to which we agreed to acquire all of the issued and outstanding common stock of HKFS for a cash purchase price of $160 million. HKFS is a registered investment advisor and wealth management business that partners with CPA firms in order to provide their consumer and small business clients with holistic planning and financial advisory services.

The purchase price is subject to customary purchase price adjustments, a post-closing adjustment for assets under administration, and certain indemnity escrows, as described more fully in the Purchase Agreement. The purchase price is expected to be paid with an incremental loan under the Senior Secured Credit Facility, which is anticipated to be entered into on or about the time of the closing of the HKFS Acquisition. The HKFS Acquisition is expected to close around the end of the first quarter, subject to customary closing conditions. The HKFS Acquisition was not reflected in our consolidated financial statements for the year ended December 31, 2019.

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

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management evaluated, with the participation of our Chief Executive Officer and our interim Principal Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our Chief Executive Officer and our interim Principal Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2019 to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our Principal Executive Officer and interim Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and interim Principal Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* (2013 framework) issued by the Committee of the Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework in *Internal Control – Integrated Framework* (2013 framework), our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

We acquired 1st Global on May 6, 2019. Management excluded 1st Global from its assessment of the effectiveness of internal control over financial reporting as of December 31, 2019. 1st Global's total assets and net assets constituted 18% and 28% of total and net assets, respectively, as of December 31, 2019 and 16% and 0% of total revenues and net income, respectively, for the year ended December 31, 2019.

Ernst & Young LLP has audited the effectiveness of our internal control over financial reporting as of December 31, 2019, and its report is included below.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fourth quarter of 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control over Financial Reporting

We have audited Blucora, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Blucora, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of 1st Global, which is included in the December 31, 2019 consolidated financial statements of the Company and constituted 18% and 28% of total and net assets, respectively, as of December 31, 2019 and 16% and 0% of revenues and net income, respectively, for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of 1st Global.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Blucora, Inc. as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes, and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

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 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (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 its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Dallas, Texas
February 28, 2020

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ITEM 9B. Other Information

None.

PART III

As permitted by the rules of the Securities and Exchange Commission, we have omitted certain information from Part III of this Annual Report on Form 10-K. We intend to file a Definitive Proxy Statement (the **"*Proxy Statement*"***)* with the Securities and Exchange Commission relating to our annual meeting of stockholders not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and such information is incorporated by reference herein.

ITEM 10. Directors, Executive Officers, and Corporate Governance

The information required in response to this Item 10 is incorporated by reference herein to our Proxy Statement.

ITEM 11. Executive Compensation

The information required in response to this Item 11 is incorporated by reference herein to our Proxy Statement.

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

The information required in response to this Item 12 is incorporated by reference herein to our Proxy Statement.

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

The information required in response to this Item 13 is incorporated by reference herein to our Proxy Statement.

ITEM 14. Principal Accounting Fees and Services

The information required in response to this Item 14 is incorporated by reference herein to our Proxy Statement.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a) *Financial Statements and Schedules*

1. ***Consolidated Financial Statements***

   See “Item 8. Financial Statements and Supplementary Data.”

2. ***Financial Statement Schedules***

   All financial statement schedules required by Item 15(a)(2) have been omitted because they are not applicable or the required information is presented in the Consolidated Financial Statements or Notes thereto.

3. ***Exhibits***

   The exhibits required by Item 601 of Regulation S-K are set forth below.

(b) *Exhibits*

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Form	Date of First Filing	Exhibit Number	Filed Herewith
2.1#	Stock Purchase Agreement between Blucora, Inc., Monoprice Holdings, Inc. and YFC-Boneagle Electric Co., LTD, dated November 14, 2016	8-K	November 15, 2016	2.1	
2.2#	Stock Purchase Agreement, dated as of March 18, 2019, by and among 1G Acquisitions, LLC, 1st Global, Inc., 1st Global Insurance Services, Inc., the sellers named therein and joinder sellers, SAB Representative, LLC, as the sellers' representative, and Blucora, Inc., as guarantor	8-K	March 19, 2019	2.1	
2.3#	Stock Purchase Agreement, dated as of January 6, 2020, by and among Blucora, Inc., Honkamp Krueger Financial Services, Inc., the sellers named therein, and JRD Seller Representative, LLC, as the sellers' representative	8-K	January 7, 2020	2.1	
3.1	Restated Certificate of Incorporation, as filed with the Secretary of the State of Delaware on August 10, 2012	8-K (No. 000-25131)	August 13, 2012	3.1	
3.2	Certificate of Amendment to the Restated Certificate of Incorporation of Blucora, Inc. filed with the Secretary of State of Delaware on June 1, 2017	8-K	June 5, 2017	3.1	
3.3	Certificate of Amendment to the Restated Certificate of Incorporation of Blucora, Inc. filed with the Secretary of State of Delaware on June 8, 2018	8-K	June 8, 2018	3.1	
3.4	Amended and Restated Bylaws of Blucora, Inc.	8-K	February 28, 2017	3.2	
4.1	Description of Securities				X
10.1*	Restated 1996 Flexible Stock Incentive Plan, as amended and restated effective as of June 5, 2012	S-8 (No. 333-198645)	September 8, 2014	99.1	
10.2*	Blucora, Inc. 2015 Incentive Plan, as Amended and Restated	DEF 14A	April 25, 2016	App-endix A	
10.3*	Form of Blucora, Inc. 2015 Incentive Plan Nonqualified Stock Option Grant Notice	10-Q	July 30, 2015	10.2	
10.4*	Form of Blucora, Inc. 2015 Incentive Plan Restricted Stock Unit Grant Notice	10-Q	July 30, 2015	10.3	
10.5*	Form of Nonqualified Stock Option Agreement for Executive Officers under the Blucora, Inc. 2015 Incentive Plan, as amended and restated	8-K	February 23, 2018	10.2	
10.6*	Form of Time-Based Restricted Stock Unit Agreement for Executive Officers under the Blucora, Inc. 2015 Incentive Plan, as amended and restated	8-K	February 23, 2018	10.3	
10.7*	Form of Performance-Based Restricted Stock Unit Agreement for Executive Officers under the Blucora, Inc. 2015 Incentive Plan, as amended and restated	8-K	February 23, 2018	10.4	
10.8*	Form of Nonqualified Stock Option Grant Notice and Agreement for Nonemployee Directors under the Blucora, Inc. 2015 Incentive Plan	10-Q	April 28, 2016	10.3	
10.9*	Form of Nonqualified Stock Option Grant Notice and Agreement for Nonemployee Chairman of the Board under the Blucora, Inc. 2015 Incentive Plan	10-Q	April 28, 2016	10.4	
10.10*	Form of Director Restricted Stock Unit Grant Notice and Award Agreement for Initial Grants to New Directors under the Amended and Restated Blucora, Inc. 2015 Incentive Plan	10-Q	July 27, 2017	10.3	
10.11*	Form of Director Restricted Stock Unit Grant Notice and Award Agreement for Annual Grants to Directors under the Amended and Restated Blucora, Inc. 2015 Incentive Plan	10-Q	July 27, 2017	10.4	
10.12*	Blucora, Inc. 2018 Long-Term Incentive Plan	DEF 14A	April 19, 2018	App-endix A	

10.13*	Form of Nonqualified Stock Option Award Agreement for Executive Officers under the Blucora, Inc. 2018 Long-Term Incentive Plan				X
10.14*	Form of Time-Based Restricted Stock Unit Award Agreement for Executive Officers under the Blucora, Inc. 2018 Long-Term Incentive Plan				X
10.15*	Form of Performance-Based Restricted Stock Unit Award Agreement for Executive Officers under the Blucora, Inc. 2018 Long-Term Incentive Plan				X
10.16*	Form of Director Restricted Stock Unit Grant Notice and Award Agreement for Initial Grants to New Directors under the Blucora, Inc. 2018 Long-Term Incentive Plan				X
10.17*	Form of Director Restricted Stock Unit Grant Notice and Award Agreement for Annual Grants to Directors under Blucora, Inc. 2018 Long-Term Incentive Plan				X
10.18*	Blucora, Inc. 2016 Equity Inducement Plan	S-8	January 29, 2016	99.1	
10.19*	Amendment No. 1 to Blucora, Inc. 2016 Inducement Plan	S-8	October 14, 2016	99.1	
10.20*	Amendment No. 2 to the Blucora, Inc. 2016 Inducement Plan	8-K	May 25, 2018	10.1	
10.21*	Form of Restricted Stock Unit Grant Notice and Award Agreement for Initial Grants to Newly-Hired Executive Officers Under the Blucora, Inc. 2016 Equity Inducement Plan, as amended	10-Q	October 31, 2018	10.2	
10.22*	Form of Blucora, Inc. 2016 Inducement Plan Nonqualified Stock Option Grant Notice	10-K	February 24, 2016	10.41	
10.23*	Form of Blucora, Inc. 2016 Inducement Plan Restricted Stock Unit Grant Notice	10-K	February 24, 2016	10.42	
10.24*	Blucora, Inc. 2018 Annual Incentive Plan	8-K	February 23, 2018	10.1	
10.25*	Employment Agreement by and between Blucora, Inc. and Ann Bruder, dated June 19, 2017	10-Q	July 27, 2017	10.2	
10.26*	Employment Agreement by and between Blucora, Inc. and Todd Mackay, dated December 24, 2018	10-K	March 1, 2019	10.33	
10.27*	Employment Agreement by and between Blucora, Inc. and Curtis Campbell, dated October 12, 2018	10-K	March 1, 2019	10.34	
10.28*	Employment Agreement by and between Blucora, Inc. and Mike Hogan, dated October 20, 2018	10-K	March 1, 2019	10.35	
10.29*	Employment Agreement by and between Blucora, Inc. and Enrique Vasquez, dated May 31, 2019	10-Q	August 8, 2019	10.3	
10.30*	Separation and Release Agreement by and between Blucora, Inc. and Davinder Athwal, dated January 6, 2020				X
10.31*	General Release and Waiver of Claims by and between Blucora, Inc. and John Clendening, dated January 15, 2020				X
10.32*	Employment Agreement by and between Blucora, Inc. and Christoper W. Walters, dated January 17, 2020				X
10.33	Credit Agreement, dated May 22, 2017, among Blucora, Inc., as borrower, and most of its direct and indirect domestic subsidiaries, as guarantors, and Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and each lender from time to time a party to the Credit Agreement	8-K	May 23, 2017	10.1	
10.34	First Amendment, dated November 28, 2017, among Blucora, Inc., as borrower, and most of its direct and indirect domestic subsidiaries, as guarantors, and Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and each lender party to the First Amendment	8-K	November 29, 2017	10.1	

10.35	Second Amendment to Credit Agreement, dated May 6, 2019, among Blucora, Inc., as borrower, most of its direct and indirect domestic subsidiaries, as guarantors, and JPMorgan Chase Bank, N.A., as successor administrative agent and successor collateral agent, and each lender party to the Second Amendment	8-K	May 6, 2019	10.1	
10.36	Lease Agreement between BDDC, Inc. and Blucora, Inc., dated May 10, 2019				X
10.37*	Blucora, Inc., 2016 Employee Stock Purchase Plan	DEF 14A	April 25, 2016	App-endix B	
10.38*	Amendment No. 1 to the Blucora, Inc. Employee Stock Purchase Plan	10-Q	August 1, 2018	99.1	
10.39*	Blucora, Inc. Non-Employee Director Compensation Policy	10-Q	August 8, 2019	10.2	
10.40*	Blucora, Inc. Director Tax-Smart Deferral Plan	10-K	March 1, 2019	10.51	
10.41*	Blucora, Inc. Executive Officer Tax-Smart Deferral Plan	10-K	March 1, 2019	10.52	
10.42*	First Amendment to Blucora, Inc. Director Tax-Smart Deferral Plan				X
10.43*	First Amendment to Blucora, Inc. Executive Officer Tax-Smart Deferral Plan				X
10.44*	Form of Indemnification Agreement				X
21.1	Principal Subsidiaries of the Registrant				X
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm				X
24.1	Power of Attorney (contained on the signature page hereto)				X
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101	The following financial statements from the Company's 10-K for the fiscal year ended December 31, 2019, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and Contained in Exhibit 101)				X

* Indicates a management contract or compensatory plan or arrangement.

\# Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Blucora, Inc. hereby undertakes to furnish supplemental copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.

(c) *Financial Statements and Schedules*

See Item 15(a) above.

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, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLUCORA, INC.

By: /s/ Christopher W. Walters
Christopher W. Walters
President and Chief Executive Officer

Date: February 28, 2020

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ann J. Bruder as his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities to execute any amendments to this Annual Report on Form 10-K, and to file the same, exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that the said attorney-in-fact, 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, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the dates indicated.

Signature	Title	Date
/s/ Christopher W. Walters **Christopher W. Walters**	President, Chief Executive Officer, and Director (Principal Executive Officer)	February 28, 2020
/s/ Stacy A. Murray **Stacy A. Murray**	Chief Accounting Officer (Interim Principal Financial Officer and Principal Accounting Officer)	February 28, 2020
/s/ Georganne C. Proctor **Georganne C. Proctor**	Chair and Director	February 28, 2020
/s/ Steven Aldrich **Steven Aldrich**	Director	February 28, 2020
/s/ E.Carol Hayles **E. Carol Hayles**	Director	February 28, 2020
/s/ John MacIlwaine **John MacIlwaine**	Director	February 28, 2020
/s/ Mary S. Zappone **Mary S. Zappone**	Director	February 28, 2020

Exhibit 4.1

DESCRIPTION OF SECURITIES

The following description of securities of Blucora, Inc. (the "Company," "we," "our," or "us") is a summary of the rights of our common stock and certain provisions of our restated certificate of incorporation, as amended (the "restated certificate of incorporation"), and our amended and restated bylaws as currently in effect. This summary does not purport to be complete and is qualified in its entirety by reference to the applicable provisions of the Delaware General Corporation Law, as amended (the "DGCL"), and the provisions of our restated certificate of incorporation and our amended and restated bylaws, copies of which are filed as exhibits to this Annual Report on Form 10-K and are incorporated by reference herein. We encourage you to read our restated certificate of incorporation, our amended and restated bylaws, and the applicable provisions of the DGCL, for additional information.

Description of Capital Stock

Common Stock

General. Our restated certificate of incorporation authorizes the issuance of 900,000,000 shares of our common stock, par value $0.0001 per share. All of our outstanding shares of our common stock are fully paid and nonassessable.

Voting rights. Except as required by law or matters relating solely to the terms of preferred stock, the holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders and do not have cumulative voting rights. For director elections, director nominees will be elected to the board of directors (the "***Board***") if the votes cast "for" such director nominee's election exceed the votes cast "against" such director nominee's election (with abstentions and broker non-votes not counted as a vote cast either "for" or "against" such director nominee's election); provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders where (i) a stockholder has validly nominated a person for election to the Board and (ii) that nomination was not withdrawn prior to the tenth day preceding the date on which Company mailed notice of the meeting. Unless otherwise required by law, all other matters submitted to a vote of our stockholders require the affirmative vote of the holders of a majority in voting power of the shares of our common stock that are present in person or by proxy and who are entitled to vote on such matter.

Dividend rights. Holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our Board out of funds legally available therefor.

Ownership Limitations. Certain transfers of our stock between stockholders could result in our undergoing an "ownership change" as defined in Section 382 of the IRC and the related Treasury Regulations ("***Section 382***"). Our certificate of incorporation was amended in 2009 to reclassify

our common stock and impose restrictions on its transfer under certain circumstances related to Section 382.

In particular, the restated certificate of incorporation generally restricts any person or entity from attempting to transfer (which includes any direct or indirect acquisition, sale, transfer, assignment, conveyance, pledge, or other disposition) any of our stock (or options, warrants, or other rights to acquire our stock, or securities convertible or exchangeable into our stock) to the extent that transfer would (i) create or result in an individual or entity becoming a five-percent stockholder of our stock for purposes of Section 382 (a "***Five Percent Stockholder***") or (ii) increase the stock ownership percentage of any existing Five Percent Stockholder. Any person or entity attempting to acquire shares in such a transaction is referred to as a "***Restricted Holder***." The restated certificate of incorporation does not prevent transfers that are sales by a Five Percent Stockholder, although it does restrict any purchasers that seek to acquire shares from a Five Percent Stockholder to the extent that the purchaser is or would become a Five Percent Stockholder.

Any transfer that violates the restated certificate of incorporation is null and void *ab initio* and is not effective to transfer any record, legal, beneficial, or any other ownership of the number of shares that result in the violation (which are referred to as "***Excess Securities***"). The purported transferee shall not be entitled to any rights as our stockholder with respect to the Excess Securities. Instead, the purported transferee would be required, upon demand by the Company, to transfer the Excess Securities to an agent designated by the Company for the limited purpose of consummating an orderly arm's-length sale of such shares. The net proceeds of the sale will be distributed first to reimburse the agent for any costs associated with the sale, second to the purported transferee to the extent of the price it paid, and finally any additional amount will go to the purported transferor, or, if the purported transferor cannot be readily identified, to a charity designated by the Board. The restated certificate of incorporation also provides the Company with various remedies to prevent or respond to a purported transfer that violates its provisions. In particular, any person who knowingly violates such provisions, together with any persons in the same control group with such person, are jointly and severally liable to the Company for such amounts as will put the Company in the same financial position as it would have been in had such violation not occurred.

Our Board may authorize an acquisition by a Restricted Holder of stock that would otherwise violate the restated certificate of incorporation if the Board determines, in its sole discretion, that after taking into account the preservation of our net operating losses ("***NOLs***") and income tax credits, such acquisition would be in the best interests of the Company and its stockholders. Any Restricted Holder that would like to acquire shares of our stock must make a written request to our Board prior to any such acquisition. We intend to enforce the restrictions to preserve future use of our NOLs and income tax credits for so long as the Board determines in good faith that it is in the best interests of the Company to prevent the possibility of an ownership change under Section 382.

Other matters. Pursuant to applicable provisions of the DGCL, upon our liquidation, dissolution or winding up, the holders of common stock will be entitled to share ratably in the net assets

legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to any other distribution rights granted to holders of any outstanding preferred stock. Holders of common stock have no preemptive or conversion rights or other subscription rights, and no redemption or sinking fund provisions are applicable to our common stock.

Preferred Stock

Our restated certificate of incorporation permits our Board, without further action of stockholders, to issue up to 15,000,000 shares of preferred stock from time to time in one or more classes or series. Our Board also may fix the relative rights and preferences of those shares, including dividend rights, conversion rights, voting rights, redemption rights, terms of sinking funds, liquidation preferences and the number of shares constituting any class or series or the designation of the class or series. Terms selected by our Board in the future could decrease the amount of earnings and assets available for distribution to holders of common stock or adversely affect the rights and powers, including voting rights, of the holders of common stock without any further vote or action by the stockholders. As a result, the rights of holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued by us in the future, which could have the effect of decreasing the market price of our common stock. Currently, there are no shares of preferred stock outstanding.

Anti-takeover Effects of Provisions of Our Certificate of Incorporation and Bylaws and Delaware Law

Our restated certificate of incorporation, amended and restated bylaws and Delaware law contain several provisions that may make the acquisition of control of us by means of a tender offer, open market purchases, a proxy fight, or otherwise more difficult. Such provisions could have the effect of discouraging others from attempting an unsolicited offer to acquire the Company or preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Section 203 of the Delaware General Corporation Law

Section 203 of the DGCL restricts certain transactions between a corporation organized under Delaware law or its majority-owned subsidiaries and any person, referred to as an interested stockholder, holding fifteen percent (15%) or more of the corporation’s outstanding voting stock, together with the affiliates or associates of such person. Section 203 prevents, for a period of three years following the date that a person becomes an interested stockholder, the following types of transactions between the corporation and the interested stockholder, unless certain conditions, described below, are met:

- mergers or consolidations;
- sales, leases, exchanges or other transfers of ten percent (10%) or more of the aggregate assets of the corporation;

- issuances or transfers by the corporation of any stock of the corporation which would have the effect of increasing the interested stockholder’s proportionate share of the stock of any class or series of the corporation;
- any other transaction which has the effect of increasing the proportionate share of the stock of any class or series of the corporation which is owned by the interested stockholder; and
- receipt by the interested stockholder of the benefit, except proportionately as a stockholder, of loans, advances, guarantees, pledges or other financial benefits provided by the corporation.

The three-year ban will not apply if either the proposed transaction or the transaction by which the interested stockholder became an interested stockholder is approved by the Board prior to the date such stockholder becomes an interested stockholder. Additionally, an interested stockholder may avoid the statutory restriction if, upon the consummation of the transaction whereby such stockholder becomes an interested stockholder, the stockholder owns at least eighty-five percent (85%) of the outstanding voting stock of the corporation without regard to those shares owned by the corporation’s officers and directors or certain employee stock plans. Business combinations are also permitted within the three-year period if approved by the Board and authorized at an annual or special meeting of stockholders by the holders of at least two-thirds (66 2/3%) of the outstanding voting stock not owned by the interested stockholder. In addition, any transaction is exempt from the statutory ban if it is proposed at a time when the corporation has proposed, and a majority of certain continuing directors of the corporation have approved, a transaction with a party who is not an interested stockholder of the corporation, or who becomes such with Board approval, if the proposed transaction involves:

- certain mergers or consolidations involving the corporation;
- a sale or other transfer of over fifty percent (50%) of the aggregate assets of the corporation; or
- a tender or exchange offer for fifty percent (50%) of more of the outstanding voting stock of the corporation.

A corporation may, at its option, exclude itself from the coverage of Section 203 by amending its certificate of incorporation or bylaws by action of its stockholders to exempt itself from coverage, provided that such bylaw or charter amendment shall not become effective until 12 months after the date it is adopted. We have not adopted such a charter or bylaw amendment.

Election and removal of directors.

Our restated certificate of incorporation requires that the Board be composed of not less than 6 nor more than 15 directors, with the specific number to be set by resolution of the Board. At our 2017 annual meeting of stockholders, our stockholders voted to approve the declassification of our Board over a three-year period beginning with our 2018 annual meeting of stockholders. Each director is currently assigned to one of three classes. The Class I directors who were up for

election at our 2018 annual meeting were elected for a one-year term. In 2019, the Class I and Class II directors who were up for election at our 2019 annual meeting were elected for a one-year term. Upon the commencement of the 2020 annual meeting of stockholders, all members of our Board will be up for election for a one-year term, and thereafter all directors will be elected annually, and the classification structure will terminate.

Authorized but unissued shares.

The authorized but unissued shares of our common stock and our preferred stock are available for future issuance without any further vote or action by our stockholders. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions, and employee benefit plans. The existence of authorized but unissued shares of our common stock and our preferred stock could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

Stockholder action without a meeting.

Our restated certificate of incorporation and amended and restated bylaws provide that any action that is properly brought before the stockholders by or at the direction of the Board may be taken without a meeting, without prior notice and without a vote, if a written consent setting forth the action so taken is signed by the holders of outstanding shares of capital stock entitled to be voted with respect to the subject matter thereof having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Stockholder action; advance notification of stockholder nominations and proposals.

Our amended and restated bylaws and restated certificate of incorporation provide that special meetings of stockholders may be called only by the Chairman of the Board, the Chief Executive Officer, the President or the Board. A special meeting of the stockholders shall be held if the holders of not less than thirty percent (30%) of all the votes entitled to be cast on any issue proposed to be considered at such special meeting have dated, signed and delivered to the Secretary one or more written demands for such meeting, describing the purpose or purposes for which it is to be held.

In addition, our amended and restated bylaws provide that, subject to limited circumstances, candidates for director may be nominated and other business brought before an annual meeting only by the Board or by a stockholder who gives written notice to us not less than 90 days prior to nor more than 120 days prior to the first anniversary of the last annual meeting of stockholders. These provisions may have the effect of deterring unsolicited offers to acquire the Company or delaying changes in control of our management, which could depress the market price of our common stock. These provisions could also have the effect of delaying until the next stockholder meeting any stockholder actions, even if they are favored by the holders of a majority of our outstanding voting securities.

Amendment to certificate of incorporation and bylaws.

The DGCL provides generally that the affirmative vote of a majority of the outstanding stock entitled to vote on amendments to a corporation's certificate of incorporation or bylaws is required to approve such amendment, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our restated certificate of incorporation may be amended or repealed by the affirmative vote of the holders of a majority of the outstanding shares entitled vote. Furthermore, our amended and restated bylaws may be adopted, amended or repealed by our Board or our stockholders. These provisions may have the effect of deferring, delaying, or discouraging the removal of any anti-takeover defenses provided for in our amended and restated certificate of incorporation and our amended and restated bylaws.

Business combinations.

Our restated certificate of incorporation provides that an affirmative vote of not less than two-thirds of the outstanding shares and, to the extent, if any, provided by resolution or resolutions of the Board providing for the issuance of a series of common or preferred stock, not less than two-thirds of the outstanding shares entitled to vote thereon, voting as a class, shall be required for the adoption or authorization of a business combination.

Notwithstanding the foregoing, if a business combination is approved by at least two-thirds of the Board, and is otherwise required by law to be approved by our stockholders, such business combination shall require the affirmative vote of not less than fifty-one percent (51%) of the outstanding shares entitled to vote thereon and, to the extent, if any, provided by resolution or resolutions of the Board providing for the issuance of a series of common or preferred stock, not less than fifty-one percent (51%) of the outstanding shares of such series, voting as a class; provided, however, that if a business combination approved by at least two-thirds of the Board of Directors is not otherwise required by law to be approved by our stockholders, then no vote of the stockholders shall be required. Pursuant to the restated certificate of incorporation, "business combination" means (i) a merger, share exchange or consolidation of the Company or any of its subsidiaries with any other corporation; (ii) the sale, lease, exchange, mortgage, pledge, transfer or other disposition or encumbrance, whether in one transaction or a series of transactions, by the Company or any of its subsidiaries of all or a substantial part of the Company's assets otherwise than in the usual and regular course of business, or (iii) any agreement, contract or other arrangement providing for any of the foregoing transactions.

Exclusive jurisdiction of certain actions.

Our amended and restated bylaws require, to the fullest extent permitted by law, that derivative actions brought in the name of the Company, actions against directors, officers and employees for breach of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware. Although we believe this provision benefits the Company by providing increased consistency in the application of Delaware law in the types of lawsuits to

which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in such action. Specifically, the choice of forum provision requiring that the Court of Chancery in the State of Delaware be the exclusive forum for certain suits would (i) not be enforceable with respect to any suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, and (ii) have uncertain enforceability with respect to claims under the Securities Act of 1933, as amended. The choice of forum provision in our amended and restated certificate of incorporation does not have the effect of causing our stockholders to have waived our obligation to comply with the federal securities laws and the rules and regulations thereunder.

Limitation of Liability and Indemnification

Our restated certificate of incorporation limits the liability of our directors for monetary damages for breach of fiduciary duty to the fullest extent permitted by applicable law and our amended and restated bylaws provide that we will indemnify them to the fullest extent permitted by such law. We have entered into indemnification agreements with our current directors and executive officers and expect to enter into a similar agreement with any new directors or executive officers. We also maintain directors' and officers' liability insurance coverage.

Listing

Our common stock is listed on Nasdaq under the symbol "BCOR."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Shareowner Services LLC.

Exhibit 10.13

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

NONQUALIFIED STOCK OPTION GRANT NOTICE

TO: ______ (the "***Participant***" or "***you***")

FROM: Blucora, Inc., a Delaware corporation (the "***Company***")

You are hereby granted by the Company a Stock Option (the "***Option***") to purchase shares of the Company's Common Stock ("***Shares***") pursuant to the Blucora, Inc. 2018 Long-Term Incentive Plan (the "***Incentive Plan***").

The Option is subject to all the terms and conditions set forth in this Nonqualified Stock Option Grant Notice (the "***Notice of Grant***") and in the Stock Option Agreement attached hereto as **Exhibit A** (the "***Agreement***") and the Incentive Plan, each of which are incorporated by reference into this Notice of Grant. Capitalized terms that are not defined in the Notice of Grant shall have the meanings given to them in the Agreement, and if not defined in the Agreement, the meanings given to them in the Incentive Plan.

Date of Grant: ______

Option Number: ______

Number of Shares: ______

Exercise Price per Share: ______

Option Expiration Date: ______

Vesting Commencement Date: ______

Type of Option: Nonqualified Stock Option

Vesting and Exercisability Schedule: Except as specifically provided in the Agreement and subject to the restrictions and conditions set forth in the Incentive Plan, the Option shall vest and become exercisable as follows:

(i) one-third (1/3) of the Option (rounded down to the nearest whole Share) shall vest and become exercisable on the first anniversary of the Vesting Commencement

Date, provided that you are employed by or providing services to the Company or a Related Company on that date;

(ii) an additional one-third (1/3) of the Option (rounded down to the nearest whole Share) shall vest and become exercisable on the second anniversary of the Vesting Commencement Date, provided that you are employed by or providing services to the Company or a Related Company on that date; and

(iii) the remaining one-third (1/3) of the Option shall vest and become exercisable on the third anniversary of the Vesting Commencement Date, provided that you are employed by or providing services to the Company or a Related Company on that date.

Vesting will cease upon your Termination of Service and the unvested portion of the Option will immediately terminate. Notwithstanding the foregoing, upon the occurrence of a Termination of Service due to (i) your death or Total and Permanent Disability, to the extent not already vested, the Option shall become fully vested and exercisable as of the date of such Termination of Service; or (ii) your Retirement on or after the first anniversary of the Date of Grant, to the extent not already vested, the Option shall become fully vested and exercisable as of the date of such Termination of Service. For purposes of this Option, the term "***Retirement***" shall mean your voluntary Termination of Service on or after your attainment of (i) age sixty (60) and five (5) years of service with the Company or any Related Company, (ii) age fifty-five (55) and ten (10) years of service with the Company or any Related Company, or (iii) any age with twenty (20) years of service with the Company or any Related Company; *provided, however*, that if at any time the Committee determines that your Termination of Service should be a Termination of Service for Cause, then your Termination of Service will no longer be due to your Retirement and the Option shall immediately be forfeited.

Additional Terms/Acknowledgment: You acknowledge and agree that the Notice of Grant and the vesting and exercisability schedule set forth herein do not constitute an express or implied promise of your continued engagement as an employee, officer, director or other service provider for the vesting period, for any period, or at all, and shall not interfere with your right or the Company's right to terminate your employment or service relationship with the Company or its Related Companies at any time, with or without Cause. For purposes of this Option, the term "***Cause***" shall have the meaning set forth in your Employment Agreement (as defined below), provided that if such Employment Agreement does not define such term or no agreement is then in effect, then it shall mean dishonesty, fraud, serious or willful misconduct, unauthorized use or disclosure of confidential information or trade secrets, or conduct prohibited by law (except minor violations), in each case as determined by the Committee, whose determination shall be conclusive and binding.

Employment Agreement: If there is a written employment agreement in effect between you and the Company (the "***Employment Agreement***"), then the Option shall be subject to the terms of such Employment Agreement, so long as such Employment Agreement remains in effect (as it may be amended, supplemented or restated from time to time) and the terms set forth in the Employment Agreement are applicable to the Option.

Committee Decisions/Interpretations: You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Incentive Plan and the Option.

* * * * * * *

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Signature Page Follows.]

By your signature below or electronic acceptance, you agree that the Notice of Grant, the Agreement, the Incentive Plan, and the Employment Agreement (if applicable) constitute your entire agreement with respect to the Option, and except as set forth therein, may not be modified except by means of a writing signed by the Company and you. This Notice of Grant and Agreement may be executed and/or accepted electronically and/or executed in duplicate counterparts, the production of either of which (including a signature or proof of electronic acceptance) shall be sufficient for all purposes for the proof of the binding terms of this Option.

BLUCORA, INC.

__

By:__

Its: __

PARTICIPANT

__
Signature

Date:__

*Electronic acceptance of this Award shall bind the Participant.

Attachments:
1. Stock Option Agreement
2. Incentive Plan

EXHIBIT A

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

STOCK OPTION AGREEMENT

1. **Grant.** The Company hereby grants to the Participant listed on the Notice of Grant (the "***Participant***") an Option to purchase the number of Shares and at the exercise price as set forth in the Notice of Grant and subject to the terms and conditions in this Stock Option Agreement (this "***Agreement***") and the Incentive Plan. Unless otherwise defined herein, the capitalized terms used herein shall have the meanings given to them in the Notice of Grant, and if not defined in the Notice of Grant, the meanings given to them in the Incentive Plan.

2. **Company's Obligation.** Unless and until the Option vests and is exercised, the Participant will have no right to receive Shares under the Option. Prior to actual distribution of Shares pursuant to any vested and exercised Option, such Option will represent an unsecured obligation of the Company.

3. **Vesting and Exercisability.** Subject to Paragraph 4 hereof and to any other relevant Incentive Plan provisions, the Option will vest and become exercisable as provided in the Notice of Grant. Any portion of the Option that is vested may be exercised at any time during the period prior to the date the Option terminates. No partial exercise of the Option may be for less than five percent (5%) of the total number of Shares then available under the Option. In no event shall the Company be required to issue fractional Shares.

4. **Termination of Option**. The unvested portion of the Option will terminate automatically and without further notice immediately upon the Participant's Termination of Service (voluntary or involuntary). The vested portion of the Option will terminate automatically and without further notice on the earliest of the dates set forth below:

a. three (3) months after the Participant's Termination of Service for any reason other than Retirement, death or Total and Permanent Disability;

b. one (1) year after the Participant's Termination of Service by reason of Retirement, death or Total and Permanent Disability;

c. immediately upon notification to the Participant of the Participant's Termination of Service for Cause, unless the Committee determines otherwise. If the Participant's employment or service relationship is suspended pending an investigation of whether he or she will be terminated for Cause, all of the Participant's rights under the Option likewise will be suspended during the period of investigation. If any facts that would constitute termination for Cause are discovered after the Participant's Termination of Service, any Option the Participant then holds may be immediately terminated by the Committee; or

d. the Option Expiration Date.

IT IS THE PARTICIPANT'S RESPONSIBILITY TO BE AWARE OF THE DATE ON WHICH THE OPTION TERMINATES.

5. **Leave of Absence.** The effect of a Company-approved leave of absence on the terms and conditions of the Option will be determined by the Committee, subject to applicable laws.

6. **Method of Exercise.** The Participant may exercise the Option by giving written notice to the Company, in form and substance satisfactory to the Company, which will state the election to exercise the Option, the date of exercise thereof, and the number of Shares for which the Participant is exercising the Option. The written notice must be accompanied by full payment of the exercise price for the number of Shares that are being purchased (plus any employment tax withholding or other tax payment due with respect to the exercise of the Option).

7. **Form of Payment of Exercise Price.** The Participant may pay the Option exercise price, in whole or in part, (a) in cash; (b) by wire transfer or check acceptable to the Company; (c) if permitted by the Committee, having the Company withhold Shares that would otherwise be issued on exercise of the Option that have an aggregate Fair Market Value equal to the aggregate exercise price of the Shares being purchased under the Option; (d) if permitted by the Committee, tendering (either actually or, so long as the Shares are registered under Section 12(b) or 12(g) of the Exchange Act, by attestation) Shares owned by the Participant that have an aggregate Fair Market Value equal to the aggregate exercise price of the Shares being purchased under the Option; (e) unless the Committee determines otherwise and so long as the Shares are registered under Section 12(b) or 12(g) of the Exchange Act, and to the extent permitted by law, by delivery of a properly executed exercise agreement or notice, together with irrevocable instructions to a brokerage firm designated or approved by the Company to promptly deliver to the Company the aggregate amount of proceeds to pay the Option exercise price; or (e) such other consideration as the Committee may permit.

8. **Withholding Taxes.** As a condition to the exercise of any portion of the Option, the Participant must make such arrangements as the Company may require for the satisfaction of any federal, state or local withholding tax obligations that may arise in connection with such exercise. The Company may permit or require the Participant to satisfy all or part of the Participant's tax withholding obligations by (a) paying cash to the Company or a Related Company, as applicable; (b) having the Company or a Related Company, as applicable, withhold an amount from any cash amounts otherwise due or to become due from the Company or a Related Company, as applicable, to the Participant; (c) having the Company withhold a number of Shares that would otherwise be issued to the Participant having a Fair Market Value equal to the tax withholding obligations; (d) surrendering a number of Shares the Participant already owns having a Fair Market Value equal to the tax withholding obligations; or (e) any combination of (a), (b), (c) or (d) above. The value of the Shares so withheld or tendered may not exceed the employer's minimum required tax withholding rate.

9. **Limited Transferability; Who May Exercise.** The Option may not be sold, assigned, pledged (as collateral for a loan or as security for the performance of an obligation or for any other purpose) or transferred by the Participant or made subject to attachment or similar proceedings otherwise than by will or by the applicable laws of descent and distribution, except to the extent the Participant designates one or more beneficiaries on a Company-approved form who may exercise the Option after the Participant's death. Notwithstanding the foregoing, the Committee, in its sole discretion, may permit the Participant to assign or transfer the Option, subject to such terms and conditions as specified by the Committee. During the Participant's lifetime only the Participant may exercise the Option. The Option may be exercised by the personal representative of the Participant's estate or the beneficiary thereof following the Participant's death.

10. **Regulatory Restrictions on Issuance of Shares** Notwithstanding the other provisions of this Agreement, if at any time the Company determines, in its sole discretion, that the listing, registration or qualification of Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or

desirable as a condition to the issuance of Shares to the Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company shall be under no obligation to the Participant to register for offering or resale or to qualify for exemption under the Securities Act, or to register or qualify under the laws of any state or foreign jurisdiction, any Shares, security or interest in a security paid or issued under, or created by, the Incentive Plan, or to continue in effect any such registrations or qualifications if made.

11. **Participant's Representations**. Notwithstanding any of the provisions hereof, the Participant hereby agrees that the Participant will not exercise the Option, and that the Company will not be obligated to issue any Shares to the Participant if the exercise thereof or the issuance of such Shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

12. **Investment Representation**. Unless the Shares are issued to the Participant in a transaction registered under applicable federal and state securities laws, the Participant represents and warrants to the Company that all Shares which may be purchased hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Shares are issued to the Participant in a transaction registered under the applicable federal and state securities laws, at the option of the Company, a stop-transfer order against the Shares may be placed on the official stock books and records of the Company, and a legend indicating that such Shares may not be pledged, sold or otherwise transferred, unless an opinion of counsel is provided (concurred in by counsel for the Company) stating that such transfer is not in violation of any applicable law or regulation, may be stamped on stock certificates to ensure exemption from registration. The Company may require such other action or agreement by the Participant as may from time to time be necessary to comply with the federal, state and foreign securities laws.

13. **Binding Agreement.** Subject to the limitation on the transferability of the Option contained herein, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors and assigns.

14. **No Stockholder Rights.** Neither the Participant nor any person entitled to exercise the Participant's rights in the event of the Participant's death shall have any of the rights of a stockholder with respect to the Shares subject to the Option unless and until the date of issuance under the Incentive Plan of any such Shares upon the exercise of the Option. Except as otherwise provided in Paragraph 15 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of any Shares subject to the Option. The Participant agrees to execute any documents requested by the Company in connection with the issuance of any Shares.

15. **Adjustments.** The number of Shares covered by the Option, and the exercise price thereof, shall be subject to adjustment in accordance with Article 11 of the Incentive Plan.

16. **Notices.** Any notice which either party hereto may be required or permitted to give to the other shall be in writing and may be delivered personally, by interoffice mail, by fax, by electronic mail or other electronic means, or via a postal service, postage prepaid, to such electronic mail or postal address and directed to such person as the Company may notify the Participant from time to time; and to the Participant at the Participant's electronic mail or postal address as shown on the records of the Company from time to time, or at such other electronic mail or postal address as the Participant, by notice to the Company, may designate in writing from time to time.

17. **Committee Authority; Decisions Conclusive and Binding.** The Participant acknowledges that a copy of the Incentive Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all the terms and provisions thereof. The Committee will have the power to interpret this Agreement, the Notice of Grant and the Incentive Plan, and to adopt such rules for the administration, interpretation and application of the Incentive Plan as are consistent therewith and to interpret or revoke any such rules. The Participant hereby agrees to accept as binding, conclusive, and final all decisions of the Committee upon any questions arising under the Incentive Plan, this Agreement or the Notice of Grant. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to the Incentive Plan, this Agreement or the Notice of Grant.

18. **No Effect on Employment or Service Relationship.** Nothing in the Incentive Plan or any Award granted under the Incentive Plan will be deemed to constitute an employment or service contract or confer or be deemed to confer any right for the Participant to continue in the employ or service of, or to continue any other relationship with, the Company or any Related Company or limit in any way the right of the Company or any Related Company to terminate the Participant's employment or other service relationship at any time, with or without Cause.

19. **No Right to Damages.** The Participant will have no right to bring a claim or to receive damages if the Participant is required to exercise the vested portion of the Option within three (3) months (or one (1) year in the case of Retirement, Total and Permanent Disability or death) of the Participant's Termination of Service or if any portion of the Option is cancelled or expires unexercised. The loss of existing or potential profit in the Option will not constitute an element of damages in the event of the Participant's Termination of Service for any reason even if the termination is in violation of an obligation of the Company or a Related Company to the Participant.

20. **Claims.** The Participant's sole remedy for any Claim shall be against the Company, and the Participant shall not have any claim or right of any nature against any Related Company (including, without limitation, any parent, subsidiary or affiliate of the Company) or any stockholder or existing or former director, officer or employee of the Company or any Related Company. The foregoing individuals and entities (other than the Company) shall be third-party beneficiaries of this Agreement for purposes of enforcing the terms of this Paragraph 20.

21. **Covenants and Agreements as Independent Agreements**. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

22. **Section 409A.** The Option is intended to be exempt from the requirements of Section 409A or to satisfy those requirements, and shall be construed accordingly.

23. **Governing Law; Venue.** The validity, interpretation, construction and performance of this Agreement shall be governed by the internal substantive laws of the State of Delaware, without reference to any choice-of-law rules. The Participant irrevocably consents to the nonexclusive jurisdiction and venue of the state and federal courts located in Dallas County, the State of Texas.

24. **Recovery of Compensation.** In accordance with Section 6.13 of the Incentive Plan, the Company may recoup all or any portion of any Shares paid to the Participant in connection with the Option, as set forth in the Company's clawback policy, if any, approved by the Board from time to time.

25. **Conflicting Terms; Incentive Plan Governs.** This Agreement and the Notice of Grant are subject to all terms and provisions of the Incentive Plan. In the event of a conflict between one or more provisions of this Agreement or the Notice of Grant and one or more provisions of the Incentive Plan, the provisions of the Incentive Plan will govern.

26. **Entire Agreement**. This Agreement together with the Notice of Grant and the Incentive Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement and the Notice of Grant. Each party to this Agreement and the Notice of Grant acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement, the Notice of Grant or the Incentive Plan and that any agreement, statement, or promise that is not contained in this Agreement, the Notice of Grant or the Incentive Plan shall not be valid or binding or of any force or effect. Notwithstanding anything to the contrary contained in the Notice of Grant, this Agreement or in the Incentive Plan, in the event of any conflict between the terms and conditions of the Option as set forth in the Notice of Grant, this Agreement and in the Incentive Plan, as the case may be, and the terms and conditions of the Employment Agreement, the terms and conditions of the Employment Agreement shall govern unless the conflicting provision in the Notice of Grant, this Agreement or in the Incentive Plan, as the case may be, is more favorable to the Participant; in which case, the provision more favorable to the Participant shall govern; provided, however, that notwithstanding the foregoing, in no event shall any extended exercise period set forth in the Employment Agreement modify or extend the Option Expiration Date as set forth in the Notice of Grant.

27. **Legal Construction**. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement, and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

28. **Headings**. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

29. **Gender and Number**. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

30. **Modification.** No change or modification of this Agreement or the Notice of Grant shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties; provided, however, that the Company may change or modify this Agreement or the Notice of Grant without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with any Applicable Laws, including, without limitation (i) compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder, (ii) compliance with any federal or state securities laws, or (iii) compliance with the rules of any exchange or inter-dealer quotation system on which the Company's Shares are listed or quoted. Notwithstanding the preceding sentence, the Company may amend the Incentive Plan to the extent permitted by the Incentive Plan.

Exhibit 10.14

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

(TIME-BASED RESTRICTED STOCK UNITS)

TO: ______ (the "***Participant***" or "***you***")

FROM: Blucora, Inc., a Delaware corporation (the "***Company***")

You are hereby granted by the Company a Restricted Stock Unit Award (the "***Award***") under the Blucora, Inc. 2018 Long-Term Incentive Plan (the "***Incentive Plan***"). Each restricted stock unit (an "***RSU***") subject to the Award has a notional value equivalent to one share of the Company's Common Stock for purposes of determining the number of shares of Common Stock (the "***Shares***") subject to the Award.

The Award is subject to all the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "***Notice of Grant***") and in the Restricted Stock Unit Agreement attached hereto as **Exhibit A** (the "***Agreement***") and the Incentive Plan, each of which are incorporated by reference into this Notice of Grant. Capitalized terms that are not defined in the Notice of Grant shall have the meanings given to them in the Agreement, and if not defined in the Agreement, the meanings given to them in the Incentive Plan.

Date of Grant: ______

Award Number: ______

Number of RSUs Subject to the Award: ______

Vesting Commencement Date: ______

Vesting Schedule: Except as specifically provided in the Agreement and subject to the restrictions and conditions set forth in the Incentive Plan, the RSUs shall vest as follows:

(i) one-third (1/3) of the RSUs (rounded down to the nearest whole unit) shall vest on the first anniversary of the Vesting Commencement Date, provided that you are employed by or providing services to the Company or a Related Company on that date;

(ii) an additional one-third (1/3) of the RSUs (rounded down to the nearest whole unit) shall vest on the second anniversary of the Vesting Commencement Date, provided that you are employed by or providing services to the Company or a Related Company on that date; and

(iii) the remaining one-third (1/3) of the RSUs shall vest on the third anniversary of the Vesting Commencement Date, provided that you are employed by or providing services to the Company or a Related Company on that date.

Vesting will cease upon your Termination of Service and the unvested portion of the Award will immediately terminate.

Notwithstanding the foregoing, to the extent not already vested, upon the occurrence of a Termination of Service due to (a) your death or Total and Permanent Disability, the RSUs shall become fully vested as of the date of such Termination of Service; or (b) your Retirement on or after the first anniversary of the Date of Grant, the RSUs shall become fully vested as of the date of such Termination of Service. For purposes of this Award, the term "***Retirement***" shall mean your voluntary Termination of Service on or after your attainment of (i) age sixty (60) and five (5) years of service with the Company or any Related Company, (ii) age fifty-five (55) and ten (10) years of service with the Company or any Related Company, or (iii) any age with twenty (20) years of service with the Company or any Related Company; *provided, however*, that if at any time the Committee determines that your Termination of Service should be a Termination of Service for Cause (as defined below), then your Termination of Service will no longer be due to your Retirement and all RSUs shall immediately be forfeited. For purposes of this Award, the term "***Cause***" shall have the meaning set forth in your Employment Agreement (as defined below), provided that, if such Employment Agreement does not define such term or no such agreement is then in effect, then it shall mean dishonesty, fraud, serious or willful misconduct, unauthorized use or disclosure of confidential information or trade secrets, or conduct prohibited by law (except minor violations), in each case as determined by the Committee, whose determination shall be conclusive and binding.

Additional Terms/Acknowledgment: You acknowledge and agree that the Notice of Grant and the vesting schedule set forth herein do not constitute an express or implied promise of your continued engagement as an employee, officer, director or other service provider for the vesting period, for any period, or at all, and shall not interfere with your right or the Company's right to terminate your employment or service relationship with the Company or its Related Companies at any time, with or without Cause.

Employment Agreement: If there is a written employment agreement in effect between you and the Company or a Related Company (the "***Employment Agreement***"), then the Award shall be subject to the terms of such Employment Agreement, so long as such Employment Agreement

remains in effect (as it may be amended, supplemented or restated from time to time) and the terms set forth in the Employment Agreement are applicable to the Award.

Committee Decisions/Interpretations: You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Incentive Plan and the Award.

* * * * * * *

[*Remainder of Page Intentionally Left Blank*
Signature Page Follows.]

By your signature below or electronic acceptance, you agree that the Notice of Grant, the Agreement, the Incentive Plan, and the Employment Agreement (if applicable), constitute your entire agreement with respect to the Award, and except as set forth therein, may not be modified except by means of a writing signed by the Company and you. This Notice of Grant and Agreement may be executed and/or accepted electronically and/or executed in duplicate counterparts, the production of either of which (including a signature or proof of electronic acceptance) shall be sufficient for all purposes for the proof of the binding terms of this Award.

BLUCORA, INC.	**PARTICIPANT**
_	_ Signature
By:__	Date:__
Its: __	*Electronic acceptance of this Award shall bind the Participant.

Attachments:
1. Restricted Stock Unit Agreement
2. Incentive Plan

EXHIBIT A

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. **Grant.** The Company hereby grants to the Participant listed on the Notice of Grant (the "***Participant***") an Award of RSUs, as set forth in the Notice of Grant and subject to the terms and conditions in this Restricted Stock Unit Agreement (this "***Agreement***") and the Incentive Plan. Unless otherwise defined herein, the capitalized terms used herein shall have the meanings given to them in the Notice of Grant, and if not defined in the Notice of Grant, the meanings given to them in the Incentive Plan.

2. **Company's Obligation.** Each RSU represents the right to receive a Share on the vesting date. Unless and until the RSUs vest, the Participant will have no right to receive Shares under such RSUs. Prior to actual distribution of Shares pursuant to any vested RSUs, such RSUs will represent an unsecured obligation of the Company.

3. **Vesting Schedule.** Subject to Paragraph 4 hereof and to any other relevant Incentive Plan provisions, the RSUs awarded by this Agreement will vest according to the vesting schedule specified in the Notice of Grant. The effect of a Company approved unpaid leave of absence on the terms and conditions of the RSUs will be determined by the Committee, subject to applicable laws.

4. **Forfeiture upon Termination of Service.** Except as provided in the Notice of Grant, if the Participant has a Termination of Service for any or no reason prior to vesting, the unvested RSUs awarded by this Agreement will thereupon be forfeited at no cost to the Company.

5. **Payment After Vesting.** Subject to Paragraph 21 hereof, any RSUs that vest in accordance with Paragraph 3 will be paid to the Participant (or in the event of the Participant's death, to his or her estate) in Shares on, or as soon as practicable after, the applicable vesting date (but in any event, within sixty (60) days of the date on which the RSUs vest).

6. **Withholding Taxes.** As a condition to the payment of any vested RSUs, the Participant must make such arrangements as the Company may require for the satisfaction of any federal, state or local withholding tax obligations that may arise in connection with such payment. The Company may permit or require the Participant to satisfy all or part of the Participant's tax withholding obligations by (a) paying cash to the Company or a Related Company, as applicable; (b) having the Company or a Related Company, as applicable, withhold an amount from any cash amounts otherwise due or to become due from the Company or a Related Company, as applicable, to the Participant; (c) having the Company withhold a number of Shares that would otherwise be issued to the Participant having a Fair Market Value equal to the tax withholding obligations; (d) surrendering a number of Shares the Participant already owns having a Fair Market Value equal to the tax withholding obligations; or (e) any combination of (a), (b), (c) or (d) above. The value of the Shares so withheld or tendered may not exceed the employer's minimum required tax withholding rate.

7. **Payments After Death.** Any distribution or delivery to be made to the Participant under this Agreement will, if the Participant is then deceased, be made to the administrator or executor of the Participant's estate. Any such administrator or executor must furnish the Company with (a) written notice of his or her status as transferee and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

8. **Rights as Stockholder.** Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until the date of issuance of any such Shares under the Incentive Plan. Except as otherwise provided in Paragraph 9, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of any Shares subject to the Award. The Participant agrees to execute any documents requested by the Company in connection with the issuance of any Shares.

9. **Adjustments.** The number of Shares covered by the Award shall be subject to adjustment in accordance with Article 11 of the Incentive Plan.

10. **No Effect on Employment or Service Relationship.** Nothing in the Incentive Plan or any Award granted under the Incentive Plan will be deemed to constitute an employment or service contract or confer or be deemed to confer any right for the Participant to continue in the employ or service of, or to continue any other relationship with, the Company or any Related Company or limit in any way the right of the Company or any Related Company to terminate the Participant's employment or other service relationship at any time, with or without Cause.

11. **Notices.** Any notice which either party hereto may be required or permitted to give to the other shall be in writing and may be delivered personally, by interoffice mail, by fax, by electronic mail or other electronic means, or via a postal service, postage prepaid, to such electronic mail or postal address and directed to such person as the Company may notify the Participant from time to time; and to the Participant at the Participant's electronic mail or postal address as shown on the records of the Company from time to time, or at such other electronic mail or postal address as the Participant, by notice to the Company, may designate in writing from time to time.

12. **Award Is Not Transferable.** Except to the limited extent provided in Paragraph 7, the Award and the rights and privileges conferred hereby may not be transferred, assigned, pledged (as collateral for a loan or as security for the performance of an obligation or for any other purpose) or hypothecated in any way (whether by operation of law or otherwise) and may not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Award, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, the Award and the rights and privileges conferred hereby immediately will become null and void.

13. **Binding Agreement.** Subject to the limitation on the transferability of the Award contained herein, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors and assigns.

14. **Regulatory Restrictions on Issuance of Shares.** Notwithstanding the other provisions of this Agreement, if at any time the Company determines, in its sole discretion, that the listing, registration or qualification of Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company shall be under no obligation to the Participant to register for offering or resale or to qualify for exemption under the Securities Act, or to register or qualify under the laws of any state or foreign jurisdiction, any Shares, security or interest in a security paid or issued under, or created by, the Incentive Plan, or to continue in effect any such registrations or qualifications if made.

15. **Participant's Representations**. Notwithstanding any of the provisions hereof, the Participant hereby agrees that the Company will not be obligated to issue any Shares to the Participant if the issuance of such Shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

16. **Investment Representation**. Unless the Shares are issued to the Participant in a transaction registered under applicable federal and state securities laws, the Participant represents and warrants to the Company that all Shares which may be issued hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Shares are issued to the Participant in a transaction registered under the applicable federal and state securities laws, at the option of the Company, a stop-transfer order against the Shares may be placed on the official stock books and records of the Company, and a legend indicating that such Shares may not be pledged, sold or otherwise transferred, unless an opinion of counsel is provided (concurred in by counsel for the Company) stating that such transfer is not in violation of any applicable law or regulation, may be stamped on stock certificates to ensure exemption from registration. The Company may require such other action or agreement by the Participant as may from time to time be necessary to comply with the federal, state and foreign securities laws.

17. **Conflicting Terms; Incentive Plan Governs.** This Agreement and the Notice of Grant are subject to all terms and provisions of the Incentive Plan. In the event of a conflict between one or more provisions of this Agreement or the Notice of Grant and one or more provisions of the Incentive Plan, the provisions of the Incentive Plan will govern.

18. **Committee Authority; Decisions Conclusive and Binding.** The Participant acknowledges that a copy of the Incentive Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all the terms and provisions thereof. The Committee will have the power to interpret this Agreement, the Notice of Grant and the Incentive Plan, and to adopt such rules for the administration, interpretation and application of the Incentive Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). The Participant hereby agrees to accept as binding, conclusive, and final all decisions of the Committee upon any questions arising under the Incentive Plan, this Agreement or the Notice of Grant. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to the Incentive Plan, this Agreement or the Notice of Grant.

19. **Claims.** The Participant's sole remedy for any Claim shall be against the Company, and the Participant shall not have any claim or right of any nature against any Related Company (including, without limitation, any parent, subsidiary or affiliate of the Company) or any stockholder or existing or former director, officer or employee of the Company or any Related Company. The foregoing individuals and entities (other than the Company) shall be third-party beneficiaries of this Agreement for purposes of enforcing the terms of this Paragraph 19.

20. **Covenants and Agreements as Independent Agreements**. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

21. **Section 409A.** The Award is intended to be exempt from or comply with the requirements of Section 409A, and shall be construed accordingly. Notwithstanding any other provision of this Agreement, the Notice of Grant, the Incentive Plan or the Employment Agreement to the contrary, with respect to any payments and benefits to which Section 409A applies, if the Participant is a "specified employee," within the meaning of Section 409A, then to the extent necessary to avoid subjecting the Participant to the imposition of any additional tax under Section 409A, amounts that would otherwise be payable during the six-month period immediately following the Participant's "separation from service," within the meaning of Section 409A(a)(2)(A)(i), shall not be paid to the Participant during such period, but shall instead be accumulated and paid to the Participant (or, in the event of the Participant's death, the Participant's estate) in a lump sum on the first business day after the earlier of the date that is six months following the Participant's separation from service or the Participant's death.

22. **Governing Law; Venue.** The validity, interpretation, construction and performance of this Agreement shall be governed by the internal substantive laws of the State of Delaware, without reference to any choice-of-law rules. The Participant irrevocably consents to the nonexclusive jurisdiction and venue of the state and federal courts located in Dallas County, the State of Texas.

23. **Recovery of Compensation.** In accordance with Section 6.13 of the Incentive Plan, the Company may recoup all or any portion of any Shares or cash paid to the Participant in connection with the Award, as set forth in the Company's clawback policy, if any, approved by the Board from time to time.

24. **Entire Agreement; Employment Agreement**. This Agreement, together with the Notice of Grant and the Incentive Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement and the Notice of Grant. Each party to this Agreement and the Notice of Grant acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement, the Notice of Grant or the Incentive Plan and that any agreement, statement, or promise that is not contained in this Agreement, the Notice of Grant or the Incentive Plan shall not be valid or binding or of any force or effect. Notwithstanding anything to the contrary contained in the Notice of Grant, this Agreement or in the Incentive Plan, in the event of any conflict between the terms and conditions of the Award as set forth in the Notice of Grant, this Agreement and in the Incentive Plan, as the case may be, and the terms and conditions of the Employment Agreement, the terms and conditions of the Employment Agreement shall govern unless the conflicting provision in the Notice of Grant, this Agreement or in the Incentive Plan, as the case may be, is more favorable to the Participant; in which case, the provision more favorable to the Participant shall govern.

25. **Legal Construction**. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement, and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

26. **Headings**. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

27. **Gender and Number**. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

28. **Modification**. No change or modification of this Agreement or the Notice of Grant shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties; provided, however, that the Company may change or modify this Agreement or the Notice of Grant without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with any Applicable Laws, including, without limitation (i) compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder, (ii) compliance with any federal or state securities laws, or (iii) compliance with the rules of any exchange or inter-dealer quotation system on which the Company's Shares are listed or quoted. Notwithstanding the preceding sentence, the Company may amend the Incentive Plan to the extent permitted by the Incentive Plan.

Exhibit 10.15

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

(PERFORMANCE-BASED RESTRICTED STOCK UNITS)

TO: ____________________ (the "***Participant***" or "***you***")

FROM: Blucora, Inc., a Delaware corporation (the "***Company***")

You are hereby granted by the Company a Restricted Stock Unit Award (the "***Award***") under the Blucora, Inc. 2018 Long-Term Incentive Plan (the "***Incentive Plan***"). Each restricted stock unit (an "***RSU***") subject to the Award has a notional value equivalent to one share of the Company's Common Stock for purposes of determining the number of shares of Common Stock (the "***Shares***") subject to the Award.

The Award is subject to all the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "***Notice of Grant***") and in the Restricted Stock Unit Agreement attached hereto as **Exhibit A** (the "***Agreement***") and the Incentive Plan, each of which are incorporated by reference into this Notice of Grant. Capitalized terms that are not defined in the Notice of Grant shall have the meanings given to them in the Agreement, and if not defined in the Agreement, the meanings given to them in the Incentive Plan.

Date of Grant: ____________________

Award Number: ____________________

Target Number of RSUs Subject to the Award: ____________________ (the "***Target RSUs***") provided that the actual number of RSUs that are granted and may be earned is up to 200% of the Target RSUs

Vesting Schedule: Except as specifically provided in the Agreement and subject to the restrictions and conditions set forth in the Incentive Plan, the RSUs shall vest on the Vesting Date (as defined on **Schedule 1** to this Notice of Grant, attached hereto, which is incorporated by reference into this Notice of Grant), based upon the achievement of the performance goals set forth on Schedule 1 (the "***Performance Vesting Conditions***").

Additional Terms/Acknowledgment: You acknowledge and agree that the Notice of Grant and the vesting schedule set forth herein do not constitute an express or implied promise of your continued

engagement as an employee, officer, director or other service provider for the vesting period, for any period, or at all, and shall not interfere with your right or the Company's right to terminate your employment or service relationship with the Company or its Related Companies at any time, with or without Cause. For purposes of this Award, the term "***Cause***" shall have the meaning set forth in your Employment Agreement (as defined below), provided that, if such Employment Agreement does not define such term or no such agreement is then in effect, then it shall mean dishonesty, fraud, serious or willful misconduct, unauthorized use or disclosure of confidential information or trade secrets, or conduct prohibited by law (except minor violations), in each case as determined by the Committee, whose determination shall be conclusive and binding.

Employment Agreement: If there is a written employment agreement in effect between you and the Company (the "***Employment Agreement***"), then the Award shall be subject to the terms of such Employment Agreement, so long as such Employment Agreement remains in effect (as it may be amended, supplemented or restated from time to time) and the terms set forth in the Employment Agreement are applicable to the Award.

Committee Decisions/Interpretations: You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Incentive Plan and the Award.

* * * * * * *

[*Remainder of Page Intentionally Left Blank*
Signature Page Follows.]

By your signature below or electronic acceptance, you agree that the Notice of Grant, the Agreement, the Incentive Plan, and the Employment Agreement (if applicable), constitute your entire agreement with respect to the Award, and except as set forth therein, may not be modified except by means of a writing signed by the Company and you. This Notice of Grant and Agreement may be executed and/or accepted electronically and/or executed in duplicate counterparts, the production of either of which (including a signature or proof of electronic acceptance) shall be sufficient for all purposes for the proof of the binding terms of this Award.

BLUCORA, INC.	**PARTICIPANT**
______________________________	__
By:	By:
Its:	
	*Electronic acceptance of this Award shall bind the Participant.

Attachments:
1. Performance Vesting Conditions
2. Restricted Stock Unit Agreement
3. 2018 Incentive Plan
4. 2018 Plan Prospectus
5. 2019 Proxy/2018 10-K

<u>SCHEDULE 1</u>

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

<u>PERFORMANCE VESTING CONDITIONS</u>

Performance Period: January 1, 2020 – December 31, 2022.

Performance Goals: For the Performance Period, there are two separate Performance Goals: (i) Non-GAAP Earnings Per Share ("***Non-GAAP EPS***") = **$3.11**, for the 2022 fiscal year (*i.e.*, January 1, 2022 – December 31, 2022) (the "***EPS Target***"); and (ii) the total shareholder return ("***TSR***") ranking of the Company against the TSR Peer Group (as defined below) over the Performance Period (the "***Relative TSR***").

With respect to the EPS Target above, the Committee may take into account significant acquisitions, dispositions, and other corporate transactions affecting the Company and its Related Companies, and may adjust the EPS Target for purposes of this Award. If the Committee adjusts the EPS Target, such adjusted EPS Target shall be communicated to the Participant in writing, and such adjustment shall be binding and final for purposes of this Award**.**

Vesting Date: The "***Vesting Date***" shall be the date on which the Committee determines for the Performance Period (i) the actual achievement of the Adjusted Non-GAAP EPS (as defined in footnote one below) for the 2022 fiscal year (the "***Actual Non-GAAP EPS***") and (ii) the actual achievement of Relative TSR, which shall occur in 2023 but no later than sixty (60) days following the end of the Performance Period, provided that you are employed by or providing services to the Company or a Related Company on such date.

Vesting Schedule: Fifty percent (50%) of the Target RSUs (the "***EPS Target RSUs***") will be eligible to vest based on the achievement of Actual Non-GAAP EPS as it compares to the EPS Target, as set forth in the first chart below, and fifty percent (50%) of the Target RSUs (the "***TSR Target RSUs***"), will be eligible to vest based on the Company's Relative TSR ranking in the fiftieth (50th) percentile against the TSR Peer Group, as set forth in the second chart below.

<u>EPS Earned RSUs</u>:

The percentage of the EPS Target RSUs that may be earned and will vest on the Vesting Date (the "***EPS Earned RSUs***") is based on the Actual Non-GAAP EPS versus the EPS Target (expressed as a percentage, rounded up or down to the nearest whole number), as set forth below:

<u>Performance Level</u>	**<u>Actual Non-GAAP EPS vs. EPS Target</u>**	**<u>Payout % / EPS Earned RSUs</u>**	**<u>Added Payout% Rate Per 1% Performance</u>**
Below Threshold	< 80%	0% of EPS Target RSUs	----
Decelerated	80% but less than 90%	50% - 86% of EPS Target RSUs	4%
Near Target	90% but less than 100%	90% - 99% of EPS Target RSUs	1%
Target	100% but less than 104%	100% of EPS Target RSUs	----
Near Target	104% but less than 109%	101% - 105% of EPS Target RSUs	1%
Accelerated 1	109% but less than 114%	110% - 130% of EPS Target RSUs	5%
Accelerated 2	114% to 120%	140% - 200% of EPS Target RSUs	10%
Maximum	> 120%	200% of EPS Target RSUs	----

<u>TSR Earned RSUs</u>:

The percentage of the TSR Target RSUs that may be earned and will vest on the Vesting Date (the "***TSR Earned RSUs***," together with the EPS Earned RSUs, the "***Total Earned RSUs***") is based upon the Company's TSR ranking against the TSR Peer Group over the Performance Period (*i.e.*, the Relative TSR), as set forth below. As of the Date of Grant, the "***TSR Peer Group***" shall consist of the companies set forth in <u>Exhibit A</u> to this Schedule 1, attached hereto.

The Committee shall calculate the TSR for the Company and each Peer Company of the TSR Peer Group (expressed as a percentage, rounded up or down to the nearest whole number). The Company and each Peer Company shall be ranked from lowest to highest based on the TSR of each company. The percentile rank of the Company's TSR will be determined relative to the TSR ranking of each Peer Company within the TSR Peer Group (expressed as a percentage, rounded up or down to the nearest whole number) (the "***Company's Rank***"). The Company's Rank will then be utilized to determine the Payout %, if any, of the TSR Target RSUs, that will be earned and become TSR Earned RSUs, as set forth below:

<u>Performance Level</u>	**<u>Company's Rank vs. TSR Peer Group (Percentile)</u>**	**<u>Payout % / TSR Earned RSUs</u>**	**<u>Added Payout % Rate Per 1% of Performance</u>**
Below Threshold	< 25th Percentile	0% of TSR Target RSUs	------
Between Threshold and Target	25th but less than the 50th Percentile	50% - 98% of TSR Target RSUs	2%
Target	50th Percentile	100% of TSR Target RSUs	-------
Between Target and Maximum	51st to 75th Percentile	104%- 200% of TSR Target RSUs	4%
Maximum	>75th Percentile	200% of TSR Target RSUs	------

** If the absolute TSR of the Company is negative over the Performance Period, then the Payout % will be capped at 100% of TSR Target RSUs*.

Forfeiture: Except as otherwise provided herein or in the Employment Agreement (if applicable), vesting will cease upon your Termination of Service prior to the Vesting Date and the unvested portion of the Award will immediately terminate and be forfeited.

Death / Total and Permanent Disability: Notwithstanding the foregoing, upon the occurrence of a Termination of Service due to your death or Total and Permanent Disability prior to the Vesting Date, the Target RSUs (both EPS Target RSUs and TSR Target RSUs) shall become fully vested as of the date of such Termination of Service at the Target performance level for the EPS Target (*i.e.*, 100% of EPS Target RSUs) and the 50th Percentile for Relative TSR (*i.e.*, 100% of TSR Target RSUs).

Retirement: Notwithstanding the foregoing, in the event of your Termination of Service due to your Retirement on or after the first anniversary of the Date of Grant but prior to the Vesting Date, the RSUs shall remain outstanding and eligible for vesting on the Vesting Date based on the actual achievement of the Performance Goals, and pro-rated based on a fraction, determined by the number of completed days of service from the Date of Grant through the date of your Retirement over the total number of days in the Performance Period. Any RSUs that do not vest on the Vesting Date shall terminate and be forfeited as of the Vesting Date. For purposes of this Award, the term "***Retirement***" shall mean your voluntary Termination of Service on or after your attainment of (i) age sixty (60) and five (5) years of service with the Company or any Related Company, (ii) age fifty-five (55) and ten (10) years of service with the Company or any Related Company, or (iii) any age with twenty (20) years of service with the Company or any Related Company; *provided, however*, that if at any time the Committee determines that your Termination of Service should be a Termination of Service for Cause, then your Termination of Service will no longer be due to your Retirement and all RSUs shall immediately be forfeited, and no longer eligible for vesting on the Vesting Date.

Change of Control: For purposes of the EPS Target RSUs, upon the occurrence of a Change of Control, the Actual Non-GAAP EPS shall be fixed as of the date of such Change of Control at the EPS Target. Notwithstanding anything herein to the contrary, in the event of your Termination of Service by the Company without Cause or by you for Good Reason (as defined in your Employment Agreement, provided that your Employment Agreement provides for a Termination of Service for Good Reason): (i) on the day of or during the 12-month period immediately following the consummation of a Change of Control (as defined in the Employment Agreement), or (ii) during the 2-month period prior to the consummation of a Change of Control but at the request of any third party participating in or causing the Change of Control or otherwise in connection with the Change of Control, then the RSUs shall vest, effective as of the date of your Termination of Service, as follows: (A) with respect to the EPS Target RSUs, at the Target performance level for the EPS Target (*i.e.*, 100% of EPS Target RSUs), pro-rated based on the number of days you were employed during the Performance Period through the date of your Termination of Service, over the total number of days in the Performance Period, and (B) with respect to the TSR Target RSUs, based on the actual Relative TSR of the Company against the TSR Peer Group through the date of such Change of Control.

Examples: Example 1: Following the Performance Period, the Adjusted Non-GAAP EPS for the 2022 fiscal year is $1.80 and no normalizing adjustments are made by the Committee. The actual achievement (expressed as a percentage, rounded up or down to the nearest whole number) is 58% of the Performance Target. Because the achievement is below Threshold, the Payout % / EPS Earned RSUs is zero. With respect to the TSR Target RSUs, the Committee determines that the Company's Rank against the TSR Peer Group is the 20th Percentile. Because the Relative TSR is below the TSR Threshold, the Payout % / TSR Earned RSUs is zero. Overall, none of the Target RSUs are vested and payable.

Example 2: Following the Performance Period, the Adjusted Non-GAAP EPS for the 2022 fiscal year is $3.24 and no normalizing adjustments are made by the Committee. The actual achievement (expressed as a percentage, rounded up or down to the nearest whole number) is 104% of the EPS Target. Based on such achievement, the Payout % / EPS Earned RSUs is 104% of the EPS Target RSUs. With respect to the TSR Target RSUs, the Committee determines that the Company's Rank against the TSR Peer Group is the 60th Percentile. Based on the Relative TSR, the Payout % / TSR Earned RSUs is 140%. Overall, based on the achievement of the EPS Target and the Relative TSR, a total of 122% of the Target RSUs will vest on the Vesting Date and become Total Earned RSUs.

Example 3: Following the Performance Period, the Adjusted Non-GAAP EPS for the 2022 fiscal year is $4.25. However, based on the occurrence of certain corporate transactions during the Performance Period, the Committee, in its sole discretion, made certain normalizing adjustments to adjust the Actual Non-GAAP EPS to $4.11. Based on the adjusted Actual Non-GAAP EPS, the actual achievement (expressed as a percentage, rounded up or down to the nearest whole number) is 132% of the EPS Target. Based on such achievement, the Payout % / EPS Earned RSUs is 200% of the EPS Target RSUs. With respect to the TSR Target RSUs, the Committee determines that the Company's Rank against the TSR Peer Group is the 80th Percentile. Because the Relative TSR is above the maximum payout, the Payout % / TSR Earned RSUs is 200%. Overall, based on the achievement of the EPS Target and the Relative TSR, a total of 200% of the Target RSUs will vest on the Vesting Date and become Total Earned RSUs.

Exhibit A to Schedule 1

TSR Peer Group

Peer Company Name	Peer Company Name
8x8, Inc.	Interactive Brokers Group, Inc.
ACI Worldwide, Inc.	Intercontinental Exchange, Inc.
Adobe Inc.	INTL FCStone Inc.
Affiliated Managers Group, Inc.	Intuit Inc.
Agilysys, Inc.	Invesco Ltd.
Alarm.com Holdings, Inc.	Invesco Mortgage Capital Inc.
American Express Company	j2 Global, Inc.
Ameriprise Financial, Inc.	Janus Henderson Group plc
ANSYS, Inc.	Jefferies Financial Group Inc.
Apollo Commercial Real Estate Finance, Inc.	KKR Real Estate Finance Trust Inc.
ARMOUR Residential REIT, Inc.	Legg Mason, Inc.
Autodesk, Inc.	LivePerson, Inc.
Berkshire Hathaway Inc.	LogMeIn, Inc.
Blackbaud, Inc.	Manhattan Associates, Inc.
BlackRock, Inc.	MarketAxess Holdings Inc.
Bottomline Technologies (de), Inc.	MicroStrategy Incorporated
Cadence Design Systems, Inc.	Moody's Corporation
Capital One Financial Corporation	Morgan Stanley
Capstead Mortgage Corporation	MSCI Inc.
Cboe Global Markets, Inc.	Nasdaq, Inc.
CDK Global, Inc.	Navient Corporation
Ceridian HCM Holding Inc.	New York Mortgage Trust, Inc.
Citrix Systems, Inc.	Northern Trust Corporation
CME Group Inc.	PennyMac Mortgage Investment Trust
Discover Financial Services	Piper Jaffray Companies
Donnelley Financial Solutions, Inc.	PRA Group, Inc.
E*TRADE Financial Corporation	Raymond James Financial, Inc.
Eaton Vance Corp.	Redwood Trust, Inc.
Ebix, Inc.	S&P Global Inc.
Ebix, Inc.	salesforce.com, Inc.
Encore Capital Group, Inc.	SEI Investments
Enova International, Inc.	SLM Corporation
Evercore Inc.	SPS Commerce, Inc.
EZCORP, Inc.	State Street Corporation
FactSet Research Systems Inc.	Stifel Financial Corp.
Fair Isaac Corporation	Synchrony Financial
Fair Isaac Corporation	T. Rowe Price Group, Inc.
Federated Investors, Inc.	The Bank of New York Mellon Corporation
FGL Holdings	The Charles Schwab Corporation
FirstCash, Inc.	The Goldman Sachs Group, Inc.
Franklin Resources, Inc.	Tyler Technologies, Inc.
Granite Point Mortgage Trust Inc.	Virtus Investment Partners, Inc.
Green Dot Corporation	Waddell & Reed Financial, Inc.
Greenhill & Co., Inc.	WisdomTree Investments, Inc.
	World Acceptance Corporation

The TSR Peer Group shall be subject to the following adjustments:

1. If during the Performance Period two Peer Companies merge or otherwise combine into a single entity (or there is an announcement of such a transaction, but it has not yet closed), the surviving entity shall remain a Peer Company of the TSR Peer Group and the non-surviving entity shall be removed from the TSR Peer Group from the beginning of the Performance Period.

2. If during the Performance Period a Peer Company is acquired by another Peer Company (or there is an announcement of such a transaction, but it has not yet closed), the acquiring or parent entity shall remain a Peer Company of the TSR Peer Group and the acquired entity shall be removed from the TSR Peer Group from the beginning of the Performance Period.

3. If during the Performance Period a Peer Company merges into or otherwise combines with an entity that is not a Peer Company and does not survive or is acquired by an entity that is not a Peer Company (or there is an announcement of such a transaction, but it has not yet closed), such Peer Company shall be removed from the TSR Peer Group from the beginning of the Performance Period.

4. If during the Performance Period a Peer Company ceases to be a public company by becoming a private company through the "going dark" process or otherwise, such Peer Company shall be removed from the TSR Peer Group from the beginning of the Performance Period.

5. If during the Performance Period a Peer Company files a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code or liquidation under Chapter 7 of the U.S. Bankruptcy Code, such Peer Company shall remain as part of the TSR Peer Group and be designated with a TSR of negative 100%.

EXHIBIT A

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. **Grant.** The Company hereby grants to the Participant listed on the Notice of Grant (the "***Participant***") an Award of RSUs, as set forth in the Notice of Grant and subject to the terms and conditions in this Restricted Stock Unit Agreement (this "***Agreement***") and the Incentive Plan. Unless otherwise defined herein, the capitalized terms used herein shall have the meanings given to them in the Notice of Grant, and if not defined in the Notice of Grant, the meanings given to them in the Incentive Plan.

2. **Company's Obligation.** Each RSU represents the right to receive a Share on the vesting date. Unless and until the RSUs vest, the Participant will have no right to receive Shares under such RSUs. Prior to actual distribution of Shares pursuant to any vested RSUs, such RSUs will represent an unsecured obligation of the Company.

3. **Vesting Schedule.** Subject to Paragraph 4 hereof and to any other relevant Incentive Plan provisions, the RSUs awarded by this Agreement will vest according to the vesting schedule specified in the Notice of Grant. The effect of a Company approved unpaid leave of absence on the terms and conditions of the RSUs will be determined by the Committee, subject to applicable laws.

4. **Forfeiture upon Termination of Service.** Except as provided in the Notice of Grant, if the Participant has a Termination of Service for any or no reason prior to vesting, the unvested RSUs awarded by this Agreement will thereupon be terminated and forfeited at no cost to the Company.

5. **Payment After Vesting.** Subject to Paragraph 21 hereof, any RSUs that vest in accordance with Paragraph 3 will be paid to the Participant (or in the event of the Participant's death, to his or her estate) in Shares on, or as soon as practicable after, the applicable vesting date (but in any event, within sixty (60) days of the date on which the RSUs vest).

6. **Withholding Taxes.** As a condition to the payment of any vested RSUs, the Participant must make such arrangements as the Company may require for the satisfaction of any federal, state or local withholding tax obligations that may arise in connection with such payment. The Company may permit or require the Participant to satisfy all or part of the Participant's tax withholding obligations by (a) paying cash to the Company or a Related Company, as applicable; (b) having the Company or a Related Company, as applicable, withhold an amount from any cash amounts otherwise due or to become due from the Company or a Related Company, as applicable, to the Participant; (c) having the Company withhold a number of Shares that would otherwise be issued to the Participant having a Fair Market Value equal to the tax withholding obligations; (d) surrendering a number of Shares the Participant already owns having a Fair Market Value equal to the tax withholding obligations; or (e) any combination of (a), (b), (c) or (d) above. The value of the Shares so withheld or tendered may not exceed the employer's minimum required tax withholding rate.

7. **Payments After Death.** Any distribution or delivery to be made to the Participant under this Agreement will, if the Participant is then deceased, be made to the administrator or executor of the Participant's estate. Any such administrator or executor must furnish the Company with (a) written notice of his or her status as transferee and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

8. **Rights as Stockholder.** Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until the date of issuance of any such Shares under the Incentive Plan. Except as otherwise provided in Paragraph 9, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of any Shares subject to the Award. The Participant agrees to execute any documents requested by the Company in connection with the issuance of any Shares.

9. **Adjustments.** The number of Shares covered by the Award shall be subject to adjustment in accordance with Article 11 of the Incentive Plan.

10. **No Effect on Employment or Service Relationship.** Nothing in the Incentive Plan or any Award granted under the Incentive Plan will be deemed to constitute an employment or service contract or confer or be deemed to confer any right for the Participant to continue in the employ or service of, or to continue any other relationship with, the Company or any Related Company or limit in any way the right of the Company or any Related Company to terminate the Participant's employment or other service relationship at any time, with or without Cause.

11. **Notices.** Any notice which either party hereto may be required or permitted to give to the other shall be in writing and may be delivered personally, by interoffice mail, by fax, by electronic mail or other electronic means, or via a postal service, postage prepaid, to such electronic mail or postal address and directed to such person as the Company may notify the Participant from time to time; and to the Participant at the Participant's electronic mail or postal address as shown on the records of the Company from time to time, or at such other electronic mail or postal address as the Participant, by notice to the Company, may designate in writing from time to time.

12. **Award Is Not Transferable.** Except to the limited extent provided in Paragraph 7, the Award and the rights and privileges conferred hereby may not be transferred, assigned, pledged (as collateral for a loan or as security for the performance of an obligation or for any other purpose) or hypothecated in any way (whether by operation of law or otherwise) and may not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Award, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, the Award and the rights and privileges conferred hereby immediately will become null and void.

13. **Binding Agreement.** Subject to the limitation on the transferability of the Award contained herein, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors and assigns.

14. **Regulatory Restrictions on Issuance of Shares.** Notwithstanding the other provisions of this Agreement, if at any time the Company determines, in its sole discretion, that the listing, registration or qualification of Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company shall be under no obligation to the Participant to register for offering or resale or to qualify for exemption under the Securities Act, or to register or qualify under the laws of any state or foreign jurisdiction, any Shares, security or interest in a security paid or issued under, or created by, the Incentive Plan, or to continue in effect any such registrations or qualifications if made.

15. **Participant's Representations**. Notwithstanding any of the provisions hereof, the Participant hereby agrees that the Company will not be obligated to issue any Shares to the Participant if the issuance of such Shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

16. **Investment Representation**. Unless the Shares are issued to the Participant in a transaction registered under applicable federal and state securities laws, the Participant represents and warrants to the Company that all Shares which may be issued hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Shares are issued to the Participant in a transaction registered under the applicable federal and state securities laws, at the option of the Company, a stop-transfer order against the Shares may be placed on the official stock books and records of the Company, and a legend indicating that such Shares may not be pledged, sold or otherwise transferred, unless an opinion of counsel is provided (concurred in by counsel for the Company) stating that such transfer is not in violation of any applicable law or regulation, may be stamped on stock certificates to ensure exemption from registration. The Company may require such other action or agreement by the Participant as may from time to time be necessary to comply with the federal, state and foreign securities laws.

17. **Conflicting Terms; Incentive Plan Governs.** This Agreement and the Notice of Grant are subject to all terms and provisions of the Incentive Plan. In the event of a conflict between one or more provisions of this Agreement or the Notice of Grant

and one or more provisions of the Incentive Plan, the provisions of the Incentive Plan will govern.

18. **Committee Authority; Decisions Conclusive and Binding.** The Participant acknowledges that a copy of the Incentive Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all the terms and provisions thereof. The Committee will have the power to interpret this Agreement, the Notice of Grant and the Incentive Plan, and to adopt such rules for the administration, interpretation and application of the Incentive Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). The Participant hereby agrees to accept as binding, conclusive, and final all decisions of the Committee upon any questions arising under the Incentive Plan, this Agreement or the Notice of Grant. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to the Incentive Plan, this Agreement or the Notice of Grant.

19. **Claims.** The Participant's sole remedy for any Claim shall be against the Company, and the Participant shall not have any claim or right of any nature against any Related Company (including, without limitation, any parent, subsidiary or affiliate of the Company) or any stockholder or existing or former director, officer or employee of the Company or any Related Company. The foregoing individuals and entities (other than the Company) shall be third-party beneficiaries of this Agreement for purposes of enforcing the terms of this Paragraph 19.

20. **Covenants and Agreements as Independent Agreements**. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

21. **Section 409A.** The Award is intended to be exempt from or comply with the requirements of Section 409A, and shall be construed accordingly. Notwithstanding any other provision of this Agreement, the Notice of Grant, the Incentive Plan or the Employment Agreement to the contrary, with respect to any payments and benefits to which Section 409A applies, if the Participant is a "specified employee," within the meaning of Section 409A, then to the extent necessary to avoid subjecting the Participant to the imposition of any additional tax under Section 409A, amounts that would otherwise be payable during the six-month period immediately following the Participant's "separation from service," within the meaning of Section 409A(a)(2)(A)(i), shall not be paid to the Participant during such period, but shall instead be accumulated and paid to the Participant (or, in the event of the Participant's death, the Participant's estate) in a lump sum on the first business day after the earlier of the date that is six months following the Participant's separation from service or the Participant's death.

22. **Governing Law; Venue.** The validity, interpretation, construction and performance of this Agreement shall be governed by the internal substantive laws of the State of Delaware, without reference to any choice-of-law rules. The Participant irrevocably consents to the nonexclusive jurisdiction and venue of the state and federal courts located in Dallas County, the State of Texas.

23. **Recovery of Compensation.** In accordance with Section 6.13 of the Incentive Plan, the Company may recoup all or any portion of any Shares or cash paid to the Participant in connection with the Award, as set forth in the Company's clawback policy, if any, approved by the Board from time to time.

24. **Entire Agreement; Employment Agreement**. This Agreement, together with the Notice of Grant and the Incentive Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement and the Notice of Grant. Each party to this Agreement and the Notice of Grant acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement, the Notice of Grant or the Incentive Plan and that any agreement, statement, or promise that is not contained in this Agreement, the Notice of Grant or the Incentive Plan shall not be valid or binding or of any force or effect. Notwithstanding anything to the contrary contained in the Notice of Grant, this Agreement or in the Incentive Plan, in the event of any conflict between the terms and conditions of the Award as set forth in the Notice of Grant, this Agreement and in the Incentive Plan, as the case may be, and the terms and conditions of the Employment Agreement, the terms and conditions of the Employment Agreement shall govern unless the conflicting provision in the Notice of Grant, this Agreement or in the Incentive Plan, as the case may be, is more favorable to the Participant; in which case, the provision more favorable to the Participant shall govern.

25. **Legal Construction.** In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement

that is contained in this Agreement, and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

26. **Headings**. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

27. **Gender and Number**. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

28. **Modification**. No change or modification of this Agreement or the Notice of Grant shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties; provided, however, that the Company may change or modify this Agreement or the Notice of Grant without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with any Applicable Laws, including, without limitation (i) compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder, (ii) compliance with any federal or state securities laws, or (iii) compliance with the rules of any exchange or inter-dealer quotation system on which the Company's Shares are listed or quoted. Notwithstanding the preceding sentence, the Company may amend the Incentive Plan to the extent permitted by the Incentive Plan.

Exhibit 10.16

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

(Initial Grant for Outside Director)

TO: ________________________________ (the "***Participant***" or "***you***")

FROM: Blucora, Inc., a Delaware corporation (the "***Company***")

You are hereby granted by the Company a Restricted Stock Unit Award (the "***Award***") under the Blucora, Inc. 2018 Long-Term Incentive Plan (the "***Incentive Plan***") and in accordance with the terms of the Nonemployee Director Compensation Policy (the "***Policy***"). Each restricted stock unit (an "***RSU***") subject to the Award has a notional value equivalent to one share of the Company's Common Stock for purposes of determining the number of shares of Common Stock (the "***Shares***") subject to the Award.

The Award is subject to all the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "***Notice of Grant***") and in the Restricted Stock Unit Agreement attached hereto as **Exhibit A** (the "***Agreement***"), the Policy, and the Incentive Plan, each of which are incorporated by reference into this Notice of Grant. Capitalized terms that are not defined in the Notice of Grant shall have the meanings given to them in the Agreement, and if not defined in the Agreement, the meanings given to them in the Incentive Plan.

Date of Grant: ________________________________

Award Number: ________________________________

Number of RSUs
Subject to the Award:________________________________

Vesting Schedule: Except as specifically provided in the Agreement and subject to the restrictions and conditions set forth in the Incentive Plan, the RSUs shall vest as follows:

(i) one-third (1/3) of the RSUs (rounded down to the nearest whole unit) shall vest on the first anniversary of the Grant Date, provided that you are providing services to the Company on that date;

(ii) an additional one-third (1/3) of the RSUs (rounded down to the nearest whole unit) shall vest on the second anniversary of the Grant Date, provided that you are providing services to the Company on that date; and

(iii) the remaining one-third (1/3) of the RSUs shall vest on the third anniversary of the Grant Date, provided that you are providing services to the Company on that date.

Vesting will cease upon your Termination of Service and the unvested portion of the Award will immediately terminate.

Additional Terms/Acknowledgment: You acknowledge and agree that the Notice of Grant and the vesting schedule set forth herein do not constitute an express or implied promise of your continued service as an Outside Director for the vesting period, for any period, or at all, and shall not interfere with your right or the Company's right to terminate your service relationship with the Company or its Related Companies at any time.

Committee Decisions/Interpretations: You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Incentive Plan and the Award.

* * * * * * *

[*Remainder of Page Intentionally Left Blank*
Signature Page Follows.]

By your signature below or electronic acceptance, you agree that the Notice of Grant, the Agreement, and the Incentive Plan, constitute your entire agreement with respect to the Award, and except as set forth therein, may not be modified except by means of a writing signed by the Company and you. This Notice of Grant and Agreement may be executed and/or accepted electronically and/or executed in duplicate counterparts, the production of either of which (including a signature or proof of electronic acceptance) shall be sufficient for all purposes for the proof of the binding terms of this Award.

BLUCORA, INC.

By:__
Its: Chief Legal Officer & Secretary

PARTICIPANT

__
Signature

Date:__

Attachments:
1. Restricted Stock Unit Agreement
2. Incentive Plan

EXHIBIT A

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

(Outside Director)

1. **Grant.** The Company hereby grants to the Participant listed on the Notice of Grant (the "***Participant***") an Award of RSUs, as set forth in the Notice of Grant and subject to the terms and conditions in this Restricted Stock Unit Agreement (this "***Agreement***") and the Incentive Plan. Unless otherwise defined herein, the capitalized terms used herein shall have the meanings given to them in the Notice of Grant, and if not defined in the Notice of Grant, the meanings given to them in the Incentive Plan.

2. **Company's Obligation.** Each RSU represents the right to receive a Share on the vesting date. Unless and until the RSUs vest, the Participant will have no right to receive Shares under such RSUs. Prior to actual distribution of Shares pursuant to any vested RSUs, such RSUs will represent an unsecured obligation of the Company.

3. **Vesting Schedule.** Subject to Paragraph 4 hereof and to any other relevant Incentive Plan provisions, the RSUs awarded by this Agreement will vest according to the vesting schedule specified in the Notice of Grant.

4. **Forfeiture upon Termination of Service.** Except as provided in the Notice of Grant, if the Participant has a Termination of Service for any or no reason prior to vesting, the unvested RSUs awarded by this Agreement will thereupon be forfeited at no cost to the Company.

5. **Payment After Vesting.** Subject to Paragraph 20 hereof, any RSUs that vest in accordance with Paragraph 3 will be paid to the Participant (or in the event of the Participant's death, to his or her estate) in Shares on, or as soon as practicable after, the applicable vesting date (but in any event, within sixty (60) days of the date on which the RSUs vest).

6. **Payments After Death.** Any distribution or delivery to be made to the Participant under this Agreement will, if the Participant is then deceased, be made to the administrator or executor of the Participant's estate. Any such administrator or executor must furnish the Company with (a) written notice of his or her status as transferee and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. **Rights as Stockholder.** Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until the date of issuance of any such Shares under the Incentive Plan. Except as otherwise provided in Paragraph 8, no adjustment

shall be made for dividends or other rights for which the record date is prior to the issuance of any Shares subject to the Award. The Participant agrees to execute any documents requested by the Company in connection with the issuance of any Shares.

8. **Adjustments.** The number of Shares covered by the Award shall be subject to adjustment in accordance with Article 11 of the Incentive Plan.

9. **No Effect on Service Relationship.** Nothing in the Incentive Plan or any Award granted under the Incentive Plan will be deemed to constitute a service contract or confer or be deemed to confer any right for the Participant to continue in the service of, or to continue any other relationship with, the Company or any Related Company or limit in any way the right of the Company or any Related Company to terminate the Participant's service relationship at any time.

10. **Notices.** Any notice which either party hereto may be required or permitted to give to the other shall be in writing and may be delivered personally, by interoffice mail, by fax, by electronic mail or other electronic means, or via a postal service, postage prepaid, to such electronic mail or postal address and directed to such person as the Company may notify the Participant from time to time; and to the Participant at the Participant's electronic mail or postal address as shown on the records of the Company from time to time, or at such other electronic mail or postal address as the Participant, by notice to the Company, may designate in writing from time to time.

11. **Award Is Not Transferable.** Except to the limited extent provided in Paragraph 6, the Award and the rights and privileges conferred hereby may not be transferred, assigned, pledged (as collateral for a loan or as security for the performance of an obligation or for any other purpose) or hypothecated in any way (whether by operation of law or otherwise) and may not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Award, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, the Award and the rights and privileges conferred hereby immediately will become null and void.

12. **Binding Agreement.** Subject to the limitation on the transferability of the Award contained herein, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors and assigns.

13. **Regulatory Restrictions on Issuance of Shares.** Notwithstanding the other provisions of this Agreement, if at any time the Company determines, in its sole discretion, that the listing, registration or qualification of Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company shall be under no obligation to the Participant to register for offering or resale or to qualify for exemption under the Securities Act, or to register or qualify under the laws of any state or foreign

jurisdiction, any Shares, security or interest in a security paid or issued under, or created by, the Incentive Plan, or to continue in effect any such registrations or qualifications if made.

14. **Participant's Representations**. Notwithstanding any of the provisions hereof, the Participant hereby agrees that the Company will not be obligated to issue any Shares to the Participant if the issuance of such Shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

15. **Investment Representation**. Unless the Shares are issued to the Participant in a transaction registered under applicable federal and state securities laws, the Participant represents and warrants to the Company that all Shares which may be issued hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Shares are issued to the Participant in a transaction registered under the applicable federal and state securities laws, at the option of the Company, a stop-transfer order against the Shares may be placed on the official stock books and records of the Company, and a legend indicating that such Shares may not be pledged, sold or otherwise transferred, unless an opinion of counsel is provided (concurred in by counsel for the Company) stating that such transfer is not in violation of any applicable law or regulation, may be stamped on stock certificates to ensure exemption from registration. The Company may require such other action or agreement by the Participant as may from time to time be necessary to comply with the federal, state and foreign securities laws.

16. **Conflicting Terms; Incentive Plan Governs.** This Agreement and the Notice of Grant are subject to all terms and provisions of the Incentive Plan. In the event of a conflict between one or more provisions of this Agreement or the Notice of Grant and one or more provisions of the Incentive Plan, the provisions of the Incentive Plan will govern.

17. **Committee Authority; Decisions Conclusive and Binding.** The Participant acknowledges that a copy of the Incentive Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all the terms and provisions thereof. The Committee will have the power to interpret this Agreement, the Notice of Grant and the Incentive Plan, and to adopt such rules for the administration, interpretation and application of the Incentive Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). The Participant hereby agrees to accept as binding, conclusive, and final all decisions of the Committee upon any questions arising under the Incentive Plan, this Agreement or the Notice of Grant. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to the Incentive Plan, this Agreement or the Notice of Grant.

18. **Claims.** The Participant's sole remedy for any Claim shall be against the Company, and the Participant shall not have any claim or right of any nature against any Related Company

(including, without limitation, any parent, subsidiary or affiliate of the Company) or any stockholder or existing or former director, officer or employee of the Company or any Related Company. The foregoing individuals and entities (other than the Company) shall be third-party beneficiaries of this Agreement for purposes of enforcing the terms of this Paragraph 18.

19. **Covenants and Agreements as Independent Agreements**. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

20. **Section 409A.** The Award is intended to be exempt from or comply with the requirements of Section 409A, and shall be construed accordingly. Notwithstanding any other provision of this Agreement, the Notice of Grant, or the Incentive Plan to the contrary, with respect to any payments and benefits to which Section 409A applies, if the Participant is a “specified employee,” within the meaning of Section 409A, then to the extent necessary to avoid subjecting the Participant to the imposition of any additional tax under Section 409A, amounts that would otherwise be payable during the six-month period immediately following the Participant’s “separation from service,” within the meaning of Section 409A(a)(2)(A)(i), shall not be paid to the Participant during such period, but shall instead be accumulated and paid to the Participant (or, in the event of the Participant’s death, the Participant’s estate) in a lump sum on the first business day after the earlier of the date that is six months following the Participant’s separation from service or the Participant’s death.

21. **Recovery of Compensation.** In accordance with Section 6.13 of the Incentive Plan, the Company may recoup all or any portion of any Shares or cash paid to the Participant in connection with Award, as set forth in the Company’s clawback policy, if any, approved by the Board from time to time.

22. **Governing Law; Venue.** The validity, interpretation, construction and performance of this Agreement shall be governed by the internal substantive laws of the State of Delaware, without reference to any choice-of-law rules. The Participant irrevocably consents to the nonexclusive jurisdiction and venue of the state and federal courts located in Dallas County, the State of Texas.

23. **Entire Agreement**. This Agreement, together with the Notice of Grant and the Incentive Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement and the Notice of Grant. Each party to this Agreement and the Notice of Grant acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied

in this Agreement, the Notice of Grant or the Incentive Plan and that any agreement, statement, or promise that is not contained in this Agreement, the Notice of Grant or the Incentive Plan shall not be valid or binding or of any force or effect.

24. **Legal Construction**. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement, and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

25. **Headings**. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

26. **Gender and Number**. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

27. **Modification**. No change or modification of this Agreement or the Notice of Grant shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties; provided, however, that the Company may change or modify this Agreement or the Notice of Grant without the Participant’s consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with any Applicable Laws, including, without limitation (i) compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder, (ii) compliance with any federal or state securities laws, or (iii) compliance with the rules of any exchange or inter-dealer quotation system on which the Company’s Shares are listed or quoted. Notwithstanding the preceding sentence, the Company may amend the Incentive Plan to the extent permitted by the Incentive Plan.

Exhibit 10.17

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

(Annual Grant for Outside Director)

TO: ________________________________ (the "***Participant***" or "***you***")

FROM: Blucora, Inc., a Delaware corporation (the "***Company***")

You are hereby granted by the Company a Restricted Stock Unit Award (the "***Award***") under the Blucora, Inc. 2018 Long-Term Incentive Plan (the "***Incentive Plan***") and in accordance with the terms of the Nonemployee Director Compensation Policy (the "***Policy***"). Each restricted stock unit (an "***RSU***") subject to the Award has a notional value equivalent to one share of the Company's Common Stock for purposes of determining the number of shares of Common Stock (the "***Shares***") subject to the Award.

The Award is subject to all the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "***Notice of Grant***") and in the Restricted Stock Unit Agreement attached hereto as **Exhibit A** (the "***Agreement***"), the Policy, and the Incentive Plan, each of which are incorporated by reference into this Notice of Grant. Capitalized terms that are not defined in the Notice of Grant shall have the meanings given to them in the Agreement, and if not defined in the Agreement, the meanings given to them in the Incentive Plan.

Date of Grant: ________________________________

Award Number: ________________________________

Number of RSUs
Subject to the Award:________________________________

Vesting Commencement Date: ________________________________

Vesting Schedule: Except as specifically provided in the Agreement and subject to the restrictions and conditions set forth in the Incentive Plan, The RSUs shall vest in full (100%) on the earlier of (i) the one-year anniversary of the

Grant Date, or (ii) the first Annual Stockholders Meeting following the Grant Date

Additional Terms/Acknowledgment: You acknowledge and agree that the Notice of Grant and the vesting schedule set forth herein do not constitute an express or implied promise of your continued service as an Outside Director for the vesting period, for any period, or at all, and shall not interfere with your right or the Company's right to terminate your service relationship with the Company or its Related Companies at any time.

Committee Decisions/Interpretations: You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Incentive Plan and the Award.

* * * * * * *

[*Remainder of Page Intentionally Left Blank*
Signature Page Follows.]

By your signature below or electronic acceptance, you agree that the Notice of Grant, the Agreement, and the Incentive Plan, constitute your entire agreement with respect to the Award, and except as set forth therein, may not be modified except by means of a writing signed by the Company and you. This Notice of Grant and Agreement may be executed and/or accepted electronically and/or executed in duplicate counterparts, the production of either of which (including a signature or proof of electronic acceptance) shall be sufficient for all purposes for the proof of the binding terms of this Award.

BLUCORA, INC.	**PARTICIPANT**
By:__ Its: Chief Legal Officer & Secretary	__ Signature
	Date:__

Attachments:
1. Restricted Stock Unit Agreement
2. Incentive Plan

EXHIBIT A

BLUCORA, INC.
2018 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

(Outside Director)

1. **Grant.** The Company hereby grants to the Participant listed on the Notice of Grant (the "***Participant***") an Award of RSUs, as set forth in the Notice of Grant and subject to the terms and conditions in this Restricted Stock Unit Agreement (this "***Agreement***") and the Incentive Plan. Unless otherwise defined herein, the capitalized terms used herein shall have the meanings given to them in the Notice of Grant, and if not defined in the Notice of Grant, the meanings given to them in the Incentive Plan.

2. **Company's Obligation.** Each RSU represents the right to receive a Share on the vesting date. Unless and until the RSUs vest, the Participant will have no right to receive Shares under such RSUs. Prior to actual distribution of Shares pursuant to any vested RSUs, such RSUs will represent an unsecured obligation of the Company.

3. **Vesting Schedule.** Subject to Paragraph 4 hereof and to any other relevant Incentive Plan provisions, the RSUs awarded by this Agreement will vest according to the vesting schedule specified in the Notice of Grant.

4. **Forfeiture upon Termination of Service.** Except as provided in the Notice of Grant, if the Participant has a Termination of Service for any or no reason prior to vesting, the unvested RSUs awarded by this Agreement will thereupon be forfeited at no cost to the Company.

5. **Payment After Vesting.** Subject to Paragraph 20 hereof, any RSUs that vest in accordance with Paragraph 3 will be paid to the Participant (or in the event of the Participant's death, to his or her estate) in Shares on, or as soon as practicable after, the applicable vesting date (but in any event, within sixty (60) days of the date on which the RSUs vest).

6. **Payments After Death.** Any distribution or delivery to be made to the Participant under this Agreement will, if the Participant is then deceased, be made to the administrator or executor of the Participant's estate. Any such administrator or executor must furnish the Company with (a) written notice of his or her status as transferee and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. **Rights as Stockholder.** Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until the date of issuance of any such Shares under the Incentive Plan. Except as otherwise provided in Paragraph 8, no adjustment

shall be made for dividends or other rights for which the record date is prior to the issuance of any Shares subject to the Award. The Participant agrees to execute any documents requested by the Company in connection with the issuance of any Shares.

8. **Adjustments.** The number of Shares covered by the Award shall be subject to adjustment in accordance with Article 11 of the Incentive Plan.

9. **No Effect on Service Relationship.** Nothing in the Incentive Plan or any Award granted under the Incentive Plan will be deemed to constitute a service contract or confer or be deemed to confer any right for the Participant to continue in the service of, or to continue any other relationship with, the Company or any Related Company or limit in any way the right of the Company or any Related Company to terminate the Participant's service relationship at any time.

10. **Notices.** Any notice which either party hereto may be required or permitted to give to the other shall be in writing and may be delivered personally, by interoffice mail, by fax, by electronic mail or other electronic means, or via a postal service, postage prepaid, to such electronic mail or postal address and directed to such person as the Company may notify the Participant from time to time; and to the Participant at the Participant's electronic mail or postal address as shown on the records of the Company from time to time, or at such other electronic mail or postal address as the Participant, by notice to the Company, may designate in writing from time to time.

11. **Award Is Not Transferable.** Except to the limited extent provided in Paragraph 6, the Award and the rights and privileges conferred hereby may not be transferred, assigned, pledged (as collateral for a loan or as security for the performance of an obligation or for any other purpose) or hypothecated in any way (whether by operation of law or otherwise) and may not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Award, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, the Award and the rights and privileges conferred hereby immediately will become null and void.

12. **Binding Agreement.** Subject to the limitation on the transferability of the Award contained herein, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors and assigns.

13. **Regulatory Restrictions on Issuance of Shares.** Notwithstanding the other provisions of this Agreement, if at any time the Company determines, in its sole discretion, that the listing, registration or qualification of Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company shall be under no obligation to the Participant to register for offering or resale or to qualify for exemption under the Securities Act, or to register or qualify under the laws of any state or foreign

jurisdiction, any Shares, security or interest in a security paid or issued under, or created by, the Incentive Plan, or to continue in effect any such registrations or qualifications if made.

14. **Participant's Representations**. Notwithstanding any of the provisions hereof, the Participant hereby agrees that the Company will not be obligated to issue any Shares to the Participant if the issuance of such Shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

15. **Investment Representation**. Unless the Shares are issued to the Participant in a transaction registered under applicable federal and state securities laws, the Participant represents and warrants to the Company that all Shares which may be issued hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Shares are issued to the Participant in a transaction registered under the applicable federal and state securities laws, at the option of the Company, a stop-transfer order against the Shares may be placed on the official stock books and records of the Company, and a legend indicating that such Shares may not be pledged, sold or otherwise transferred, unless an opinion of counsel is provided (concurred in by counsel for the Company) stating that such transfer is not in violation of any applicable law or regulation, may be stamped on stock certificates to ensure exemption from registration. The Company may require such other action or agreement by the Participant as may from time to time be necessary to comply with the federal, state and foreign securities laws.

16. **Conflicting Terms; Incentive Plan Governs.** This Agreement and the Notice of Grant are subject to all terms and provisions of the Incentive Plan. In the event of a conflict between one or more provisions of this Agreement or the Notice of Grant and one or more provisions of the Incentive Plan, the provisions of the Incentive Plan will govern.

17. **Committee Authority; Decisions Conclusive and Binding.** The Participant acknowledges that a copy of the Incentive Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all the terms and provisions thereof. The Committee will have the power to interpret this Agreement, the Notice of Grant and the Incentive Plan, and to adopt such rules for the administration, interpretation and application of the Incentive Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). The Participant hereby agrees to accept as binding, conclusive, and final all decisions of the Committee upon any questions arising under the Incentive Plan, this Agreement or the Notice of Grant. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to the Incentive Plan, this Agreement or the Notice of Grant.

18. **Claims.** The Participant's sole remedy for any Claim shall be against the Company, and the Participant shall not have any claim or right of any nature against any Related Company

(including, without limitation, any parent, subsidiary or affiliate of the Company) or any stockholder or existing or former director, officer or employee of the Company or any Related Company. The foregoing individuals and entities (other than the Company) shall be third-party beneficiaries of this Agreement for purposes of enforcing the terms of this Paragraph 18.

19. **Covenants and Agreements as Independent Agreements**. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

20. **Section 409A.** The Award is intended to be exempt from or comply with the requirements of Section 409A, and shall be construed accordingly. Notwithstanding any other provision of this Agreement, the Notice of Grant, or the Incentive Plan to the contrary, with respect to any payments and benefits to which Section 409A applies, if the Participant is a “specified employee,” within the meaning of Section 409A, then to the extent necessary to avoid subjecting the Participant to the imposition of any additional tax under Section 409A, amounts that would otherwise be payable during the six-month period immediately following the Participant’s “separation from service,” within the meaning of Section 409A(a)(2)(A)(i), shall not be paid to the Participant during such period, but shall instead be accumulated and paid to the Participant (or, in the event of the Participant’s death, the Participant’s estate) in a lump sum on the first business day after the earlier of the date that is six months following the Participant’s separation from service or the Participant’s death.

21. **Recovery of Compensation.** In accordance with Section 6.13 of the Incentive Plan, the Company may recoup all or any portion of any Shares or cash paid to the Participant in connection with Award, as set forth in the Company’s clawback policy, if any, approved by the Board from time to time.

22. **Governing Law; Venue.** The validity, interpretation, construction and performance of this Agreement shall be governed by the internal substantive laws of the State of Delaware, without reference to any choice-of-law rules. The Participant irrevocably consents to the nonexclusive jurisdiction and venue of the state and federal courts located in Dallas County, the State of Texas.

23. **Entire Agreement**. This Agreement, together with the Notice of Grant and the Incentive Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement and the Notice of Grant. Each party to this Agreement and the Notice of Grant acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied

in this Agreement, the Notice of Grant or the Incentive Plan and that any agreement, statement, or promise that is not contained in this Agreement, the Notice of Grant or the Incentive Plan shall not be valid or binding or of any force or effect.

24. **Legal Construction**. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement, and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

25. **Headings**. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

26. **Gender and Number**. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

27. **Modification**. No change or modification of this Agreement or the Notice of Grant shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties; provided, however, that the Company may change or modify this Agreement or the Notice of Grant without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with any Applicable Laws, including, without limitation (i) compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder, (ii) compliance with any federal or state securities laws, or (iii) compliance with the rules of any exchange or inter-dealer quotation system on which the Company's Shares are listed or quoted. Notwithstanding the preceding sentence, the Company may amend the Incentive Plan to the extent permitted by the Incentive Plan.

Exhibit 10.30

SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (this "***Agreement***") is entered into by and between Blucora, Inc. (the "***Company***") and Davinder Athwal ("***Executive***"), effective as of January 6, 2020, the date both Parties execute this Agreement ("***Effective Date***"). The Company and Executive are referred to herein individually, as a "***Party***" and collectively, as the "***Parties***." Defined terms not defined in this Agreement have the meaning set forth in the Employment Agreement (as defined below).

WHEREAS, Executive has been employed by the Company as its Chief Financial Officer ("***CFO***");

WHEREAS, Executive executed an Employment Agreement with the Company effective as of February 14, 2018 ("***Employment Agreement***"), which certain provisions shall survive Executive's termination and this Agreement and be in full force and effect as set forth in Section 7 of this Agreement;

WHEREAS, Executive voluntarily resigns his employment and all job and officer positions as of January 2, 2020, and Executive's employment shall terminate effective January 31, 2020 (the "***Separation Date***");

WHEREAS, Executive agrees to make himself available following the Separation Date to provide transition services to the Company through the Severance Period (defined below in Section 2(a));

WHEREAS, the Parties desire to set forth Executive's separation benefits and obligations and to finally, fully and completely resolve all matters arising from or during Executive's employment and separation from employment, any benefits, bonuses and compensation connected with such employment and all other disputes and matters that the Parties may have for any reason; and

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. End of Executive's Employment and Transition.

(a) Separation Date. The Parties agree that Executive's employment with the Company shall terminate on the Separation Date. Executive resigns all of Executive's positions with the Company, including all officer positions, terminate effective as of the Separation Date. Executive shall execute all documents and take such further steps as may be required to effectuate such resignation(s). Executive shall not perform any work except as set forth in this Agreement, and shall not make any representations or execute any documents, or take any other actions, on behalf of the Company as of the Separation Date. The Company shall pay Executive for the Accrued Obligations in accordance with the Employment Agreement.

(b) Transition. Notwithstanding the foregoing and in addition to Executive's cooperation obligations set forth in Section 10 of the Employment Agreement, Executive agrees to cooperate fully and provide assistance during the Severance Period, as requested by the Company, in the orderly

transitioning of Executive's duties and responsibilities to such other persons as the Company shall designate and agrees to thoroughly and diligently perform those duties and actions which are necessary or appropriate to cause such orderly transition. Executive agrees to: (i) fully inform the Company and Executive's successors of all activities in which Executive was involved prior to the Separation Date and of the status of any projects; (ii) at the Company's sole election, either sign the Company's Form 10-K (as the former principal financial officer) and all corresponding certificates as the Company's principal financial officer or provide certifications for necessary disclosures or to support necessary disclosures; (iii) transfer or otherwise make available to Executive's successors or others designated by the Company to the extent possible, all of Executive's knowledge and experience regarding Executive's duties; (iv) accomplish a smooth transition of Executive's responsibilities to Executive's successors; (v) comply with the Company's codes of conduct and employee handbooks, and this Agreement, (vi) not take any action contrary to the goodwill, reputation, and ongoing business of the Company including not making any disparaging comments regarding the Company or its officers, directors, executives, shareholders or employees; and (vii) take all steps necessary to maintain, and in no way act to hinder, the foregoing duties (collectively, the "***Transition Services***"). Executive shall not receive any compensation for the Transition Services other than the compensation and benefits provided for in this Agreement.

(c) Equity Awards. All vesting under all equity awards granted pursuant to the Blucora, Inc. 2015 Incentive Plan, the Blucora, Inc. 2018 Long-Term Incentive Plan or any other equity compensation plan shall cease as of the Separation Date. All awards (or any portions thereof) that have not vested as of the Separation Date shall be forfeited in accordance with the terms and conditions of the award agreements granting such equity awards. To the extent vested and not otherwise forfeited, Executive's rights and obligations shall be governed by the terms and conditions of the award agreements granting such equity awards.

(d) Accrued Obligations. Regardless of whether Executive executes this Agreement, the Company shall pay Executive the Accrued Obligations as set forth in Section 6(b) of the Employment Agreement. The Accrued Obligations include any unpaid Base Salary earned through the Separation Date, payment of any unpaid bonus compensation earned through the Separation Date (which is approximately the amount of $520,000 less taxes and withholdings and which will be paid around February 7, 2020), and reimbursement for business expenses in accordance with Company policy.

2. Consideration. Provided that Executive fully complies with this Agreement and the Surviving Provisions (defined in Section 7), and does not revoke this Agreement under Section 16, in consideration of Executive's execution of this Agreement and promises herein, including, without limitation, the release of claims set forth in Section 3, the Company shall provide for the following payments and benefits:

(a) Severance Payments. The Company agrees to pay Executive an aggregate amount equal to $626,000 (the "***Severance Payments***"), less applicable payroll taxes and withholdings, payable in three (3) equal installment payments, with the first payment payable on the 8th day after the Effective Date, the second payment payable on or before July 15, 2020 and the last payment payable on or before December
31, 2020. In addition, the Company shall pay Executive's legal counsel, Mark Lazarz of Shellist, Lazarz and Slobin, the amount of $90,000 (the "***Attorney Fees***"), which shall be paid on the same date as the first installment to be paid to Executive, for which a Form 1099-MISC will be issued to each of Executive and Lazarz. Lazarz shall provide the Company a completed W-9 before any amount shall be paid. The period from the Effective Date through December 31, 2020 is referred to as the "***Severance Period***".

(b) COBRA Reimbursements. During the Severance Period following the Separation Date, the Company shall reimburse Executive for the monthly premium for health benefit coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***") paid by Executive for himself and his eligible dependents for COBRA coverage under the Company's group health plan (the "***COBRA Reimbursements***," together with the Severance Payments and Attorney Fees, the "***Severance Benefits***"). Notwithstanding the foregoing, if the Company's providing the COBRA Reimbursements under this Section 2(b) would result in the imposition of excise taxes, penalties or similar charges on the Company or any of its subsidiaries, affiliates or successors, including, without limitation, under Section 4980D of the Code or otherwise violate the nondiscrimination rules applicable to non-grandfathered plans, or would result in the imposition of penalties under the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, and the related regulations and guidance promulgated thereunder (the "***ACA***"), the Company shall reform this Section 2(b) in a manner as is necessary to comply with the nondiscrimination requirement, the ACA, or other applicable law, as applicable, which may include eliminating the benefits provided hereunder. The COBRA Reimbursements shall be paid to Executive by the last day of the month immediately following the month in which Executive timely remits the premium payment. The Company will provide Executive under separate cover at Executive's home address, information necessary and as required by law regarding the election of COBRA. Executive's rights and the Company's obligations for COBRA Reimbursements shall cease immediately upon the earlier of (i) the date Executive becomes eligible to receive substantially similar coverage from another employer, whether or not Executive actually receives such coverage, or (ii) the date Executive is no longer eligible to receive COBRA continuation coverage, and Executive shall immediately notify the Company upon the occurrence of such event.

Executive acknowledges and agrees that, but for this Agreement, Executive is not otherwise entitled to the consideration set forth in this Section 2. The amounts payable pursuant to this Section 2 shall not be treated as compensation under the Company's 401(k) plan or any other retirement plan. In the event Executive fails to timely execute this Agreement, or revokes this Agreement, Executive shall not be entitled to any of the amounts in this Section 2. Other than the consideration provided for in this Agreement, Executive shall not be entitled to any additional compensation, bonuses, severance pay, payments, grants, options or benefits under the Employment Agreement, any other agreement or any benefit plan, long term incentive plan, short term incentive plan, severance pay plan or bonus or incentive program established by the Company.

3. Release. In consideration of the promises of the Company provided herein, including, the consideration provided for in Section 2 and other consideration provided for in this Agreement, that being good and valuable consideration, the receipt, adequacy and sufficiency of which Executive acknowledges, Executive, on Executive's own behalf and on behalf of Executive's agents, administrators, representatives, executors, successors, heirs, devisees and assigns (collectively, the "***Executive Releasing Parties***") hereby fully and forever waives, releases, extinguishes and discharges the Company, Avantax Wealth Management, Tax Act and their shareholders, their affiliates, subsidiaries and each of their respective past, present and future parents, owners, officers, directors, shareholders, members, executives, employees, consultants, independent contractors, partners, agents, attorneys, advisers, insurers, fiduciaries, employee benefit plans, representatives, successors and assigns (each, a "***Company Released Party***" and collectively, the "***Company Released Parties***"), jointly and severally, from any and all claims, rights, demands, debts, obligations, losses, causes of action, suits, controversies, setoffs, affirmative defenses, counterclaims, third party actions, damages, penalties, costs, expenses, attorneys' fees, liabilities and indemnities of any kind or nature whatsoever (collectively, the "***Claims***"), whether known or unknown, suspected or unsuspected, accrued or unaccrued, whether at law, equity, administrative, statutory or otherwise, and whether for injunctive relief, back pay, front pay, fringe benefits, equity, reinstatement, reemployment, compensatory

damages, punitive damages, or any other kind of damages, which any of Executive Releasing Parties have, had or may have against any of the Company Released Parties relating to or arising out of any matter arising on or before the date this Agreement is executed by Executive. Such released Claims include, without limitation, all Claims arising from or relating to Executive's employment with the Company or the termination of that employment relationship or any circumstances related thereto, or any other agreement, matter, cause or thing whatsoever, including without limitation all Claims arising under or relating to Executive's employment, the Employment Agreement, equity, compensation, bonuses, benefits, payments, or any other benefits or payments Executive may or may not have received during Executive's employment with the Company, all Claims relating to any other claimed payments, employment contracts or benefits, all Claims arising from or relating to Executive's performance of services for the Company and any of its affiliates during Executive's employment with the Company, including without limitation all Claims arising at law or equity or sounding in contract (express or implied) or tort, Claims arising by statute, common law or otherwise, Claims arising under any federal, state, county or local laws, of any jurisdiction, including Claims for wrongful discharge, libel, slander, breach of express or implied contract or implied covenant of good faith and fair dealing, Claims for alleged fraud, concealment, unjust enrichment, negligence, negligent misrepresentation, promissory estoppel, quantum meruit, intentional or negligent infliction of emotional distress, violation of public policy, and Claims for discrimination, retaliation, sexual harassment and Claims arising under any laws that prohibit age, sex, sexual orientation, race, national origin, color, disability, religion, veteran, workers' compensation or any other form of discrimination, harassment, or retaliation, including, without limitation, Claims under the Age Discrimination in Employment Act of 1967, as amended, the Americans with Disabilities Act of 1990, as amended, the Rehabilitation Act of 1973, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §1981, the Civil Rights Act of 1991, the Civil Rights Act of 1866 and/or 1871, the Equal Pay Act of 1963, the Lilly Ledbetter Fair Pay Act of 2009, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, as amended, the Family and Medical Leave Act of 1993, the Occupational Safety and Health Act, the Employee Polygraph Protection Act, the Uniformed Services Employment and Reemployment Rights Act, the Worker Adjustment and Retraining Notification Act, the Genetic Information Nondiscrimination Act, the Patient Protection and Affordable Care Act of 2010, the National Labor Relations Act, the Labor Management Relations Act, the Immigration Reform and Control Act, the Pennsylvania Labor Relations Act, the Pennsylvania Wage Payment and Collection Law, the Pennsylvania Human Relations Act, the Pennsylvania Minimum Wage Act, the Pennsylvania Equal Pay Law, the Pennsylvania Workers' Compensation Act, any statute or laws of the State of Pennsylvania, any statute or laws of the State of Texas (including but not limited to the Texas Labor Code), any other federal, state, local, municipal or common law whistleblower, discrimination or anti-retaliation statute law or ordinance, and any other Claims arising under state, federal, local, municipal or common law, as well as any expenses, costs or attorneys' fees. Except as required by law, Executive agrees that Executive will not commence, maintain, initiate, or prosecute, or cause, encourage, assist, volunteer, advise or cooperate with any other person to commence, maintain, initiate or prosecute, any action, lawsuit, proceeding, charge, petition, complaint or Claim before any court, agency or tribunal against the Company or any of the Company Released Parties arising from, concerned with, or otherwise relating to, in whole or in part, Executive's employment, the terms and conditions of Executive's employment, or Executive's separation from employment with the Company or any of the matters or Claims discharged and released in this Agreement. This release shall not apply to any of the Company's obligations under this Agreement.

4. No Interference. Nothing in this Agreement or the Surviving Provisions is intended to interfere with Executive's right to report possible violations of federal, state or local law or regulation to any governmental or law enforcement agency or entity, or to make other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. Executive further acknowledges that nothing in this Agreement is intended to interfere with Executive's right to file a claim or charge with, or

testify, assist, or participate in an investigation, hearing, or proceeding conducted by, the Equal Employment Opportunity Commission (the "***EEOC***"), any state human rights commission, or any other government agency or entity. In making such disclosures, Executive need not seek prior authorization from the Company, and is not required to notify the Company of any such reports, disclosures or conduct. However, by executing this Agreement, Executive hereby waives the right to recover any damages or benefits in any proceeding Executive may bring before the EEOC, any state human rights commission, or any other government agency or entity or in any proceeding brought by the EEOC, any state human rights commission, or any other government agency or entity on Executive's behalf with respect to any Claim released in this Agreement; *except that* Executive may receive bounty money awarded by the U.S. Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934 or any similar provision.

5. Known Violations. Executive represents and warrants that Executive is not aware of any illegal acts committed by or on behalf of the Company and represents that if Executive is or had been aware of any such conduct, that Executive has properly reported the same to the Company's CEO or Chief Legal Officer in writing. Executive further represents and warrants that Executive is not aware of any (i) violations, allegations or claims that the Company has violated any federal, state, local or foreign law or regulation of any kind, or (ii) any facts, basis or circumstances relating to any alleged violations, allegations or claims that the Company has violated any federal, state, local or foreign law or regulation of any kind. If Executive learns of any such information, Executive shall immediately inform the Company's CEO or Chief Legal Officer.

6. Return of Company Property. Within three days of the Separation Date, Executive shall, to the extent not previously returned or delivered, without copying or retaining any copies: (a) return all equipment, records, files, documents, data, computer programs, programs or other materials and property in Executive's possession which belong to the Company or any one or more of its affiliates, including, without limitation, all computer access codes, messaging devices, credit cards, cell phones, laptops, computers and related equipment, keys and access cards; and (b) deliver all original and copies of Confidential Information, notes, materials, records, reports, plans, data or other documents, files or programs (whether stored in paper form, computer form, digital form, electronically or otherwise or on Executive's personal computer or any other media) that relate or refer to (1) the Company or any one or more of its affiliates, or (2) the Company's or any one or more of its affiliates' financial information, financial data, financial statements, personnel information, business information, strategies, sales, customers, suppliers, Confidential Information or similar information. Should Executive later discover additional items described or referenced in subsections (a) or (b) above, Executive will promptly notify the Company and return/deliver such items to the Company.

7. Surviving Provisions. Executive and the Company agree that the provisions in Section 9 (Confidentiality and Non-Competition Agreement), Section 10 (Cooperation), Section 11 (Arbitration), and Section 12 (Miscellaneous Provisions) of the Employment Agreement and in Exhibit A (Confidentiality and Non-Competition Agreement) to the Employment Agreement ("***Surviving Provisions***") shall survive the termination of Executive's employment and this Agreement and shall remain in full force and effect as set forth therein.

8. Neutral Reference. The Company agrees to provide a neutral reference regarding Executive's employment with the Company. The Company shall state only Executive's position, compensation, Separation Date and that Executive left the Company based on his decision to retire.

9. No Assignment of Claims. Executive represents that Executive has not transferred or assigned, to any person or entity, any claim involving the Company or the Released Parties, or any portion thereof or interest therein. The Parties acknowledge and agree that nothing in this Agreement shall prohibit payment of any amounts due to Executive under this Agreement to Executive's estate or legal guardian.

10. Binding Effect of Agreement. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors, assigns, executors, administrators, heirs and estates. The Released Parties are third-party beneficiaries of this Agreement.

11. Controlling Law and Venue. This Agreement shall in all respects be interpreted, enforced, and governed under the laws of the State of Texas, without regard to any conflict of law principles. The Company and Executive agree that the language in this Agreement shall, in all cases, be construed as a whole, according to its fair meaning, and not strictly for, or against, either of the Parties. To the extent not covered by the arbitration provision in Section 11 of the Employment Agreement, venue of any claim or dispute shall be in a state district court of competent jurisdiction in Dallas County, Texas, or the United States District Court for the Northern District of Texas. Executive submits to personal jurisdiction of such courts and shall not challenge personal jurisdiction of such courts.

12. Waiver of Jury Trial. WITH RESPECT TO ANY DISPUTE BETWEEN EXECUTIVE AND THE COMPANY ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT (AND NOT COVERED BY THE ARBITRATION PROVISION IN SECTION 11 OF THE EMPLOYMENT AGREEMENT), EXECUTIVE AGREES TO RESOLVE SUCH DISPUTE(S) BEFORE A JUDGE WITHOUT A JURY. EXECUTIVE HAS KNOWLEDGE OF THIS PROVISION AND AGREES TO HEREBY WAIVE EXECUTIVE'S RIGHT TO TRIAL BY JURY AND AGREES TO HAVE ANY DISPUTE(S) ARISING BETWEEN THE COMPANY AND EXECUTIVE ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT RESOLVED BY A JUDGE OF A COMPETENT COURT IN DALLAS COUNTY, TEXAS, OR THE UNITED STATES DISTRICT COURT FOR THE NOTHERN DISTRICT OF TEXAS SITTING WITHOUT A JURY.

13. Severability. Should any provision of this Agreement be declared or determined to be illegal or invalid by any government agency or court of competent jurisdiction, the validity of the remaining parts, terms or provisions of this Agreement shall not be affected, and such provisions shall remain in full force and effect. Upon any finding by any government agency or court of competent jurisdiction that Section 3 above is illegal or invalid, Executive agrees to execute a valid and enforceable general release.

14. Breach of Agreement. In the event Executive breaches any portion, or challenges the enforceability, of this Agreement, Executive (i) forfeits all Severance Benefits *except for* the amount of $10,000.00, (ii) shall pay the Company an amount equal to all Severance Benefits that have been paid to Executive (or anyone on his behalf) *except for* the amount of $10,000.00, (iii) pay the Company for all attorneys' fees, expenses and costs the Company incurs in any action arising out of Executive's breach of this Agreement or the Surviving Provisions, and (iv) pay the Company for any and all other damages to which the Company may be entitled at law or in equity as a result of a breach of this Agreement or the Surviving Provisions.

15. Knowing and Voluntary Waiver. Executive acknowledges that Executive has had an opportunity to review all aspects of this Agreement, the Company is advising and has advised Executive in writing (*i.e.*, through this Agreement) to consult with an attorney of Executive's own choosing at Executive's cost, regarding the effect of this Agreement, Executive has had a reasonable opportunity to do so, and Executive has been represented by counsel in the negotiation and execution of this Agreement.

Executive understands it is Executive's choice whether or not to enter into this Agreement and that Executive's decision to do so is voluntary and is made knowingly. Executive acknowledges and understands that this Agreement specifically releases and waives all rights and claims Executive may have under the Age Discrimination in Employment Act ("***ADEA***") prior to the date on which Executive signs this Agreement.

16. Time for Consideration. Executive has knowingly and voluntarily entered into this Agreement and acknowledges that Executive has been given a period of 21 days from the date Executive received this Agreement to review and consider this Agreement before executing it. Executive understands that Executive has the right to use as much or as little of the 21-day period as Executive wishes before executing this Agreement. Accordingly, Executive understands Executive may execute this Agreement as soon as Executive wishes to execute it within the 21-day period. The signed Agreement must be returned to the Company, ATTN: Tran Taylor, 6333 State Hwy 161, 6th floor, Irving, TX 75038, before the end of such 21-day period. Executive further understands that Executive may revoke this his agreement to release claims under the ADEA within seven days after signing this Agreement, in which case Executive forfeits all rights to the Severance Benefits and the Company's obligation to pay the Severance Benefits provided for in Section 2 of this Agreement, *except for* the amount of $10,000.00, shall be null and void. Revocation is only effective if Executive delivers a written notice of revocation to the Company, ATTN: Tran Taylor, 6333 State Hwy 161, 6th floor, Irving, TX 75038, within seven days after executing the Agreement.

17. No Admission of Liability. This Agreement shall not in any way be construed as an admission by the Company or Executive of any acts of wrongdoing or violation of any statute, law, or legal right. Rather, the Parties specifically deny and disclaim that either has any liability to the other but are willing to enter this Agreement at this time to definitely resolve once and forever this matter and to avoid the costs, expense, and delay of litigation.

18. Entire Agreement. This Agreement and the Surviving Provisions constitute the entire agreement and understanding between the Parties with respect to the subject matter hereof, and fully supersede all prior and contemporaneous negotiations, understandings, representations, writings, discussions and/or agreements between the Parties, whether oral or written, pertaining to or concerning the subject matter of this Agreement, including the Employment Agreement. No oral statements or other prior written material not specifically incorporated into this Agreement, except for the Surviving Provisions, shall be of any force and effect, and no changes in or additions to this Agreement shall be recognized, unless incorporated into this Agreement by written amendment, such amendment to become effective on the date stipulated in it. Any amendment to this Agreement must be signed by all Parties to this Agreement.

19. Disclaimer of Reliance. Except for the specific representations expressly made by the Company in this Agreement, Executive specifically disclaims that Executive is relying upon or has relied upon on any communications, promises, statements, inducements, or representation(s) that may have been made, oral or written, regarding the subject matter of this Agreement. The Parties represent that they are relying solely and only on their own judgment in entering into this Agreement.

20. No Waiver. Failure of the Company to exercise and/or delay in exercising any right, power or privilege in this Agreement or the Surviving Provisions shall not operate as a waiver. No waiver of the Company's rights hereunder shall be effective unless it is in writing and signed by the Company. The Company's waiver of any provision of the Agreement or the Surviving Provisions shall not constitute (i) a continuing waiver of that provision, or (ii) a waiver of any other provision of this Agreement. Furthermore, no waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision.

21. **<u>Section 409A</u>.** The Company intends that all of the Severance Benefits provided to Executive as described in this Agreement will be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the treasury regulations and guidance issued thereunder ("***Section 409A***"). However, nothing contained in this Agreement shall be construed as a representation, guarantee or other undertaking on the part of the Company that the Severance Benefits are, or will be found to be, exempt from the requirements of Section 409A. Executive is solely responsible for determining the tax consequences to Executive of any and all payments made pursuant to this Agreement, including, without limitation, any possible tax consequences under Section 409A.

21. **<u>Counterparts</u>.** This Agreement may be executed by the Parties in multiple counterparts, whether or not all signatories appear on these counterparts (including via electronic signatures and exchange of PDF documents via email), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[*Remainder of Page Intentionally Left Blank*]

PLEASE READ CAREFULLY – THIS AGREEMENT INCLUDES A RELEASE OF CLAIMS, INCLUDING A RELEASE OF CLAIMS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. BEFORE SIGNING THIS AGREEMETN, READ IT, AND CAREFULLY CONSIDER IT. IF YOU CHOOSE, DISCUSS THEIS AGREEMENT WITH YOUR ATTORNEY (AT YOUR OWN EXPENSE).

MY SIGNATURE BELOW MEANS THAT I HAVE READ THIS AGREEMENT AND AGREE AND CONSENT TO ALL THE TERMS AND CONDITIONS CONTAINED IN THIS AGREEMENT.

ACCEPTED AND AGREED TO BY:

EXECUTIVE:

/s/ Davinder Athwal______
DAVINDER ATHWAL
Date: December 31, 2019

THE COMPANY:

BLUCORA, INC.

/s/ John S. Clendening______
JOHN S. CLENDENING
Date: January 6, 2020

Exhibit 10.31

<u>GENERAL RELEASE OF ALL CLAIMS</u>

This General Release and Waiver of Claims (this “***Release***”) is executed by John S. Clendening (“***Executive***”) as of the date set forth below, and will become effective as of the “***Effective Date***” as defined below. This Release is being executed in consideration for the agreements sets forth herein, including payment of the Severance Benefits (as defined herein) to be paid by Blucora, Inc.’s (the “***Company***”) to Executive pursuant to this Release. The Company and Executive are referred to herein collectively as the “***Parties***.”

1. <u>Termination of Employment and Resignation from the Board</u>

Executive acknowledges that his employment with the Company and any of its subsidiaries (collectively, the “***Company Group***”) and any and all appointments he held with any member of the Company Group, whether as officer, director, employee, consultant, agent or otherwise, terminated by mutual agreement as of January 10, 2020 (the “***Termination Date***”). Effective as of the Termination Date, Executive has not had or exercised or purported to have or exercise any authority to act on behalf of the Company or any other member of the Company Group, nor will Executive have or exercise or purport to have or exercise such authority in the future. Executive has contemporaneously delivered to the Board of Directors of the Company (“***Board***”) an executed copy of the Resignation Letter attached hereto. Executive shall not, directly or indirectly, issue or make any statements or disclosures regarding his separation from the Company or his resignation from the Board, except as set forth in the press release attached hereto or as approved by the Company in writing or what is publicly available knowledge through no action of the Executive. Executive agrees that Executive shall not orally or in writing discuss any non-public Company business, including financial, personnel (including Executive’s separation from the Company), legal, strategies or material non-public information with any employees of the Company or any third party without express consent of the Chief Executive Officer, Chief Legal Officer or Chair of the Board of the Company. Executive is entitled to respond to statements or releases the Company, its employees and/or the Board makes regarding the Executive that do not materially mirror the press release attached hereto.

2. <u>Consideration</u>

Provided that Executive materially complies with this Release and the Supplementary Terms of Employment, Exhibit B to the Employment Agreement between Executive and the Company dated as of March 12, 2016, as amended (the “***Employment Agreement***”), in consideration of Executive’s execution of this Release and promises herein, the Company shall provide Executive the following payments and benefits:

(a) <u>Severance Payments</u>. The Company agrees to pay Executive an aggregate amount equal to $5,750,000 (the “***Severance Payments***”), less applicable payroll taxes and withholdings, with $3,400,000 payable in substantially equal installments in accordance with the Company’s payroll practices over 12 months (the “***Severance Period***”), with the first payment commencing on the first payroll date following the Effective Date; and $2,350,000 to be paid on January 24, 2020.

(b) <u>Option Exercise Period Extension</u>. The Company and Executive previously entered into (i) that certain Nonqualified Stock Option Grant Notice and Stock Option Agreement under the Blucora, Inc. 2018 Incentive Plan dated February 20, 2018 granting an option to Executive with respect to 140,000 shares of the Company’s common stock; and (ii) that

certain Nonqualified Stock Option Grant Notice and Stock Option Agreement under the Blucora, Inc. 2018 Incentive Plan dated January 2, 2019 granting an option to Executive with respect to 138,341 shares of the Company's common stock (collectively, (i) and (ii) are referred to herein as the "***NQSO Agreements***"). The Company agrees to amend the NQSO Agreements so that each vested option granted pursuant thereto shall remain exercisable and shall not expire until December 31, 2020 (the "***Exercise Period Extension***"); provided, however, in the event Executive materially fails to comply with this Release or the Supplementary Terms of Employment to the Employment Agreement at any time during such period, the Company retains the right to terminate the exercise period, in which case the time period that Executive has to exercise the vested options shall terminate, and any unexercised vested options shall expire, on the date that is five (5) business days following the date that the Company provides written notice to Executive that the Company is terminating the exercise period. For the avoidance of doubt, no unvested options will become vested by virtue of this Release.

(c) COBRA Reimbursements. During the 18-month period following the Separation Date, the Company shall reimburse Executive for the monthly premium for health benefit coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***") paid by Executive for himself and his eligible dependents for COBRA coverage under the Company's group health plan (the "***COBRA Reimbursements***," together with the Severance Payments and Exercise Period Extension, the "***Severance Benefits***"). Notwithstanding the foregoing, if the Company's providing the COBRA Reimbursements under this Section 2fo} would result in the imposition of excise taxes, penalties or similar charges on the Company or any of its subsidiaries, affiliates or successors, including, without limitation, under Section 4980D of the Code or otherwise violate the nondiscrimination rules applicable to non-grandfathered plans, or would result in the imposition of penalties under the Patient Protection and Affordable Care Act of 20I0, as amended by the Health Care and Education Reconciliation Act of 2010, and the related regulations and guidance promulgated thereunder (the "***ACA***"), the Company shall reform this Section 2(c} in a manner as is necessary to comply with the nondiscrimination requirement, the ACA, or other applicable law, as applicable, which may include eliminating the benefits provided hereunder. The COBRA Reimbursements shall be paid to Executive by the last day of the month immediately following the month in which Executive timely remits the premium payment. The Company will provide Executive under separate cover at Executive's home address, information necessary and as required by law regarding the election of COBRA. Executive's rights and the Company's obligations for COBRA Reimbursements shall cease immediately upon the earlier of (i) the date Executive becomes eligible to receive substantially similar coverage from another employer, whether or not Executive actually receives such coverage, or (ii) the date Executive is no longer eligible to receive COBRA continuation coverage, and Executive shall immediately notify the Company upon the occurrence of such event.

For clarity, Executive shall receive only the Severance Benefits set forth in this Release. Executive agrees that Executive shall not receive any other severance payments or benefits except as provided in this Release. For avoidance of doubt, the Company agrees to pay Executive his 2019 bonus in an amount no less than target no later than February 15, 2020.

3. Waiver and Release.

In consideration for the Severance Benefits:

(a) Executive, for and on behalf of himself and his heirs and assigns, hereby fully and forever waives and releases any and all contractual, common law, statutory or other complaints, claims, charges or causes of action relating to or arising out of any matter arising on or before the date this Agreement is executed by Executive, including all claims arising out of or relating to Executive's employment or termination of employment with the Company Group, the Employment Agreement, Executive's services, in any capacity, with the Company Group, and any and all other disputes between Executive and the Company Group (collectively, "***Claims***"). The Claims waived and released by this Release include any and all Claims, whether known or unknown, whether in law or in equity, which Executive may now have or ever had against any member of the Company Group or any past, present and future shareholder, employee, advisor, officer, director, agent, attorney, representative, trustee, administrator or fiduciary of any member of the Company Group or Avantax Wealth Management, Tax Act (collectively, the "***Company Releasees***") up to and including the date of Executive's execution of this Agreement. The Claims waived and released by this Release include, without limitation, any and all Claims arising out of Executive's employment with the Company Group under, by way of example and not limitation, the Employment Agreement, the Age Discrimination in Employment Act of 1967 ("***ADEA***", a law which prohibits discrimination on the basis of age against persons age 40 and older), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans With Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, the Family Medical Leave Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Texas Labor Code, the California Fair Housing and Employment Act, the California Labor Code and applicable California wage orders, California Business and Professions Code, the California and Texas Constitutions, any statute or laws of the State of Texas and State of California, any other federal, state, local, municipal or common law whistleblower, discrimination or anti-retaliation statute law or ordinance, and any other Claims arising under state, federal, local, municipal or common law, as well as any expenses, costs or attorneys' fees. Except as required by law, Executive agrees that Executive will not commence, maintain, initiate, or prosecute, or cause, encourage, assist, volunteer, advise or cooperate with any other person to commence, maintain, initiate or prosecute, any action, lawsuit, proceeding, charge, petition, complaint or Claim before any court, agency or tribunal against the Company or any of the Company Releasees arising from, concerned with, or otherwise relating to, in whole or in part, Executive's employment, the terms and conditions of Executive's employment, or Executive's separation from employment with the Company, resignation from the Board, or any of the matters or Claims discharged and released in this Release. This release shall not apply to any of the Company's obligations under this Release. Executive acknowledges that the payments and benefits provided for in Section 2 of this Release constitute good and valuable consideration for the release contained in this Section 3. This Release is a full and final general release by Executive of all unknown, undisclosed, and unanticipated losses, wrongs, injuries, claims, and damages that arise wholly or in part from any act or omission occurring before this Release becomes effective, as well as a general release by Release of all claimed losses, wrongs, injuries, claims, and damages, now known or disclosed, that arise in whole or in part as a result of any act or omission occurring before this Release becomes effective. Therefore, as to any and all claims against the Company Releasees, Executive waives and relinquishes any and all rights and benefits under the terms of Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

(b) The waiver and release set forth in this Section 3 is intended to be construed as broadly and comprehensively as applicable law permits. The waiver and release shall not be construed as waiving or releasing any claim or right that as a matter of law cannot be waived or released, including Executive's right to file a charge with the Equal Employment Opportunity Commission or other government agency; however, Executive waives any right to recover monetary remedies and agrees that he will not accept any monetary remedy as a result of any such charge or as a result of any legal action taken against the Company by any such agency to the extent permitted by law.

(c) Notwithstanding anything else in this Release, Executive does not waive or release claims with respect to:

(i) Executive's entitlement, if any, to the Severance Benefits pursuant to this Release;

(ii) vested benefits or payments specifically to be provided to the Executive pursuant to the Employment Agreement or any Company employee benefit plans or policies;

(iii) indemnification pursuant to any applicable provision of the Company's Bylaws or Certificate of Incorporation, as amended, pursuant to any written indemnification agreement between the Executive and the Company, or pursuant to applicable law;

(iv) any claims which the Executive may have solely by virtue of the Executive's status as a shareholder of the Company;

(v) unemployment compensation to which Executive may be entitled under applicable law.

(d) Executive represents and warrants that he is the sole owner of the actual or alleged Claims that are released hereby, that the same have not been assigned, transferred, or disposed of in fact, by operation of law, or in any manner, and that he has the full right and power to grant, execute and deliver the releases, undertakings, and agreements contained herein.

(e) Executive represents that he has not filed any complaints, charges or lawsuits against the Company with any governmental agency or any court based on Claims that are released and waived by this Release.

4. No Admission of Wrongdoing.

This Release shall not be construed as an admission by the Parties of any wrongful or unlawful act or breach of contract. As of the date of this Release, the Company, the Company Group and the Board promise, warrant and represent that they do not know of or suspect that Executive has committed any actions, inactions, or wrongful deeds that would give the Company, the Company Group or the Board any basis for filing a claim, cause of action, lawsuit, arbitration and/or other legal proceeding against Executive. The Company, the Company Group and the Board acknowledge that their representation in Section 4 is a material term that motivated Executive to sign this Release, and without which Executive would not have signed this

Release. As of the date of this Release, Executive promises, warrants and represents that he does not know of or suspect that the Company, the Company Group or the Board committed any actions, inactions, or wrongful deeds that would give Executive any basis for filing a claim, cause of action, lawsuit, arbitration and/or other legal proceeding against Executive. Executive acknowledges that his representation in Section 4 is a material term that motivated the Company to sign this Release, and without which the Company would not have signed this Release.

5. Mutual Non-Disparagement.

Executive and the Company, on its' own behalf and on behalf of its' Board members and officers, agree that the Company's and Executive's goodwill and reputation are assets of great value to the Company and Executive, which have been obtained and maintained through great costs, time and effort. Therefore, Executive and the Company, on its' own behalf and on behalf of its' Board members and officers, contractually agree that they shall not directly or indirectly make, publish or otherwise transmit any disparaging, defamatory or libelous statements, whether written or oral, regarding Executive or the Company, the Company Group or their officers, directors, executives, employees, contractors, consultants, advisors, vendors, products, services, business or business practices. The rights afforded the Parties under this provision are in addition to any and all rights and remedies otherwise afforded by law. Nothing in this Section 5 restricts or prevents Executive or the Company from providing truthful testimony as required by court order or other legal process.

However, nothing in this Section 5 or this Release shall prevent Executive from making truthful statements as permitted in Section I or answering inquiries or questions about the following: comparing the products and services manufactured, serviced, marketed, or sold by Blucora to the products and services manufactured, serviced, marketed or sold by any person or entity competing with Blucora or any entity with whom Executive is affiliated or, comparing the performance of said entities, so long as Executive does not disclose any Blucora trade secrets or other confidential information.

6. Binding Agreement; Successors and Assigns.

This Release binds Executive's heirs, administrators, representatives, executors, successors, and assigns, and will inure to the benefit of the respective heirs, administrators, representatives, executors, successors, and assigns of any person or entity as to whom the waiver and release set forth in Section 3 applies.

7. Other Agreements.

This Release does not supersede or modify in any way Executive's continuing obligations pursuant to the Employment Agreement (including Exhibit B thereto) or the dispute resolution provisions of the Employment Agreement (including Exhibit B thereto).

However, if there is a conflict between any provision or term in this Release and any provision or term in any other agreement between Executive and the Company, then the provision(s) and the term(s) of this Release supersedes, modifies, and controls.

8. Knowing and Voluntary Agreement; Consideration and Revocation Periods.

(a) Executive acknowledges that he has been given twenty-one (21) calendar days from the date of receipt of this Release to consider all of the provisions of this Release and that if he

signs this Release before the 21-day period has ended he knowingly and voluntarily waives some or all of such 21-dayperiod.

(b) Executive represents that (i) he has read this Release carefully, (ii) he has hereby been advised by the Company to consult an attorney of his choice and has either done so or voluntarily chosen not to do so, (iii) he fully understands that by signing below he is giving up certain rights which he might otherwise have to sue or assert a claim against any of the Company Releasees, and (iv) he has not been forced or pressured in any manner whatsoever to sign this Release, and agrees to all of its terms voluntarily.

(c) Executive shall have seven (7) calendar days from the date of his execution of this Release (the "***Revocation Period***") in which he may revoke this Release. Such revocation must be in writing and delivered, prior to the expiration of the Revocation Period, to the attention of the Company's Chief Legal Officer at the Company's then-current headquarters address. If Executive revokes this Release during the Revocation Period, then the Release shall be null and void and without effect.

9. Effective Date.

The Effective Date of this Release will be day after the Revocation Period expires without revocation by Executive.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, Executive has executed this Release as of the date indicated below.

/s/ John S. Clendening________ Date: January 15, 2020_________
JOHN S. CLENDENING

IN WITNESS WHEREOF, the Company has executed this Release as of the date indicated below.

BLUCORA, INC.

/s/ Georganne C. Proctor______ Date: January 15, 2020_________
Georganne C. Proctor

Exhibit 10.32

EMPLOYMENT AGREEMENT

This Employment Agreement (this "***Agreement***") is made and entered into as of January 17, 2020, by and between Christopher W. Walters (the "***Executive***") and Blucora, Inc. (the "***Company***").

RECITALS

WHEREAS, the Company desires to employ the Executive as the President and Chief Executive Officer beginning on January 30, 2020 (the "***Effective Date***"), and the Executive desires to serve in such capacity;

NOW THEREFORE, in consideration of the foregoing, the mutual covenants contained herein, the employment of the Executive by the Company, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. <u>Certain Definitions</u>

(a) ***"Base Salary"*** has the meaning set forth in Section 5(a).

(b) ***"Board"*** means the Board of Directors of the Company.

(c) ***"Cause"*** means, as determined by the Independent Members of the Board in its reasonable discretion: (i) the Executive's conviction of, or plea of guilty or nolo contendere to, a misdemeanor involving dishonesty, wrongful taking of property, immoral conduct, bribery or extortion or any felony; (ii) willful material misconduct by the Executive in connection with the business of the Company; (iii) the Executive's continued and willful failure to perform substantially his responsibilities to the Company under this Agreement, after written demand for substantial performance has been given by the Independent Members of the Board that specifically identifies how the Executive has not substantially performed his responsibilities; (iv) the Executive's improper disclosure of confidential information or other material breach of this Agreement, including the Confidentiality and Non-Competition Agreement; (v) the Executive's material fraud or dishonesty against the Company; (vi) the Executive's willful and material breach of the Company's written code of conduct and business ethics or other material written policy, procedure or guideline in effect from time to time (provided that the Executive was given access to a copy of such policy, procedure or guideline prior to the alleged breach) relating to personal conduct; or (vii) the Executive's willful attempt to obstruct or willful failure to cooperate with any investigation authorized by the Independent Members of the Board or any governmental or self-regulatory entity. Any determination of Cause by the Company shall be made by a resolution approved by a majority of the Independent Members of the Board, provided that, with respect to Section 1(c)(iii), the Independent Members of the Board must give the Executive notice and 60 days to cure the substantial nonperformance.

(d) ***"Change of Control"*** means the occurrence of any of the following:

(i) any "person" (as defined in Sections 13(d) and 14(d) of the Exchange Act), excluding for this purpose, (A) the Company or any subsidiary of the Company or (B) any employee benefit plan of the Company or any subsidiary of the Company, or any person or entity

organized, appointed or established by the Company for or pursuant to the terms of any such plan that acquires beneficial ownership of voting securities of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities;

(ii) consummation of a reorganization, merger or consolidation of the Company, in each case, unless, following such transaction, all or substantially all the individuals and entities who were the beneficial owners of outstanding voting securities of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the company resulting from such transaction (including, without limitation, a company that, as a result of such transaction, owns the Company or all or substantially all the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such transaction of the outstanding voting securities of the Company;

(iii) any sale or disposition by the Company, in one transaction or a series of related transactions, of all or substantially all the Company's assets;

(iv) a "***Board Change***" which, for purposes of this Agreement, shall have occurred if a majority of the seats on the Board are occupied by individuals who were neither (A) nominated by a majority of the Incumbent Directors nor (B) appointed by directors so nominated ("***Incumbent Director***" means a member of the Board who has been either (1) nominated by a majority of the directors of the Company then in office or
(2) appointed by directors so nominated, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board); or

(v) an approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(e) "***Code***" means the Internal Revenue Code of 1986, as amended.

(f) "***Compensation Committee***" means the Compensation Committee of the Board.

(g) "***Confidentiality and Non-Competition Agreement***" means the Confidentiality and Non-Competition Agreement attached hereto as **Exhibit A**.

(h) "***Disability***" means the Executive's inability to perform his employment duties to the Company hereunder, with or without reasonable accommodation, for 180 days (in the aggregate) in a one-year period as determined by an independent physician selected by the Company.

(i) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

(j) ***"Good Reason"*** means the occurrence of any of the following without the Executive's express prior written consent: (i) a material reduction of or to the Executive's duties, authority, responsibilities or reporting relationship; (ii) a material reduction of the Executive's Base Salary; (iii) a material reduction of the Executive's Target Bonus; (iv) a material reduction in the kind or level of employee benefits to which the Executive is entitled that occurs within 12 months following a Change of Control, unless similarly situated employees also experience a reduction; (v) a requirement that the Executive relocate his primary work location more than 25 miles from Irving, Texas or from any work location to which the Company transfers the Executive during the course of his employment and to which such transfer the Executive has consented; (vi) in connection with a Change of Control, the failure of the Company to assign this Agreement to a successor to the Company or the failure of a successor to the Company to explicitly assume and agree to be bound by this Agreement in a writing delivered to the Executive; or (vii) a material breach of this Agreement by the Company.

Notwithstanding the foregoing, termination of employment by the Executive will not be for Good Reason unless (x) the Executive delivers written notice to the Company (the "***Good Reason Notice***") of the existence of the condition which the Executive believes constitutes Good Reason within 30 days of the initial existence of such condition (which Good Reason Notice specifically identifies such condition), the Company fails to remedy such condition within 30 days after the date on which it receives such notice (the "***Good Reason Cure Period***"), and (z) the Executive actually terminates employment within 30 days after the expiration of the Good Reason Cure Period.

(k) ***"Independent Members of the Board"*** means Board Members who are not employees of the Company or an affiliate of the Company.

(l) ***"Release"*** means a full release of claims against the Company substantially in the form attached hereto as **<u>Exhibit B</u>**; *provided, however*, that notwithstanding the foregoing, such Release is not intended to and will not waive the Executive's rights: (i) to indemnification pursuant to any applicable provision of the Company's Bylaws or Certificate of Incorporation, as amended, pursuant to any written indemnification agreement between the Executive and the Company, or pursuant to applicable law; (ii) to vested benefits or payments specifically to be provided to the Executive under this Agreement or any Company employee benefit plans or policies; or (iii) respecting any claims the Executive may have solely by virtue of the Executive's status as a stockholder of the Company. The Release also shall not include claims that an employee cannot lawfully release through execution of a general release of claims.

(m) ***"Section 409A"*** means Section 409A of the Code and the Treasury Regulations and official guidance issued in respect of Section 409A of the Code.

(n) ***"Target Bonus"*** has the meaning set forth in Section 5(b).

2. <u>Duties and Scope of Employment</u>

The Company shall employ the Executive in the position of President and Chief Executive Officer. In addition, the Independent Members of the Board shall use their best efforts to secure the Executive's continued election to the Board. The Executive shall report directly to the Independent Members of the Board. The Executive will render such business and professional services in the performance of the Executive's duties, consistent with the Executive's position(s) within the Company, as shall be reasonably

assigned to the Executive at any time and from time to time by the Independent Members of the Board. The Executive will also serve on the Board without any compensation other than the compensation the Executive is entitled to receive under this Agreement. The Executive acknowledges that he is not eligible to receive compensation for serving on the Board during the Agreement Term in his capacity as a director. Upon termination of the Executive's employment for any reason, unless otherwise requested by the Independent Members of the Board or as otherwise provided for in Section 6(a), below, the Executive will be deemed to have resigned from all positions held at the Company and its affiliates voluntarily, without any further action by the Executive, as of the end of the Executive's employment, and the Executive, at the Independent Members of the Board's request, will execute any documents necessary to reflect his resignation.

3. Obligations

While employed hereunder, the Executive will perform his duties ethically, faithfully and to the best of the Executive's ability and in accordance with law and Company policy. The Executive agrees not to actively engage in any other employment, occupation, service on board of a publicly traded company or consulting activity for any direct or indirect remuneration without the express prior written approval of the Independent Members of the Board, which approval shall not be unreasonably withheld; provided, however, that notwithstanding anything to the contrary in this Agreement or the Confidentiality and Non-Competition Agreement, the Executive may engage in charitable activities and activities related to Executive's personal investments, so long as such activities do not materially interfere with the Executive's responsibilities to the Company, and such activities do not conflict with Executive's obligations and duties to the Company.

4. Agreement Term

Unless earlier terminated as provided herein, the term of this Agreement (the "***Agreement Term***") shall be for a period of three years commencing on the Effective Date and may be extended thereafter upon the written mutual agreement of the Executive and the Independent Members of the Board.

5. Compensation and Benefits

(a) Base Salary. The Company agrees to pay the Executive a base salary (the "***Base Salary***") at an annual rate of not less than $780,000, payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Executive's Base Salary shall be subject to annual review by the Independent Members of the Board (or a committee thereof).

(b) Annual Bonus. The Executive shall be eligible to participate in the Company's bonus and other incentive compensation plans and programs for the Company's senior executives at a level commensurate with his position. The Executive shall have the opportunity to earn an annual target bonus (the "***Target Bonus***") measured against criteria to be determined by the Independent Members of the Board (or a committee thereof) of 150% of Base Salary. The payout of any 2020 bonus will occur following the end of the Company's Executive Bonus Plan (the "***Plan***") year, which is December 31, 2020, and will be paid in accordance with the terms and conditions of the Plan. Payment of any bonus pursuant to this Section 5(b) is subject to the Executive's employment by the Company on the date required in the Plan. The Company reserves the right to change the Plan at any time at its discretion.

(c) Equity Awards. The Executive will be eligible to participate in the Company's long-term equity incentive programs extended to senior executives of the Company generally at levels commensurate with the Executive's position, which specific participation and levels shall be determined by the Independent Members of the Board (or a committee thereof) in its sole discretion. For 2020, Executive will be granted equity award(s) with a total aggregate target value of $5,000,000 on the date of grant, with such award(s) consisting of a combination of the following types of awards, as has been approved by the Independent Members of the Board for senior executives of the Company as of the date hereof for 2020 and in the form substantially similar to that as has been provided to the Executive as of the date hereof: time-based restricted stock units (vesting over three years), performance-based restricted stock units (eligible for vesting based on performance following a three-year performance period), and/or nonqualified stock options (vesting over three years); provided, however, that the Independent Members of the Board (or an independent committee thereof) retains the sole discretion to establish the terms and the types of awards that are granted to the Executive in accordance with this Section 5(c) with respect to 2020 and later years.

(d) Benefits. The Executive and his eligible dependents shall be eligible to participate in the employee benefit plans that are available or that become available to other employees of the Company, with the adoption or maintenance of such plans to be in the discretion of the Company, subject in each case to the generally applicable terms and conditions of the plan or program in question and to the determination of any committee administering such plan or program. Such benefits shall include participation in the group medical, life, disability, and retirement plans that are made generally available to employees of the Company, and any supplemental plans available to senior executives of the Company from time to time. The Company reserves the right to change or terminate its employee benefit plans and programs at any time.

(e) Expenses. The Company shall reimburse the Executive for reasonable business expenses incurred by the Executive in the furtherance of or in connection with the performance of the Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

(f) Signing Bonus, Temporary Living Allowance and Relocation Expenses.

(i) Signing Bonus. The Company will pay the Executive a signing bonus of $250,000, less social security contributions, income tax withholding, and any other applicable deductions, within 30 days following the Effective Date (***"Signing Bonus"***). If the Executive resigns his employment with the Company for any reason other than for Good Reason, or if Executive is terminated by the Company for Cause, and such resignation or termination occurs on or before the one-year anniversary of the Effective Date, the Executive will repay to the Company the Signing Bonus.

(ii) Temporary Living Allowance. The Executive shall receive a temporary monthly living allowance of $20,000 for up to 12 months following the Effective Date, subject to the Executive's continued employment during that period, to assist the Executive with relocating to the Dallas/Fort Worth area and related expenses, such as temporary housing and commuting; provided that the allowance shall cease upon such time that the Executive has completed his relocation to the Dallas/Fort Worth area. To the extent the Executive has not completed his relocation within 12 months following the Effective Date, the Independent Members of the Board

(or an independent committee thereof) shall consider whether and to what extent, if any, the allowance shall continue. Any taxes payable with respect to the payments made by the Company to the Executive pursuant to this Section 5(f)(ii) shall be the sole responsibility of the Executive, and the Company will follow federal, state and local tax regulations with regard to the reporting and withholding on such payments.

(iii) Relocation Expenses. The Company shall reimburse the Executive for his reasonable and customary, documented relocation expenses, including purchase and sale transaction expenses, actually incurred in connection with his relocation to the Dallas/Fort Worth area, payable in accordance with Section 14(b)(iii) below and the Company's standard relocation policy.

6. Termination of Employment

(a) General Provisions. This Agreement and the Executive's employment with the Company may be terminated by either the Executive or the Company at will at any time with or without Cause; provided, however, that the parties' rights and obligations upon such termination during the Agreement Term shall be as set forth in applicable provisions of this Agreement. If the Executive's employment terminates during the term of this Agreement for any reason, the Executive shall be deemed, automatically and without any further action on behalf of the Executive, to have tendered an irrevocable resignation from the Board and, if applicable, the board of directors of each direct and indirect subsidiary of the Company, to be effective as of such termination. The Nominating and Governance Committee shall consider the appropriateness of continued Board service by the Executive and will recommend to the Board whether such resignation should be accepted or rejected, and the Board (except the Executive who shall recuse himself from the discussion and vote on such matter) will determine whether to accept or reject such resignation.

(b) Any Termination by Company or the Executive. In the event of any termination of the Executive's employment with the Company, whether by the Company or by the Executive, (i) the Company shall pay the Executive any unpaid Base Salary due for periods prior to the date of termination of employment (**"*Termination Date*"**); (ii) the Company shall pay the Executive any unpaid bonus compensation pursuant to Section 5(b), to the extent earned through the Termination Date, subject to the terms of the Company's Executive Bonus Plan (or any successor plan thereto); and (iii) following submission of proper expense reports by the Executive, the Company shall reimburse the Executive for all expenses reasonably and necessarily incurred by the Executive in connection with the business of the Company through the Termination Date (collectively, the **"*Accrued Obligations*"**). The Accrued Obligations shall be paid promptly upon termination and within the period mandated by applicable law (but, in any event, within 30 days after the Termination Date). The Accrued Obligations paid or provided pursuant to this Section 6(b) shall be in addition to the payments and benefits, if any, to be provided to the Executive upon his termination of employment pursuant to Section 6(c), 6(d), 6(e), or 6(f), as applicable. Except as expressly stated above or as required by law or this Agreement, the Executive shall receive no further compensation in any form other than as set forth in this Section 6(b).

(c) Termination by Company Without Cause or for Good Reason. If, other than in connection with a Change of Control as described in Section 6(d), the Executive's employment with the Company is terminated by the Independent Members of the Board without Cause, the Executive

terminates employment with the Company under circumstances constituting Good Reason, then subject to Section 6(g), the Executive shall receive the following payments and benefits:

(i) a severance payment in an amount equal to the sum of (A) two times the Executive's Base Salary in effect as of the Termination Date (or if the Executive terminates employment under circumstances constituting Good Reason due to a material reduction of the Executive's Base Salary, in effect immediately prior to such reduction) and (B) two times the Executive's then-current annual Target Bonus amount (in each case less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii); and

(ii) a lump-sum payment in an amount equal to the monthly COBRA premium in effect under the Company's group health plan as of the Termination Date for the coverage in effect under such plan for the Executive (and the Executive's spouse and dependent children) on such date multiplied by 18 (less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii).

Notwithstanding any provision to the contrary in any Company equity compensation plan or any outstanding equity award agreement, if, during the Agreement Term, the Executive terminates employment with the Company under circumstances described in this Section 6(c), there shall be no acceleration of vesting or exercisability of any outstanding equity awards or extension of any option post- termination exercise period solely by application of this Section 6(c).

For the avoidance of doubt, under no circumstances will the Executive be entitled to payments and benefits under both this Section 6(c) and Section 6(d).

(d) Termination of Employment in Connection with a Change of Control. If the Company terminates the Executive's employment without Cause or the Executive terminates employment with the Company for Good Reason (1) on the day of or during the 24-month period immediately following the consummation of a Change of Control or (2) during the 2-month period prior to the consummation of a Change of Control, in either case in connection with a Change of Control, then subject to Section 6(g) and with respect to clause (2), subject to the consummation of such Change of Control, the Executive shall receive the following payments and benefits:

(i) a severance payment in an amount equal to the sum of: (A) two and one- half times the Executive's Base Salary in effect as of the Termination Date and his then- current Target Bonus amount (or if the Executive terminates employment for Good Reason due to a material reduction of the Executive's Base Salary, in effect immediately prior to such reduction) and (B) two and one-half times the Executive's then-current annual Target Bonus amount (or if the Executive terminates employment for Good Reason due to a material reduction of the Executive's Target Bonus, in effect immediately prior to such reduction) (in each case less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date (but, in any event, by no later than March

15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii);

(ii) a lump-sum payment in an amount equal to the monthly COBRA premium in effect under the Company's group health plan as of the Termination Date for the coverage in effect under such plan for the Executive (and the Executive's spouse and dependent children) on such date multiplied by 18 (less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii); and

(iii) notwithstanding any provision to the contrary in any applicable equity compensation plan or any outstanding equity award agreement, the treatment of the Executive's outstanding equity awards shall be governed solely by the following provisions: (A) all of the Executive's then-outstanding time-vesting equity awards shall fully vest and all restrictions thereon shall lapse, and (B) to the extent vested (including as a result of the acceleration provided under this Section 6(d)(iii)), all of the Executive's outstanding stock options shall remain exercisable until the first to occur of 12 months following the Termination Date and each such stock option's original expiration date.

If a Change of Control is consummated prior to the expiration of the Agreement Term, this Section 6(d) shall apply to a termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason during the 24-month period immediately following the consummation of the Change of Control even if such 24-month period extends past the expiration of the Agreement Term. Moreover, notwithstanding the expiration of the Agreement Term, if a Change of Control is consummated within two months after the expiration of the Agreement Term, then this Section 6(d) shall apply to a termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason (i) on the day of or during the 24-month period immediately following the consummation of the Change of Control or (ii) during the 2-month period prior to the consummation of the Change of Control.

For the avoidance of doubt, the payments and benefits described under this Section 6(d) and the Accrued Obligations shall be the only payments and benefits to which the Executive is entitled if the Executive's employment terminates under this Section 6(d).

(e) Death. In the event of the Executive's death while employed hereunder, and subject to Section 6(g), the Executive's beneficiary (or such other person(s) specified by will or the laws of descent and distribution) shall be entitled to receive a lump-sum payment in an amount equal to the sum of: six months' Base Salary in effect as of the Termination Date, and the Executive's then-current annual Target Bonus amount (less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii).

(f) Disability. In the event of the Executive's termination of employment with the Company due to Disability, and subject to Section 6(g), the Executive shall be entitled to receive a lump-sum payment in an amount equal to the sum of: six months' Base Salary in effect as of the Termination Date and the Executive's then-current annual Target Bonus amount (less applicable

withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii).

(g) Release and Other Conditions. The payments and benefits described in Sections 6(c) through 6(f) are expressly conditioned on (i) the Executive (or, in the case of the Executive's death, the Executive's representative) signing and delivering (and not revoking thereafter) a Release to the Company (which, in the case of the Executive's death, also releases any claims by the Executive's estate or survivors), which Release is executed, delivered and effective no later than 60 days following the Termination Date and (ii) the Executive continuing to satisfy any obligations to the Company under this Agreement, the Release and the Confidentiality and Non-Competition Agreement that are incorporated herein by reference, and any other agreement(s) between the Executive and the Company. In the event the Release described in Section 6(g)(i) is not executed, delivered and effective by the 60th day after the Termination Date, none of such payments or benefits shall be provided to the Executive.

7. Section 280G

(a) Amount of Payments and Benefits. Notwithstanding anything to the contrary herein, in the event that the Executive becomes entitled to receive or receives any payments, options, awards or benefits (including, without limitation, the monetary value of any noncash benefits and the accelerated vesting of equity-based awards) under this Agreement or under any other plan, agreement or arrangement with the Company or any person affiliated with the Company (collectively, the "***Payments***"), that may separately or in the aggregate constitute "parachute payments" within the meaning of Section 280G of the Code and the Treasury Regulations promulgated thereunder (or any similar or successor provision) (collectively, "***Section 280G***") and it is determined that, but for this Section 7(a), any of the Payments will be subject to any excise tax pursuant to Section 4999 of the Code or any similar or successor provision (the "***Excise Tax***"), the Company shall pay to the Executive either (i) the full amount of the Payments or (ii) an amount equal to the Payments, reduced by the minimum amount necessary to prevent any portion of the Payments from being an "excess parachute payment" (within the meaning of Section 280G) (the "***Capped Payments***"), whichever of the foregoing amounts results in the receipt by the Executive, on an after-tax basis, of the greatest amount of Payments notwithstanding that all or some portion of the Payments may be subject to the Excise Tax. For purposes of determining whether the Executive would receive a greater after-tax benefit from the Capped Payments than from receipt of the full amount of the Payments, (i) there shall be taken into account any Excise Tax and all applicable federal, state and local taxes required to be paid by the Executive in respect of the receipt of such payments and (ii) such payments shall be deemed to be subject to federal income taxes at the highest rate of federal income taxation applicable to individuals that is in effect for the calendar year in which the payments and benefits are to be paid, and state and local income taxes at the highest rate of taxation applicable to individuals in the state and locality of the Executive's residence on the effective date of the relevant transaction described under Section 280G(b)(2)(A)(i) of the Code, net of the maximum reduction in federal income taxes that could be obtained from deduction of such state and local taxes (as determined by assuming that such deduction is subject to the maximum limitation applicable to itemized deductions under Section 68 of the Code and any other limitations applicable to the deduction of state and local income taxes under the Code).

(b) Computations and Determinations. All computations and determinations called for by this Section 7 shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the "***Tax Counsel***"), and all such computations and determinations shall be conclusive and binding on the Company and the Executive. For purposes of such calculations and determinations, the Tax Counsel may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Tax Counsel shall submit its determination and detailed supporting calculations to both the Executive and the Company within 15 days after receipt of a notice from either the Company or the Executive that the Executive may receive payments which may be considered "parachute payments." The Company and the Executive shall furnish to the Tax Counsel such information and documents as the Tax Counsel may reasonably request in order to make the computations and determinations called for by this Section 7. The Company shall bear all costs that the Tax Counsel may reasonably incur in connection with the computations and determinations called for by this Section 7.

(c) Reduction Methodology. In the event that Section 7(a) applies and a reduction is required to be applied to the Payments thereunder, the Payments shall be reduced by the Company in its reasonable discretion in the following order: (i) reduction of any Payments that are subject to Section 409A on a pro-rata basis or such other manner that complies with Section 409A, as determined by the Company, and (ii) reduction of any Payments that are exempt from Section 409A.

8. No Impediment to Agreement

The Executive hereby represents to the Company that the Executive is not, as of the date hereof, and will not be, during the Executive's employment with the Company, employed under contract, oral or written, by any other person, firm or entity, and is not and will not be bound by the provisions of any restrictive covenant or confidentiality agreement that would constitute an impediment to, or restriction upon, the Executive's ability to enter this Agreement and to perform the duties of the Executive's employment.

9. Confidentiality and Non-Competition Agreement

The Confidentiality and Non-Competition Agreement is incorporated by reference as if set forth fully herein. The Confidentiality and Non-Competition Agreement shall survive the termination of this Agreement and/or the Executive's employment with the Company.

10. Cooperation

The Executive hereby agrees to provide the Executive's full cooperation, at the request of the Company, with any of the Company Releasees (as defined in the Release) in any and all such lawsuits, investigations or other legal, equitable or business matters or proceedings which involve any matters for which the Executive worked on or had responsibility during the Executive's employment with the Company. The Executive also agrees to be reasonably available to the Company and its representatives (including attorneys) to provide general advice or assistance as reasonably requested by the Company. This includes but is not limited to testifying (and preparing to testify) as a witness in any proceeding or otherwise providing information or reasonable assistance to the Company in connection with any investigation, claim or suit, and cooperating with the Company regarding any investigation, litigation,

claims or other disputed items involving the Company that relate to matters within the knowledge or responsibility of the Executive. Specifically, the Executive agrees (i) to meet with the Company's representatives, its counsel or other designees at reasonable times and places with respect to any items within the scope of this provision; (ii) to provide truthful testimony regarding same to any court, agency or other adjudicatory body; (iii) to provide the Company with immediate notice of contact or subpoena by any non-governmental adverse party (known to the Executive to be adverse to the Company or its interests); and (iv) to not voluntarily assist any such non-governmental adverse party or such non- governmental adverse party's representatives. The Executive acknowledges and understands that the Executive's obligations of cooperation under this Section 10 are not limited in time and may include, but shall not be limited to, the need for or availability for testimony. The Executive shall receive no additional compensation for time spent assisting the Company pursuant to this Section 10 other than the compensation and benefits provided for in this Agreement, provided that the Executive shall be entitled to be reimbursed for any reasonable out-of-pocket expenses incurred in fulfilling the Executive's obligations pursuant to subsections (i) and (ii) above. Notwithstanding the foregoing, nothing in this Section 10 is intended to interfere with the Executive's No Interference rights set forth in Section 1(c) of the Confidentiality and Non-Competition Agreement.

11. Arbitration

(a) The Executive agrees that any dispute and/or claim between the Company (including without limitation its officers, directors, employees agents or shareholders and its subsidiaries) and the Executive that underlies, relates to and/or results from the Executive's employment relationship with the Company or the termination of that relationship or any of the terms of this Agreement, *except for* any dispute or claim arising from or relating to the Confidentiality and Non-Competition Agreement, that cannot be resolved by mutual agreement of the Company and the Executive will be submitted to final, binding arbitration to the maximum extent permitted by law in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association that are then in effect. This arbitration provision includes, but is not limited to, claims of wrongful discharge, infliction of emotional distress, breach of contract (including breach of this Agreement), breach of any covenant of good faith and fair dealing, and claims of retaliation and/or discrimination in violation of any local, state or federal law. Examples of such laws include Title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act of 1967; the Americans with Disabilities Act of 1990; and the Family and Medical Leave Act of 1993, and all amendments to each such law as well as the regulations issued thereunder. This arbitration provision does not affect the Executive's right to pursue worker's compensation or unemployment compensation benefits for which he may be eligible in accordance with state law, nor does it affect the Executive's right to file and/or to cooperate in the investigation of an administrative charge of discrimination.

(b) Notwithstanding this arbitration provision, either the Executive or the Company may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary, without breach of this Agreement and without abridgement of the powers of the arbitrator.

(c) This arbitration provision does not apply to any dispute or claim arising from or relating to the Confidentiality and Non-Competition Agreement.

(d) The Company, as further consideration for the Executive's agreement to arbitrate covered disputes, agrees to pay for the arbitrator's fees and other costs, including filing fees, directly associated with the arbitration that would not otherwise be charged if the parties pursued civil litigation in court.

12. Successors; Personal Services

The services and duties to be performed by the Executive hereunder are personal and may not be assigned or delegated. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and the Executive and the Executive's heirs and representatives.

13. Notices

Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to the Executive at the home address the Executive most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Chief Legal Officer and Chair of the Board.

14. Section 409A

(a) The parties intend that this Agreement and the payments and benefits provided hereunder be exempt from the requirements of Section 409A, to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treasury Regulation Section 1.409A-1(b)(9)(iii), or otherwise. To the extent Section 409A is applicable to this Agreement, the parties intend that this Agreement and any payments and benefits thereunder comply with the deferral, payout and other limitations and restrictions imposed under Section 409A. Notwithstanding anything herein to the contrary, this Agreement shall be interpreted, operated and administered in a manner consistent with such intentions.

(b) Without limiting the generality of the foregoing, and notwithstanding any other provision of this Agreement to the contrary:

(i) if the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A, then with regard to any payment that is considered a "deferral of compensation" under Section 409A payable on account of a "separation from service," to the extent necessary to avoid the imposition of taxes under Section 409A, such payment shall be made on the date which is the earlier of (A) the date that is six months and one day after the date of such "separation from service" of the Executive and (B) the date of the Executive's death (the "***Delay Period***"), to the extent required under Section 409A. Within ten business days following the expiration of the Delay Period, all payments delayed pursuant to this Section 14(b)(i) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to the Executive in a lump sum, and all remaining

payments due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for those payments in this Agreement;

(ii) to the extent that any payments or benefits under this Agreement are conditioned on a Release, if the Release is executed and delivered by the Executive to the Company and becomes irrevocable and effective within the specified 60-day post- termination period, then, subject to Section 14(b)(i) and to the extent not exempt under Section 409A, such payments or benefits shall be made or commence on the first payroll date after the date that is 60 days after the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date). If a payment or benefit under this Agreement is conditioned on a Release and such Release is not executed, delivered and effective by the 60th day after the Termination Date, such payment or benefit shall not be paid or provided to the Executive;

(iii) all expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive. No such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year, and the Executive's right to reimbursement shall not be subject to liquidation or exchange for any other benefit;

(iv) for purposes of Section 409A, the Executive's right to receive a series of installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days"), the actual date of payment within the specified period shall be within the sole discretion of the Company;

(v) in no event shall any payment under this Agreement that constitutes a "deferral of compensation" for purposes of Section 409A be offset by any other payment pursuant to this Agreement or otherwise; and

(vi) to the extent required for purposes of compliance with Section 409A, termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A, and for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(c) The Company and the Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions that may be necessary, appropriate, or desirable to avoid imposition of additional tax or income recognition on the Executive under Section 409A, in each case to the maximum extent permitted by applicable law. Notwithstanding any provision of this Agreement to the contrary, in no event will the Company be liable for any additional tax, interest or penalty that may be imposed on the Executive by Section 409A or damages for failing to comply with Section 409A.

15. Miscellaneous Provisions

(a) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(b) Entire Agreement. This Agreement (including exhibits) shall supersede and replace all prior agreements or understandings relating to the subject matter hereof, and no agreements, representations or understandings (whether oral or written or whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the relevant matters hereof. This Agreement may not be modified except expressly in a writing signed by both parties.

(c) Disclaimer of Reliance. Except for the specific representations expressly made by the Company in this Agreement, the Executive specifically disclaims that the Executive is relying upon or has relied upon any communications, promises, statements, inducements, or representation(s) that may have been made, oral or written, regarding the subject matter of this Agreement. The Executive represents that the Executive relied solely and only on the Executive's own judgment in making the decision to enter into this Agreement.

(d) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the internal substantive laws of the State of Texas without reference to any choice of law rules.

(e) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(f) No Assignment of Benefits. The rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, in respect of bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this Section 15(f) shall be void.

(g) No Duty to Mitigate. The Executive shall not be required to mitigate the amount of any payment contemplated by this Agreement, nor shall any such payment be reduced by any earnings that the Executive may receive from any other source.

(h) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of all applicable income, employment and other taxes.

(i) Assignment by Company. The Company may assign its rights under this Agreement to an affiliate (as defined under the Exchange Act), and an affiliate may assign its rights under this Agreement to another affiliate of the Company or to the Company. In the case of any such assignment, the term "Company" when used in a section of this Agreement shall mean the corporation that employs the Executive.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

BLUCORA, INC.

By: /s/ Georganne C. Proctor
Name: Georganne C. Proctor
Title: Chairman of the Board

EXECUTIVE:

By: /s/ Christopher W. Walters
Name: Christopher W. Walters

EXHIBIT A

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This Confidentiality and Non-Competition ("***Agreement***") is entered into by and between Blucora, Inc., its subsidiaries, affiliates, successors and/or assigns (the "***Company***") and Christopher W. Walters ("***Executive***"). The Effective Date of this Agreement is the date of Executive's execution of this Agreement. The Company and Executive shall be referred to herein individually as a "***Party***" and collectively as the "***Parties.***"

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, Executive's position with the Company, the Confidential Information (defined below), compensation and benefits provided to Executive, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. Confidential Information and Executive's Non-Disclosure Agreement.

(a) Confidential Information. During Executive's employment with the Company, the Company shall provide Executive with Confidential Information (defined below), which is not known to the Company's competitors or within the Company's industry generally, which was developed by the Company over a long period of time and/or at its substantial expense, and which is of great competitive value to the Company. For purposes of this Agreement, "***Confidential Information***" includes all documents or information, in whatever form or medium, concerning or relating to any of the following: all trade secrets and confidential and proprietary information of or relating to the Company, including, but not limited to: (A) financial models, business records, business plans or processes, strategies (including, without limitation, economic and market research selection and analysis strategies and business development and market segment exploitation strategies), tactics, policies, resolutions, processes, inventions, patents, trademarks, trade secrets, know how, patent or trademark applications and other intellectual property, (B) information regarding litigation or negotiations, (C) any marketing information, sales or product plans, prospects and market research data relating to the business, (D) financial information, cost and performance data and any debt arrangements, equity ownership or securities transaction information, (E) technical information, technical drawings and designs, (F) personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations, (G) customer, consumer, consultants or supplier information, including but not limited to any data regarding any current, prospective or former customers, consumers, consultants or suppliers of Company, (H) information regarding the existence or terms of any agreement or relationship between the Company or any of its subsidiaries or affiliates and any other party, (I) information subject to Section 628 of the Fair Credit Reporting Act and any regulations or guidelines thereunder and (J) any other information of whatever nature, including, without limitation, information which gives to the Company or any of its subsidiaries or affiliates an opportunity to obtain an advantage over its competitors who or which do not have access to such information. Confidential Information, whether prepared or compiled by Executive and/or the Company or furnished to Executive during Executive's employment with the Company, shall be the sole and exclusive property of the Company, and none of such Confidential Information or copies thereof, shall be retained by Executive. Executive agrees not to dispute, contest, or deny

any such ownership rights either during or after Executive's employment with the Company. Executive acknowledges that the Company does not voluntarily disclose Confidential Information, but rather takes precautions to prevent dissemination of Confidential Information beyond those employees such as Executive entrusted with such information. Executive further acknowledges that the Confidential Information: (a) is entrusted to Executive because of Executive's position with the Company; and (b) is of such value and nature as to make it reasonable and necessary for Executive to protect and preserve the confidentiality and secrecy of the Confidential Information. Executive acknowledges and agrees that the Confidential Information is proprietary to and a trade secret of the Company and, as such, is a valuable, special and unique asset of the Company, the unauthorized use or disclosure of which will cause irreparable harm, substantial injury and loss of profits and goodwill to the Company. "***Confidential Information***" does not include any information which is generally available to and known by the

public or becomes generally available to and known by the public (other than as a result of Executive's breach of this Agreement or any other agreement or obligation to keep such information confidential).

(b) Non-Disclosure.

(i) Executive agrees to preserve and protect the confidentiality of all Confidential Information. Executive agrees that during the period of Executive's employment with the Company and at any time thereafter (regardless of the reason for Executive's separation or termination of employment): (A) Executive shall hold all Confidential Information in the strictest confidence, take all reasonable precautions and steps to safeguard all Confidential Information and prevent its wrongful use by or wrongful or inadvertent disclosure or dissemination to any unauthorized person or entity, and follow all policies and procedures of the Company protecting or regarding the Confidential Information; and (B) without prior written authorization of the Company, Executive shall not, directly or indirectly, use for Executive's own account, use in any way or for any other purpose, disclose to anyone, publish, exploit, destroy, copy or remove from the offices of the Company, nor solicit, allow or assist another person or entity to use, disclose, publish, exploit, destroy, copy or remove from the offices of the Company, any Confidential Information or part thereof, except: (1) as permitted in the proper performance of Executive's duties for the Company; (2) as permitted in the ordinary course of the Company's business for the benefit of the Company; or (3) as otherwise permitted or required by law. Executive shall immediately notify the Company if Executive learns of or suspects any actual or potential unauthorized use or disclosure of Confidential Information concerning the Company. Further, the Executive shall not, directly or indirectly, use the Company's Confidential Information to: (1) call upon, solicit business from, attempt to conduct business with, conduct business with, interfere with or divert business away from any customer, client, service provider, supplier or vendor of the Company with whom or which the Company conducted business; and/or (2) recruit, solicit, hire or attempt to recruit, solicit, or hire, directly or by assisting others, any persons employed by the Company. In the event Executive is subpoenaed, served with any legal process or notice, or otherwise requested to produce or divulge, directly or indirectly, any Confidential Information by any entity, agency or person in any formal or informal proceeding including, but not limited to, any interview, deposition, administrative or judicial hearing and/or trial, except where prohibited by law, Executive should immediately notify the Company and deliver a copy of the subpoena, process, notice or other request to the Company as promptly as possible, but under no circumstances more than ten (10) days following Executive's receipt of same; provided, however, Executive is not required to notify the Company or provide a copy of the subpoena,

process, notice or other request where Executive is permitted to make such disclosure of Confidential Information pursuant to this Agreement or applicable law or regulation, as set forth in Section 1(c) and Section 1(d).

(ii) Subject to Section 1(b)(iii), Executive agrees that Executive will not use or disclose any confidential, proprietary or trade secret information belonging to any former employer or third party, and Executive will not bring onto the premises of the Company or onto any Company property, any confidential, proprietary or trade secret information belonging to any former employer or third party without such third party's written consent. Executive acknowledges that that the Company has specifically instructed Executive not to disclose to the Company, use, or induce the Company to use, any confidential, proprietary or trade secret information belonging to any previous employer or others.

(iii) During Executive's employment, the Company will receive from third parties their confidential and/or proprietary information, subject to a duty on the Company's part to maintain the confidentiality of and to use such information only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or organization or to use it except as necessary in the course of Executive's employment with the Company and in accordance with the Company's agreement with such third party.

(iv) Except in the proper performance of Executive's duties and responsibilities, Executive agrees that Executive shall not remove, destroy, deface, damage or delete any Property of the Company. For purposes of this Agreement, the term "***Property***" means all property or information, in whatever form or media, and all copies thereof whether or not the original was deleted or destroyed, of the Company, including, without limitation, any Confidential Information, software, hardware, including any and all Company-issued equipment, devices, cellular telephones, tablets, computers, laptops, hard drives, keys, access cards, access codes or passwords belonging to the Company, databases, files, records, reports, memoranda, research, plans, proposals, lists, forms, drawings, specifications, notebooks, manuals, correspondence, materials, e-mail, electronic or magnetic recordings or data, and any other physical or electronic documents that Executive receives from or sends to any employee of the Company, that Executive copies from the files or records of the Company, or that Executive otherwise has access to during Executive's employment.

(c) No Interference. Notwithstanding any other provision of this Agreement, (i) Executive may disclose Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having authority over Executive or the business of the Company or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information; and (ii) nothing in this Agreement is intended to interfere with Executive's right to (A) report possible violations of state or federal law or regulation to any governmental or law enforcement agency or entity; (B) make other disclosures that are protected under the whistleblower provisions of state or federal law or regulation; (C) file a claim or charge with any governmental agency or entity; or (D) testify, assist, or participate in an investigation, hearing, or proceeding conducted by any governmental or law enforcement agency or entity, or any court. For purposes of clarity, in making or initiating any such reports or disclosures or engaging in any of the conduct outlined in subsection (ii) above, Executive may disclose Confidential Information to the extent necessary to such

governmental or law enforcement agency or entity or such court, need not seek prior authorization from the Company, and is not required to notify the Company of any such reports, disclosures or conduct.

(d) Defend Trade Secrets Act. Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(e) Inventions.

(i) Prior Inventions Retained and Licensed. In Exhibit A-1 to this Agreement, Executive has provided a list describing all Inventions (defined below) that Executive: (A) conceived, created, developed, made, reduced to practice or completed, either alone or with others, prior to Executive's employment with the Company; (B) claims a proprietary right or interest in; and (C) does not assign to the Company hereunder (collectively referred to as the "***Prior Inventions***"). If no such list is attached, Executive represents that there are no such Prior Inventions. Executive understands and agrees that the Company makes no attempt to verify Executive's claim of ownership to any of the Prior Inventions. Executive agrees that Executive shall not incorporate in any work that Executive performs for the Company any Prior Inventions or any of the technology described in any Prior Inventions. Nonetheless, if in the course of Executive's employment with the Company, Executive incorporates Prior Inventions into a product, service, process or machine of the Company, Executive hereby grants and shall be deemed to have granted the Company a nonexclusive, royalty-free, irrevocable, sublicensable, transferable, perpetual, and worldwide license to make, have made, modify, use, import, reproduce, distribute, prepare and have prepared derivative works of, offer to sell, sell and otherwise exploit such Prior Inventions. For purposes of this Agreement, the term "***Inventions***" means all tangible and intangible materials, work product, information, methods, designs, computer programs, software, databases, formulas, models, prototypes, reports, discoveries, ideas, improvements, know-how, compositions of matter, processes, photographs, drawings, illustrations, sketches, developments, and all related intellectual property, including inventions, original works of authorship, moral rights, mask works, trade secrets and trademarks.

(ii) Assignment of Inventions. During Executive's employment with the Company and following the termination of Executive's employment for any reason, Executive agrees that Executive shall promptly make full written disclosure to the Company, shall hold in trust for the sole right and benefit of the Company, and hereby assigns and shall be deemed to have assigned to the Company or its designee, all of Executive's right, title, and interest in and to any and all Inventions that have been or may be conceived, created, developed, completed, reduced to practice or otherwise made by Executive, solely or jointly with others, during the period of Executive's employment with the Company which (A) relate in any manner to the existing or contemplated business, work, or investigations of the Company; (B) are suggested by, result from, or arise out of any work that Executive may do for or on behalf of the Company; (C) result from or arise out of any Confidential Information that may have been disclosed or otherwise made available to Executive as a result of duties assigned to Executive by the Company; or (D) are otherwise made through the use of the time, information, equipment, facilities, supplies or materials of the Company, even if developed, conceived, reduced to practice or otherwise made during other than working hours (collectively referred to as "***Company Inventions***"). Executive further acknowledges that all original works of authorship that are made by Executive (solely or jointly with others) within the scope of Executive's employment with the Company and that are protectable by copyright are "***Works Made for Hire,***" as that term is defined in the United States Copyright Act. Executive understands and agrees that the decision whether or not to commercialize or market any Company Inventions is within the Company's sole discretion and for the Company's sole benefit, and that no royalty will be due to Executive as a result of the Company's efforts to commercialize or market any such Company Invention.

(iii) Maintenance of Records. Executive agrees to keep and maintain adequate and current hard-copy and electronic records of all Company Inventions. The records will be available to and remain the sole property of the Company during Executive's employment with the Company and at all times thereafter.

(f) Patent and Copyright Registrations. Executive agrees to assist the Company or its designee, at the Company's expense, in every proper way to secure the Company's rights in Company Inventions in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, affidavits, and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company and/or its successors, assigns and nominees, the sole and exclusive rights, title and interest in and to such Company Inventions. Executive further agrees that Executive's obligation to execute or cause to be executed, when it is in Executive's power to do so, any such instrument or papers shall continue after the termination of this Agreement. Executive hereby appoints the General Counsel of the Company as Executive's attorney-in-fact to execute documents on Executive's behalf for this purpose. Executive agrees that this appointment is coupled with an interest and will not be revocable.

(g) Return of Company Property. Upon request by the Company or upon the termination of Executive's employment for any reason, Executive shall immediately return and deliver to the Company any and all Property, including, without limitation, Confidential Information, software, hardware, including any and all Company-issued equipment, devices, cellular telephones, tablets, computers, laptops, hard drives, keys, access cards, access codes or passwords, databases, files, documents, records, reports, memoranda, research, plans, proposals, lists, papers, books, forms, drawings, specifications, notebooks, manuals, correspondence, materials, e-mail, electronic or magnetic recordings or data, including all copies thereof (in electronic or hard copy format), which belong to the Company or which relate to the Company's business and which are in Executive's possession, custody or control, whether prepared by Executive or others. Executive further agrees that after Executive provides such Property to the Company, Executive will immediately destroy any information or documents, whether prepared by Executive or others, containing or reflecting any Confidential Information or relating to the business of the Company from any computer, cellular phone or other digital or electronic device in Executive's possession, custody or control, and Executive shall certify such destruction in writing to the Company. Upon request by the Company, Executive shall provide such computer, cellular phone or other digital or electronic device to the Company or the Company's designee for inspection to confirm that such information and documents

have been destroyed. If at any time after the termination of Executive's employment for any reason, Executive or the Company determines that Executive has any Property in Executive's possession, custody or control, Executive shall immediately return all such Property, including all copies and portions thereof, to the Company.

2. **Restrictive Covenants**. In consideration for (i) the Company's promise to provide Confidential Information; (ii) the substantial economic investment made by the Company in the Confidential Information and goodwill of the Company, and/or the business opportunities disclosed or entrusted to Executive; (iii) access to the customers and clients of the Company; and (iv) the Company's employment of Executive in an executive position and the compensation and other benefits provided by the Company to Executive, to protect the Confidential Information and business goodwill of the Company, Executive agrees to the following restrictive covenants.

(a) Non-Competition. Executive agrees that during the Executive's employment with the Company and for a period of twelve (12) months after the Executive's employment terminates for any reason (the "***Restricted Period***"), other than in connection with Executive's performance of his duties for the Company, Executive shall not, and shall not use any Confidential Information to, without the prior written consent of an officer of the Company, directly or indirectly, either individually or as a principal, partner, stockholder, manager, agent, consultant, contractor, distributor, employee, lender, investor, or as a director or officer of any corporation or association, or in any other manner or capacity whatsoever, (i) control, manage, operate, establish, take steps to establish, lend money to, invest in, solicit investors for, or otherwise provide capital to, or (ii) become employed by, join, perform services for, consult for, do business with or otherwise engage in any Competing Business within the Restricted Area. For purposes of this Agreement, given the scope of Confidential Information to be provided to Executive and job duties to be performed by the Executive, "***Restricted Area***" means the United States, and any other geographic area for which Executive performed any services or about which Executive received Confidential Information. For purposes of this Agreement, "***Competing Business***" means any business, individual, partnership, firm, corporation or other entity that is competing or that is preparing to compete with any aspect of the Company's business, which includes, but is not limited to (a) tax preparation and tax preparation-related products and services provided to consumers and small businesses, and to or through tax professionals; (b) investment and insurance products or services, and related advice and brokerage services, provided to or through tax professionals or in conjunction with tax preparation services, and (c) any other business the Company engages in or develops during the Executive's employment with the Company.

(b) Non-Solicitation. During the Restricted Period, other than in connection with Executive's duties for the Company, Executive shall not, and shall not use any Confidential Information to, directly or indirectly, either as a principal, manager, agent, employee, consultant, officer, director, stockholder, partner, investor or lender or in any other capacity, and whether personally or through other persons, solicit business from, interfere with, or induce to curtail or cancel any business or contracts with the Company, or attempt to solicit business with, interfere with, or induce to curtail or cancel any business or contracts with the Company, or do business with any actual or prospective customer or client of the Company with whom the Company did business or who the Company solicited within the preceding two (2) years, and who or which: (1) Executive contacted, called on, serviced or did business with during Executive's employment with the Company; (2) Executive learned of as a result of Executive's employment with the Company; or (3) about whom Executive received Confidential Information. This restriction applies only to business which is in the scope of services or products provided by the Company.

(c) Non-Recruitment. During the Restricted Period, other than in connection with Executive's duties for the Company, Executive shall not, on behalf of Executive or on behalf of any other person or entity, directly or indirectly, hire, solicit or recruit, or attempt to hire, solicit or recruit, or encourage to leave or otherwise cease his/her employment or engagement with the Company, any individual who is an employee or independent contractor of the Company or who was an employee or independent contractor of the Company within the twelve (12) month period prior to Executive's separation from employment with the Company.

(d) Non-Disparagement. Executive agrees that the Company's goodwill and reputation are assets of great value to the Company, which have been obtained and maintained through great costs, time and effort. Therefore, Executive agrees that during Executive's employment and after the termination of Executive's employment, Executive shall not make, publish or otherwise transmit any knowingly false statements, whether written or oral, regarding the Company and its officers, directors, executives, employees, contractors, consultants, products, services, business or business practices. A violation or threatened violation of this Section 2(d) may be enjoined by the courts. The rights afforded the Company under this provision are in addition to any and all rights and remedies otherwise afforded by law. However, nothing in this Section 2(d) restricts or prevents Executive from providing truthful testimony as required by court order or other legal process or is intended to interfere with Executive's rights set forth in Section 1(c).

(e) Tolling. If Executive violates any of the covenants contained in this Section 2, the Restricted Period applicable to such covenant(s) shall be suspended and shall not run in favor of Executive from the time of the commencement of such violation until the time that Executive cures the violation to the satisfaction of the Company and the period of time in which Executive is in breach shall be added to the Restricted Period applicable to such covenant(s).

3. **Reasonableness**. Executive hereby represents to the Company that Executive has read and understands, and agrees to be bound by, the terms of Section 1 and Section 2. Executive acknowledges that the scope and duration of the restrictions and covenants contained in Section 1 and Section 2 are fair and reasonable in light of (i) the nature and scope of the operations of the Company's business; and (ii) the amount of compensation and Confidential Information (including, without limitation, trade secrets) that Executive is receiving in connection with Executive's employment with the Company and the Incentive Retention Letter. It is the desire and intent of the Parties that the provisions of Section 1 and Section 2 be enforced to the fullest extent permitted under applicable law, whether now or hereafter in effect and therefore, to the extent permitted by applicable law, Executive and the Company hereby waive any provision of applicable law that would render any provision of Section 1 and/or Section 2 invalid or unenforceable.

4. **Remedies**. Executive acknowledges that the restrictions and covenants contained in Section 1 and Section 2, in view of the nature of the Company's business and Executive's position with the Company, are reasonable and necessary to protect the Company's legitimate business interests, goodwill and reputation, and that any violation of Section 1 or Section 2 would result in irreparable injury and continuing damage to the Company, and that money damages would not be a sufficient remedy to the Company for any such breach or threatened breach. Therefore, Executive agrees that the Company shall be entitled to a temporary restraining order and injunctive relief restraining Executive from the commission of any breach or threatened breach of Section 1 and/or Section 2, without the necessity of establishing irreparable harm or the posting of a bond, and to recover from Executive damages incurred by the Company as a result of the breach, as well as the Company's attorneys' fees, costs and expenses related to any breach or threatened breach of this Agreement and enforcement of this Agreement. Nothing contained in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies available to it for any breach or threatened breach, including, without limitation, the recovery of money damages, attorneys' fees,

and costs. The existence of any claim or cause of action by Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the restrictions or covenants contained in Section 1 or Section 2, or preclude injunctive relief.

5. **Business Opportunities**. Executive, without further compensation, assigns and agrees to assign to the Company and its successors, assigns or designees, all of Executive's right, title and interest in and to all Business Opportunities (defined below), and further acknowledges and agrees that all Business Opportunities constitute the exclusive property of the Company. Executive shall present all Business Opportunities to the Company and shall not exploit a Business Opportunity. For purposes of this Agreement, "***Business Opportunities***" means all business ideas, prospects, or proposals pertaining to any aspect of the Company's business and any business the Company prepared to conduct or contemplated conducting during Executive's employment with the Company, which are developed by Executive or originated by any third party and brought to the attention of Executive, together with information relating thereto. For the avoidance of doubt, this Section 5 is not intended to limit or narrow Executive's duties or obligations under federal or state law with respect to corporate opportunities.

6. **Conflicting Activities**. Executive agrees that, during Executive's employment with the Company, Executive shall not engage in any employment, consulting relationship, business or other activity that (i) is in any way competitive with the business or proposed business of the Company (except that Executive may invest less than one percent (1%) of the shares of a company traded on a registered stock exchange); (ii) conflicts with Executive's duty of loyalty, responsibilities or obligations to the Company or interferes with the independent exercise of Executive's judgment in the Company's best interests; or (iii) adversely affects the performance of Executive's job duties and responsibilities with the Company. Executive agrees to not assist any other person or organization in competing with the Company or in preparing to engage in competition with the Company or proposed business of the Company. Executive further agrees that, during Executive's employment with the Company, Executive shall not actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of Executive's direct supervisor or the Company's Legal Department. Executive has listed on the Company's Outside Activity Disclosure form, attached hereto as Exhibit B-1, any business activities or ventures with which Executive is involved. If no such list is attached, Executive represents that there are no such outside activities as of the date of this Agreement.

7. **Breach**. Executive acknowledges that Executive is subject to immediate dismissal by the Company for any breach of this Agreement and that such a dismissal will not relieve Executive from any continuing obligations under this Agreement or from the imposition by a court of any judicial remedies, including, without limitation, money damages and/or injunctive relief for such breach.

8. **Notice**. If Executive, in the future, seeks or is offered employment, or any other position or capacity with another company, entity or person, Executive agrees to inform each such company, entity or person of the existence of the restrictions in Section 1 and Section 2. The Company shall be entitled to advise such company, entity or person and third parties of the provisions of Section 1 and Section 2 and to otherwise deal with such company, entity, person or third party to ensure that the provisions of Section 1 and Section 2 are enforced and duly discharged.

9. **Reformation**. The Company and Executive agree that in the event any of the terms, provisions, covenants or restrictions contained in this Agreement, or any part thereof, shall be held by any court of competent jurisdiction to be effective in any particular area or jurisdiction only if said term, provision, covenant or restriction is modified to limit its duration or scope, then the court shall have such authority to so reform the term, provision, covenant or restriction and the Parties hereto shall consider such term, provision, covenant or restriction to be amended and modified with respect to that particular area or jurisdiction so as to comply with the order of any such court and, as to all other jurisdictions, the term, provision, covenant or restriction contained herein shall remain in full force and effect as originally written. By agreeing to this contractual modification prospectively at this time, the Company and Executive intend to make Section 1 and Section 2 enforceable under the law or laws of all applicable jurisdictions so that the restrictive covenants in their entirety and this Agreement as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal.

10. **Severability**. In the event any court of competent jurisdiction or any foreign, federal, state, county or local government or any other governmental regulatory or administrative agency or authority holds any provision of this Agreement to be invalid, illegal or unenforceable, such invalid, illegal or unenforceable portion(s) shall be limited or excluded from this Agreement to the minimum extent required, and the remaining provisions shall not be affected or invalidated and shall remain in full force and effect.

11. **Binding Effect of Agreement and Assignment**. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors, legal representatives and permitted assigns. Executive may not assign this Agreement to a third party. The Company may assign its rights, together with its obligations hereunder, to any affiliate and/or subsidiary of the Company or any successor thereto or any purchaser of substantially all the assets of the Company, without Executive's consent and without advance notice.

12. **Survival**. Executive agrees that Executive's obligations under this Agreement shall continue in effect after the termination of Executive's employment, regardless of the reason(s) for termination, and whether such termination is voluntary or involuntary.

13. **Waiver**. The failure of either Party to insist in any one or more instances upon performance of any terms or conditions of this Agreement shall not be construed as a waiver of future performance of any such term, covenant or condition, but the obligations of either Party with respect thereto shall continue in full force and effect. No waiver of any breach of this Agreement shall be construed to be a waiver as to succeeding breaches and no waiver of any provisions of this Agreement shall constitute a waiver of any other provision of this Agreement. The breach by one Party to this Agreement shall not preclude equitable relief, injunctive relief or the obligations in Section 1 or Section 2.

14. **Controlling Law**. This Agreement shall be governed by and construed under the laws of the State of Texas, without regard to any applicable conflict of law or choice of law rules.

15. **Venue**. Venue of any dispute arising out of, in connection with or in any way related to this Agreement shall be in a state district court of competent jurisdiction in Dallas County, Texas, or the United States District Court for the Northern District of Texas. Executive consents to personal jurisdiction of the state district courts of Dallas County, Texas and to the United States District Court for the Northern District of Texas for any dispute arising out of, in connection with or in any way related to this Agreement, and agrees that Executive shall not challenge personal jurisdiction in such courts. Executive waives any objection that Executive may now or hereafter have to the venue

or jurisdiction of any proceeding in such courts or that any such proceeding was brought in an inconvenient forum (and agrees not to plead or claim the same).

16. **WAIVER OF JURY TRIAL**. WITH RESPECT TO ANY DISPUTE BETWEEN EXECUTIVE AND THE COMPANY ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT, EMPLOYEE AGREES TO RESOLVE SUCH DISPUTE(S) BEFORE A JUDGE WITHOUT A JURY. EMPLOYEE HAS KNOWLEDGE OF THIS PROVISION, AND WILL PROVIDE SERVICES TO THE COMPANY THEREAFTER, HEREBY WAIVING EXECUTIVE'S RIGHT TO TRIAL BY JURY AND AGREES TO HAVE ANY DISPUTE(S) ARISING BETWEEN THE COMPANY AND EXECUTIVE ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT RESOLVED BY A JUDGE OF A COMPETENT COURT IN DALLAS COUNTY, TEXAS, SITTING WITHOUT A JURY.

17. **Entire Agreement**. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and fully supersedes any and all prior and contemporaneous agreements, understandings and/or representations between the Parties, whether oral or written, pertaining to the subject matter of this Agreement; provided, however, Executive's obligations under this Agreement are in addition to Executive's obligations under any applicable law or regulation and the Company's policies and procedures. No oral statements or prior written material not specifically incorporated in this Agreement shall be of any force and effect, and no changes in or additions to this Agreement shall be recognized, unless incorporated in this Agreement by written amendment, such amendment to become effective on the date stipulated in it. Any amendment to this Agreement must be signed by all parties to this Agreement.

18. **Disclaimer of Reliance**. Except for the specific representations expressly made by the Company in this Agreement, Executive specifically disclaims that Executive is relying upon or has relied upon any communications, promises, statements, inducements, or representation(s) that may have been made, oral or written, regarding the subject matter of this Agreement. Executive represents that Executive relied solely and only on Executive's own judgment in making the decision to enter into this Agreement.

19. **Voluntary Agreement**. Executive (i) acknowledges that Executive has read and understands the terms of this Agreement and believes them to be reasonable, (ii) agrees that the consideration provided by the Company for this Agreement is reasonable, and (iii) is voluntarily executing this Agreement as signified by Executive's signature hereto,.

20. **Execution in Multiple Counterparts**. This Agreement may be executed in multiple counterparts, whether all signatories appear on these counterparts, and each counterpart shall be deemed an original for all purposes.

[*Signature Page Follows*]

The signatures below indicate that the Parties have read, understand and will comply with this Agreement.

EXECUTIVE: Signature: /s/ Christopher W. Walters

Printed Name: Christopher W. Walters

Date:

1/19/2020

THE COMPANY: Blucora, Inc.

By: /s/ Georganne C. Proctor

Name: Georganne C. Proctor

Title: Chairman of the Board

Date: 1/19/2020

EXHIBIT B

GENERAL RELEASE OF ALL CLAIMS

This General Release and Waiver of Claims (this "***Release***") is executed by [Name] ("***Executive***") and Blucora, Inc. (the "***Company***") as of the date set forth below, and will become effective as of the "***Effective Date***" as defined below. This Release is in consideration of severance benefits to be paid to Executive by the Company pursuant to the Employment Agreement between Executive and the Company dated as of_, 2020 (the "***Employment Agreement***"). Execution of this Release without revocation by Executive will satisfy the requirement, set forth in Section 6(g) of the Employment Agreement, that Executive execute a general release and waiver of claims in order to receive severance benefits pursuant to the Employment Agreement.

1. Termination of Employment

Executive acknowledges that his employment with the Company and any of its subsidiaries (collectively, the "***Company Group***") and any and all appointments he held with any member of the Company Group, whether as officer, director, employee, consultant, agent or otherwise, terminated as of (the "***Termination Date***"). Effective as of the Termination Date, Executive has not had or exercised or purported to have or exercise any authority to act on behalf of the Company or any other member of the Company Group, nor will Executive have or exercise or purport to have or exercise such authority in the future.

2. Consideration

Subject to Executive's execution and compliance with this Release and ongoing obligations, the Company shall pay Executive the severance benefits pursuant to the Employment Agreement. The Parties agree that but for signing this Release, Executive would not be entitled to the severance benefits set forth in the Employment Agreement. The severance benefits are adequate to make this Release final and binding and are in addition to payments and benefits to which Executive would otherwise be entitled to as an employee or former employee of the Company.

3. Waiver and Release

(a) Executive, for and on behalf of himself and his heirs and assigns, hereby fully and forever waives and releases any and all contractual, common law, statutory or other complaints, claims, charges or causes of action relating to or arising out of any matter arising on or before the date this Agreement is executed by Executive, including all claims arising out of or relating to Executive's employment or termination of employment with the Company Group, the Employment Agreement, Executive's services, in any capacity, with the Company Group, and any and all other disputes between Executive and the Company Group (collectively, "***Claims***"). The Claims waived and released by this Release include any and all Claims, whether known or unknown, whether in law or in equity, which Executive may now have or ever had against any member of the Company Group or any past, present and future shareholder, employee, advisor, officer, director, agent, attorney, representative, trustee, administrator or fiduciary of any member of the Company Group or Avantax Wealth Management, Tax Act (collectively, the "***Company Releasees***") up to and including the date of Executive's execution of this Agreement. The Claims waived and released by this Release include, without limitation, any and all Claims arising out of Executive's employment with the Company Group under, by way of example and not limitation, the Employment Agreement, the Age Discrimination in Employment Act of 1967 ("***ADEA***", a law which prohibits discrimination on the basis of age against persons age 40 and older), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans With Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, the Family Medical Leave Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Texas Labor Code, the Texas Constitutions, any statute or laws of the State of Texas, any other federal, state, local, municipal or common law whistleblower, discrimination or anti-retaliation statute law or ordinance, and any other Claims arising under state, federal, local, municipal or common law, as well as any expenses, costs or attorneys' fees. Except as required by law, Executive agrees that Executive will not commence, maintain, initiate, or prosecute, or cause, encourage, assist, volunteer, advise or cooperate with any other person to commence, maintain, initiate or prosecute, any action, lawsuit, proceeding, charge, petition, complaint or Claim before any court, agency or tribunal against the Company or any of the Company Releasees arising from, concerned with, or otherwise relating to, in whole or in part, Executive's employment, the terms and conditions of Executive's employment, or Executive's separation from employment with the Company, resignation from the Board, or any of the matters or Claims discharged and released in this Release. Executive acknowledges that the payments and benefits provided for in Section 2 of this Release constitute good and valuable consideration for the release contained in this Section 3. This Release is a full and final general release by Executive of all unknown, undisclosed, and unanticipated losses, wrongs, injuries, claims, and damages that arise wholly or in part from any act or omission occurring before this Release becomes effective, as well as a general release by Release of all claimed losses, wrongs, injuries, claims, and damages, now known or disclosed, that arise in whole or in part as a result of any act or omission occurring before this Release becomes effective. all as amended, and all other federal, state and local statutes, ordinances, regulations and the common law, and any and all Claims arising out of any express or implied contract, except as described in Sections 2(b) and 2(c) below.

(b) The waiver and release set forth in this Section 3 is intended to be construed as broadly and comprehensively as applicable law permits.

(c) Notwithstanding anything else in this Release, Executive does not waive or release claims with respect to:

(i) Executive's entitlement, if any, to severance benefits pursuant to the Employment Agreement;

(ii) vested benefits or payments specifically to be provided to the Executive pursuant to the Employment Agreement or any Company employee benefit plans or policies;

(iii) indemnification pursuant to any applicable provision of the Company's Bylaws or Certificate of Incorporation, as amended, pursuant to any written indemnification agreement between the Executive and the Company, or pursuant to applicable law;

(iv) any claims which the Executive may have solely by virtue of the Executive's status as a shareholder of the Company; or

(v) unemployment compensation to which Executive may be entitled under applicable law.

(d) Executive represents and warrants that he is the sole owner of the actual or alleged Claims that are released hereby, that the same have not been assigned, transferred, or disposed of in fact, by operation of law, or in any manner, and that he has the full right and power to grant, execute and deliver the releases, undertakings, and agreements contained herein.

(e) Subject to Section 4, Executive represents that Executive has not filed any complaints, charges or lawsuits against the Company with any governmental agency or any court based on Claims that are released and waived by this Release.

4. No Interference

Nothing in this Agreement is intended to interfere with Executive's right to report possible violations of federal, state or local law or regulation to any governmental or law enforcement agency or entity, or to make other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation. Executive further acknowledges that nothing in this Agreement is intended to interfere with Executive's right to file a claim or charge with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by, the Equal Employment Opportunity Commission (the "***EEOC***"), any state human rights commission, or any other government agency or entity. However, by executing this Agreement, Executive hereby waives the right to recover any damages or benefits in any proceeding Executive may bring before the EEOC, any state human rights commission, or any other government agency or entity or in any proceeding brought by the EEOC, any state human rights commission, or any other government agency or entity on Executive's behalf with respect to any claim released in this Agreement *except that* Executive may receive bounty money awarded by the U.S. Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934 or any similar provision.

5. No Admission of Wrongdoing

This Release shall not be construed as an admission by either party of any wrongful or unlawful act or breach of contract.

6. Legal Disclosure

Subject to Section 4, by signing this Agreement, Executive warrants and represents that Executive has reported to Human Resources or Legal all pending and/or threatened legal proceedings of any kind involving or relating to the Company that Executive became aware of during Executive's tenure with the Company. Executive further warrants and represents that Executive has reported to Human Resources or Legal any alleged violations of law (including alleged securities violations) by the Company that Executive became aware of during Executive's tenure with the Company.

7. Binding Agreement; Successors and Assigns

This Release binds Executive's heirs, administrators, representatives, executors, successors, and assigns, and will inure to the benefit of the respective heirs, administrators, representatives, executors, successors, and assigns of any person or entity as to whom the waiver and release set forth in Section 3 applies.

8. Other Agreements

This Release does not supersede or modify in any way, and Executive hereby reaffirms, Executive's continuing obligations, pursuant to the Employment Agreement or the Confidentiality and Non-Competition Agreement (Exhibit A thereto) or the dispute resolution provisions of the Employment Agreement.

9. Knowing and Voluntary Agreement; Consideration and Revocation Periods

(a) Executive acknowledges that Executive has been given twenty-one (21) calendar days from the date of receipt of this Release to consider all of the provisions of this Release and that if Executive signs this Release before the 21-day period has ended he knowingly and voluntarily waives some or all of such 21-day period.

(b) Executive represents that (i) Executive has read this Release carefully,
(ii) Executive has hereby been advised by the Company to consult an attorney of his choice and has either done so or voluntarily chosen not to do so, (iii) Executive fully understands that by signing below he is giving up certain rights which he might otherwise have to sue or assert a claim against any of the Company Releasees, and (iv) Executive has not been forced or pressured in any manner whatsoever to sign this Release, and agrees to all of its terms voluntarily.

(c) Executive shall have seven (7) calendar days from the date of his execution of this Release (the **"*Revocation Period*"**) in which Executive may revoke this Release. Such revocation must be in writing and delivered, prior to the expiration of the Revocation Period, to the attention of the Company's Chief Legal Officer at the Company's then-current headquarters address. If Executive revokes this Release during the Revocation Period, then the Release shall be null and void and without effect.

10. Disclaimer of Reliance

Except for the specific representations expressly made by the Company in the Employment Agreement, Executive specifically disclaims that Executive is relying upon or has relied upon any communications, promises, statements, inducements, or representation(s) that may have been made, oral or written, regarding the subject matter of this Release. Executive represents that Executive relied solely and only on Executive's own judgment in making the decision to enter this Release.

11. Execution in Multiple Counterparts

This Release may be executed by the parties in multiple counterparts, whether or not all signatories appear on these counterparts (including via electronic signatures and exchange of PDF documents via email), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12. Effective Date

The Effective Date of this Release will be day after the Revocation Period expires without revocation by Executive.

[*Signature Page Follows*]

EXECUTIVE HAS ELECTED FREELY AND VOLUNTARILY TO EXECUTE THIS RELEASE, TO FULFILL THE PROMISES SET FORTH IN THE EMPLOYMENT AGREEMENT, AND TO RECEIVE THEREBY THE PAYMENT AND OTHER CONSIDERATION DESCRIBED IN THE EMPLOYMENT AGREEMENT. EXECUTIVE UNDERSTANDS THAT, BY SIGNING THIS RELEASE, EXECUTIVE IS AGREEING TO WAIVE AND SETTLE THE RELEASED CLAIMS HEREIN THAT EXECUTIVE HAS OR MIGHT HAVE AGAINST THE COMPANY INCLUDING CLAIMS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. EXECUTIVE'S SIGNATURE BELOW MEANS THAT EXECUTIVE HAS READ THE RELEASE AND UNDERSTANDS AND AGREES THAT EXECUTIVE IS RELEASING ALL CLAIMS AND AGREES AND CONSENTS TO THE TERMS AND CONDITIONS OF THIS EMPLOYMENT AGREEMENT AND THIS RELEASE.

EXECUTIVE: Signature:

Printed Name: [Name]

Date:

THE COMPANY: Blucora, Inc.:

Signature:

Name:

Title:

Date:

LEASE AGREEMENT BETWEEN

BDDC, INC.,

AS LANDLORD, AND

BLUCORA, INC.,

AS TENANT

DATED MAY 10, 2019

PROJECT: CYPRESS WATERS

DALLAS, TEXAS

BASIC LEASE INFORMATION

Lease Date: As listed on the cover page

Landlord: As listed on the cover page

Tenant: As listed on the cover page

Premises: Suite No. 100, 400, and 500, containing initially 149,637 rentable square feet (the "***Premises***"), consisting of (a) the following "***Initial Premises***": 21,317 on the first floor of the Building (defined below), all 52,006 rentable square feet on the fourth floor of the Building, and all 51,314 rentable square feet on the fifth floor of the Building; and (b) the following "***Must-Take Space***": the remaining 25,000 rentable square feet on the first floor of the Building, all in the office building whose street address is 3200 Olympus Boulevard, Dallas, Texas 75019 (the "Building"). The Premises are outlined on the plan attached to the Lease as Exhibit A, which also identifies the Must-Take Space portion of the first floor of the Building. The land on which the Building is located (the "***Land***") is described on Exhibit B. The term "***Project***" shall collectively refer to the Building, the Land and the driveways, parking facilities, and similar improvements and easements associated with the foregoing or the operation thereof, in each case to the extent located on the Land.

Term: 156 full calendar months, plus any partial month from the Commencement Date to the end of the month in which the Commencement Date falls, starting on the Commencement Date and ending at 11:59 p.m. local time on the last day of the 156th full calendar month following the Commencement Date, subject to adjustment and earlier termination as provided in the Lease.

Commencement Date: The later of (a) July 1, 2020, and (b) the date that is 180 days after the date on which Landlord tenders possession of the Premises to Tenant, as extended on a day-for-day basis for any Landlord Delay Days (defined in Exhibit D).

Estimated Delivery Date: January 1, 2020

Basic Rent: Subject to the abatement of Basic Rent set forth in Exhibit X, Basic Rent shall be the following amounts for the following periods of time:

Lease Month	Annual Basic Rent Rate Per Rentable Square Foot	Monthly Basic Rent	
1–24	$22.75*	$283,686.81*	
25–36	$23.25	$289,921.69	
37–48	$23.75	$296,156.56	
49–60	$24.25	$302,391.44	
61–72	$24.75	$308,626.31	
73–84	$25.25	$314,861.19	
85–96	$25.75	$321,096.06	
97–108	$26.25	$327,330.94	
109–120	$26.75	$333,565.81	
121–132	$27.25	$339,800.69	
133–144	$27.75	$346,035.56	
145–156	$28.25	$352,270.44	

As used herein, the term "***Lease Month***" means each calendar month during the Term (and if the Commencement Date does not occur on the first day of a calendar month, the period from the Commencement Date to the first day of the next calendar month shall be included in the first Lease Month for purposes of determining the duration of the Term and the monthly Basic Rent rate applicable for such partial month).

*As provided in Exhibit X, all Rent (other than Tenant's Proportionate Share of Electrical Costs) is abated (a) during the first 12 full calendar months of the Term for the 124,637 rentable square feet of the Initial Premises, and (b) during the first 18 full calendar months of the Term for the 25,000 rentable square feet of the Must-Take Space.

Security Deposit:	None.
Rent:	Basic Rent, Tenant's Proportionate Share of Electrical Costs, Tenant's share of Additional Rent, and all other sums that Tenant may owe to Landlord or otherwise be required to pay to Landlord under the Lease.
Permitted Use:	General office use, and reasonably supporting uses ancillary thereto, including, but not limited to, training, data center, mail and non-industrial print operations, security, and customer support.
Tenant's Proportionate Share:	59.5288%, which is the percentage obtained by dividing (a) the number of rentable square feet in the Premises as stated above by (b) the 251,369 rentable square feet in the Building. Within 30 days following written request therefor from Tenant to Landlord (with notice must be delivered not later than the 60th day following the Actual Delivery Date), BOKA Powell (“***Landlord’s Architect***”), at Landlord’s sole cost and expense, shall provide Landlord and Tenant with a written notice (“***Landlord's Architect's Certification Notice***”) containing its calculations of the rentable square footage of the Building and the Premises using the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2017, Method B (the "***BOMA Method***"). Tenant and its architect shall have the right to measure the Premises and Building during the 60-day period following receipt of Landlord’s Architect’s Certification Notice. If Tenant or Tenant's architect disputes the calculations provided in Landlord’s Architect’s Certification Notice, then Tenant shall notify Landlord (such notice, “***Tenant's Dispute Notice***”) within 60 days after the date of Tenant’s receipt of Landlord's Architect's Certification Notice, provided Tenant may not issue Tenant’s Dispute Notice if Tenant’s architect’s calculation of rentable square footage for the Building and Premises amounts to less than a 1% difference from the calculation contained in Landlord’s Architect’s Certificate Notice. Tenant's Dispute Notice shall include Tenant’s architect’s calculation of the rentable square footage for the Building and Premises; such calculation (i) shall be made at Tenant's sole cost and expense, (ii) may be completed through field verification, and (iii) shall be in accordance with the BOMA Method. If Tenant fails to timely deliver Tenant's Dispute Notice within 60 days after the date of Tenant’s receipt of Landlord's Architect's Certification Notice, then Tenant shall be deemed to have accepted the calculations provided by Landlord's Architect, and thereafter, no further changes shall be made to such calculations without the consent of both Landlord and Tenant. If Tenant timely delivers Tenant's Dispute Notice, then Landlord and Tenant agree to instruct Landlord's architect and Tenant's architect to (A) confer for a period of ten days to attempt to agree upon the number of rentable square feet in the Premises and the Building, and (B) if no such agreement is reached within such ten-day period, then to jointly select an objective, reputable architect in Dallas, Texas who has at least ten years of relevant experience (the “***3rd Party Architect***”) to remeasure the Premises and Building. The parties agree and acknowledge that an architect from HKS, DLR Staffelbach or Gensler shall qualify as a 3rd Party Architect, so long as, at the time of such selection, such firm remains objective and reputable in Dallas, Texas, in the reasonable estimation of Landlord’s Architect and Tenant’s architect. The 3rd Party Architect shall promptly issue a written certification of the actual rentable square footage of the Premises and Building using the BOMA Method and thereafter the rentable square footage of the Premises and Building identified in the written certification of the 3rd Party Architect shall be final and binding on both parties and the fees of the 3rd Party Architect shall be shared equally by Landlord and Tenant. As part of any such remeasurement process, all architects participating therein shall be informed that the rentable square feet in the Premises and Tenant's Proportionate Share are to be increased by 1% as an agreed-upon premium for the Common Amenities. Upon the final determination of the rentable square footage, then Landlord and Tenant shall execute a further amendment to this Lease stipulating the actual number of rentable square feet in the Premises and Building based upon such measurement.

Initial Liability Insurance Amount:	$3,000,000	
Tenant's Address:	Prior to Commencement Date: Blucora, Inc. 6333 State Highway 161 Irving, Texas 75038 Attention: David Pistorius Telephone: 972-870-6328	With a copy to: Blucora, Inc. 6333 State Highway 161 Irving, Texas 75038 Attention: Ann Bruder, Chief Legal Officer
	Following Commencement Date: Blucora, Inc. At the Premises Attention: David Pistorius Telephone: 972-870-6328	With a copy to: Blucora, Inc. At the Premises Attention: Ann Bruder, Chief Legal Officer
Landlord's Address:	For all Notices: Billingsley Property Services II, Inc. 1722 Routh Street, Suite 770 Dallas, Texas 75201 Attention: Lease Administration, Office Telephone: 214-270-1000	With a copy to: Billingsley Property Services II, Inc. 1722 Routh Street, Suite 770 Dallas, Texas 75201 Attention: Legal Department Telephone: 214-270-1000

The foregoing Basic Lease Information is incorporated into and made a part of the Lease identified above. If any conflict exists between any Basic Lease Information and the Lease, then the Basic Lease Information shall control.

LEASE

This Lease Agreement (this "***Lease***") is entered into as of the Lease Date, between Landlord and Tenant (each as defined in the Basic Lease information).

1.***Definitions and Basic Provisions***. The definitions and basic provisions set forth in the Basic Lease Information (the "***Basic Lease Information***") attached at the front of this Lease and incorporated herein by reference. Additionally, the following terms shall have the following meanings when used in this Lease: "***Affiliate***" means any person or entity which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the party in question; "***Building's Structure***" means the Building's exterior walls, roof, elevator shafts, footings, foundations, structural portions of load-bearing walls, structural floors and subfloors, and structural columns and beams; "***Building's Systems***" means the Building's HVAC, life-safety, plumbing, electrical, mechanical systems, and elevator systems (excluding any such systems that exclusively serve the Premises); "***including***" means including, without limitation; "***Business Days***" means any day other than Saturday, Sunday or any other day on which banks are required or authorized to close in Dallas, Texas; "***Landlord Party***" means any partner, member, trustee, shareholder, director, officer, agent, contractor (while engaged on Landlord's behalf), consultant or employee of Landlord; "***Laws***" means (a) all federal, state, and local laws, ordinances, rules and regulations, all court orders, governmental directives, and governmental orders and all interpretations of the foregoing, and (b) all restrictive covenants affecting this Lease or the Project as of the date hereof; and "***Law***" means any of the foregoing; "***Tenant's Off-Premises Equipment***" means any of Tenant's equipment or other property that may be located on or about the Project (other than inside the Premises); and "***Tenant Party***" means any of the following persons: Tenant; any assignees claiming by, through, or under Tenant; any subtenants claiming by, through, or under Tenant; and any of their respective agents, contractors (while engaged on their behalf), employees, licensees, guests and invitees (excluding however, guests and invitees when outside the Premises). "***Leasing Costs***" means all costs incurred and inducements offered by Landlord in leasing the Premises to Tenant (including, without limitation, commissions, tenant improvement allowances, costs incurred to prepare the Premises for Tenant).

2.***Lease Grant***. Subject to the terms of this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises. Additionally, subject to the terms of this Lease, any Tenant Party shall have the non-exclusive use of all amenities and other common areas of the Project to the extent designated by Landlord from time to time for the common use of all tenants of the Project.

3.***Tender of Possession***. Landlord and Tenant presently anticipate that possession of the Premises will be tendered to Tenant in the Delivery Condition (as defined in Exhibit D) on or about the Estimated Delivery Date identified in the Basic Lease Information (for the avoidance of doubt, such tender of possession on or about the Estimated Delivery Date shall apply to both the Initial Premises and Must-Take Space). Landlord shall deliver written notice to Tenant specifying the date upon which Landlord shall deliver possession of the Premises to Tenant in such condition, which date shall be no less than five Business Days after delivery of such notice. Landlord may deliver the Premises prior to the Estimated Delivery Date, but shall not do so prior to November 15, 2019 without Tenant's prior written approval. The Estimated Delivery Date, as extended day-for-day for any days of Force Majeure delay to the Work (not to exceed 60 days extension in the aggregate with respect to all extensions of Force Majeure applicable to Landlord's delivery of the Premises to Tenant, the "***Delivery FM Cap***"), is referred to as the "***Adjusted Estimated Delivery Date***". The date Landlord actually delivers possession of the Premises to Tenant in the Delivery Condition is herein referred to as the "***Actual Delivery Date***". If the Actual Delivery Date has not occurred on or prior to the date that is 30 days after the Adjusted Estimated Delivery Date, Tenant's obligation to pay Basic Rent and Additional Rent for the Premises shall be abated an additional (*i.e.* such abatement shall be credited and applied to the period occurring after expiration of the Abatement Period), one day for each day after the Adjusted Estimated Delivery Date (excluding any days of Force Majeure delay occurring after the Adjusted Estimated Delivery Date, to the extent the Delivery FM Cap has not

yet been reached) until the Actual Delivery Date occurs; such abatement shall increase to two-for-one from and after the 31st day after the Adjusted Estimated Delivery Date (again excluding any days of Force Majeure Delay occurring during such period to the extent the Delivery FM Cap has not yet been reached). If the Actual Delivery Date has not occurred on or prior to the date that is 90 days following the Adjusted Estimated Delivery Date, Tenant may terminate this Lease by delivering written notice to Landlord and Landlord's Mortgagee at any time prior to the date upon which the Actual Delivery Date actually occurs. Such termination shall be effective as of the 14th day after delivery thereof, subject to the remainder of this paragraph. Notwithstanding the foregoing, if upon the receipt from Tenant of a written election to terminate this Lease as provided in this paragraph, Landlord reasonably believes it can ensure that the Actual Delivery Date is achieved within 14 days following the receipt of such notice, Landlord may, in its sole discretion, elect to proceed with such work and, provided the Actual Delivery Date occurs within such 14-day period, Tenant's election to terminate shall be null and void. By occupying the Premises, Tenant shall be deemed to have accepted the Premises in their condition as of the date of such occupancy, subject to the performance of punch-list items that remain to be performed by Landlord, if any. In addition to and without limiting any other remedy provided in this Lease for delayed delivery, if the Actual Delivery Date has not occurred on or prior to the date that is 45 days after the Adjusted Estimated Delivery Date, then Landlord agrees to provide a supplement to the Construction Allowance in the amount of $400,000 (the "***Delay Allowance***"). The Delay Allowance funds may only be used to pay Tenant's general contractor, subcontractors and vendors for expediting fees, storage costs, and the overtime premium (*i.e.*, the increased portion of the cost of evening and weekend labor, to the extent in excess of regular working hours) incurred to expedite completion of the Work. Further, and without limiting any other remedy provided in this Lease for delayed delivery (including the Delay Allowance), if the Actual Delivery Date has not occurred by the Adjusted Estimated Delivery Date, then Landlord shall be obligated reimburse Tenant for the Existing Lease Holdover Premium (defined below). As used herein, the term "***Existing Lease Holdover Premium***" means Tenant's holdover premium portion of Tenant's actual holdover rent under its existing lease agreement with Piedmont – Las Colinas Corporate Center I, LP (as successor-in-interest to WHLC Real Estate Limited Partnership), dated August 14th, 1997, as amended from time to time (*i.e.*, Tenant's actual base rent and additional rent payments actually made by Tenant to Tenant's existing landlord, to the extent such payments exceed the immediately prior rent payments) actually paid by Tenant during the period from the Adjusted Estimated Delivery Date to the Actual Delivery Date; for purposes of Landlord's reimbursement obligation hereunder, the Existing Lease Holdover Premium shall be capped at 50% of Tenant's monthly base rent amount payable immediately prior to Tenant beginning its holdover period under its existing Lease. Notwithstanding the foregoing, in the event Tenant is involuntarily removed from its existing premises prior to the Actual Delivery Date, Landlord shall continue to make monthly payments to Tenant equal to the Existing Lease Holdover Premium payable immediately prior to Tenant's removal from the existing premises until the Actual Delivery Date occurs. By way of example, if Tenant's holdover monthly base rent is 125% of Tenant's last month's rent prior to commencement of the holdover period, Landlord will be responsible for covering the 25% premium that Tenant's landlord charges for Tenant's holdover, and Tenant shall be responsible to pay the portion of the rent in the amount charged prior to commencement of the holdover period. Except for the Existing Lease Holdover Premium, Landlord will not be responsible for any of Tenant's consequential damages, if any. During the Term, Landlord shall repair any defects in the Building's Structure and/or Building's Systems in the Premises that: (a) were not reasonably capable of discovery during walk-throughs and other inspections prior to the Commencement Date, (b) are reported to Landlord promptly following discovery by Tenant, and (c) are not caused or exacerbated by the actions of Tenant or its agents. Occupancy of the Premises by Tenant prior to the Commencement Date shall be subject to all of the provisions of this Lease excepting only those requiring the payment of Basic Rent and Additional Rent (each as defined herein); provided however, Tenant shall pay Tenant's Proportionate Share of Electrical Costs during any time it is conducting business in the Premises, or any portion thereof.

4.***Rent***.

(a) ***Payment***. Tenant shall timely pay to Landlord Rent, without notice, demand, deduction or set off (except as otherwise expressly provided herein), by good and sufficient check or other immediately available funds delivered to Landlord's address provided for in this Lease or as otherwise specified by Landlord in a written notice provided to Tenant at least 30 days in advance of a designated change. The obligations of Tenant to pay Basic Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Basic Rent, adjusted as herein provided, shall be payable monthly in advance. The first monthly installment of Basic Rent shall be payable contemporaneously with the execution of this Lease; and applied to the stub period (if any) prior to the beginning of the Initial Premises Abatement Period and then to the first full calendar month after expiration of the Initial Premises Abatement Period (with Tenant being responsible to pay, on or before the first day of such first calendar month following the Initial Premises Abatement Period, any shortage due for such first full calendar month after the Initial Premises Abatement Period due to application of funds to the stub period prior to the Initial Premises Abatement Period); thereafter, Basic Rent shall be payable on the first day following the expiration of the Initial Premises Abatement Period, and thereafter on the first day of the each month of the Term. The monthly Basic Rent for any partial month at the beginning of the Term shall equal the product of 1/365 of the annual Basic Rent in effect during the partial month and the number of days in the partial month, and shall be due on the Commencement Date. Payments of Basic Rent for any fractional calendar month at the end of the Term shall be similarly prorated. Tenant shall pay Additional Rent at the same time and in the same manner as Basic Rent.

(b) ***Operating Costs; Taxes; Electrical Costs***.

(1) Tenant shall pay to Landlord (per each rentable square foot in the Premises) ("***Additional Rent***") the Operating Costs (defined below) incurred. Landlord may make a good faith estimate of the Additional Rent to be due by Tenant for any calendar year or part thereof during the Term. During each calendar year or partial calendar year of the Term, Tenant shall pay to Landlord, in advance concurrently with each monthly installment of Basic Rent, an amount equal to the estimated Additional Rent for such calendar year or part thereof divided by the number of months therein. From time to time, Landlord may estimate and re-estimate the Additional Rent to be due by Tenant as described above and deliver a written copy of the estimate or re-estimate to Tenant (but Landlord may not re-estimate for than once in any calendar year). Thereafter, the monthly installments of Additional Rent payable by Tenant shall be appropriately adjusted in accordance with the estimations so that, by the end of the calendar year in question, Tenant shall have paid all of the Additional Rent as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Operating Costs are available for each calendar year.

(2) The term "***Operating Costs***" means all expenses and disbursements (subject to the limitations set forth below) that Landlord actually incurs (without duplication, profit or mark-up by Landlord, other than the management fee referenced herein) in connection with the ownership, operation, and maintenance of the Project, determined in accordance with Landlord's US Federal Income Tax Based accounting consistently applied, being generally comprised of the following costs: (A) wages and salaries of all on-site employees at or below the grade of senior building manager engaged in the operation, maintenance or security of the Project (together with Landlord's reasonable allocation of expenses of off-site employees at or below the grade of senior building manager who perform a portion of their services in connection with the operation, maintenance or security of the Project), including taxes, insurance and benefits relating thereto; (B) all supplies and materials used in the operation, maintenance, repair, non-capital replacement, and security of the Project, but in each case excluding costs related to supplies or materials used for any property other than the Project; (C) costs for Capital Expenditures made to the Project that, although capital in nature, are made for the primary purpose of, and limited to the extent same actually reduce the normal operating costs

(including all utility costs) of the Project, as amortized using a commercially reasonable interest rate on a straight-line basis over the Useful Life (defined below) of the applicable improvement (which costs shall not exceed the actual savings realized as a result of such improvements), as well as Capital Expenditures made in order to comply with any Law hereafter promulgated by any governmental authority or any interpretation hereafter rendered with respect to any existing Law, as amortized using a commercially reasonable interest rate on a straight-line basis over the Useful Life of the improvement; (D) cost of all utilities, except (i) Electrical Costs, and (ii) the cost of other utilities reimbursable to Landlord by the Project's tenants other than pursuant to a provision similar to this Section 4(b), and (iii) the cost of utilities used by any tenant or occupant of the Project in excess of standard use amount; (E) insurance expenses for the Project that Landlord carries, except and excluding any amounts paid to satisfy deductibles to the extent such deductibles exceed customary amounts for Comparable Buildings; (F) repairs, non-capital replacements, and general maintenance of the Project (but excluding maintenance of space occupied by any tenant, to the extent that such maintenance is the type of maintenance that Tenant is required to perform with respect to the Premises); (G) fair market rental with respect to the management office for the Building or if there is not a management office located in the Building but the Project shares a management office with other buildings located in the Complex (as defined below) then a reasonable allocation of such management office attributable to the Project; (H) service, maintenance and management contracts with independent contractors for the operation, maintenance, management, repair, replacement, or security of the Project (including alarm service, window cleaning, and elevator maintenance), but in each case excluding any such contracts and/or costs attributable solely to a specific tenant or occupant of the Project that does not benefit other tenants or occupants; (I) a management fee not to exceed four percent (4%) of gross receipts for the Building; (J) Taxes, and (K) non-governmental assessments pursuant to matters recorded against the Project as of the date of this Lease. If the Building is part of a multi-building office complex (the "***Complex***"), Operating Costs and Electrical Costs for the Complex may be prorated among the Project and the other buildings of the Complex, as reasonably determined by Landlord in a manner designed and reasonably expected to achieve an efficiency and financial benefit to the Project. As used herein, "***Capital Expenditures***" means any expenditure incurred by Landlord that (1) would be classified as a capital expense pursuant to Landlord's US Federal Income Tax Based accounting practices, consistently applied, and (2) provides a benefit in excess of one year, (3) is a non-recurring expenditure (*i.e.*, such that the subject expenditure is not expected to recur in a two-year period), and (4) are not items which are generally considered maintenance and repair items, such as painting of common areas, replacement of carpet in elevator lobbies, etc.; "***Useful Life***" shall mean the amortization period established in accordance with Landlord's US Federal Income Tax Based accounting practices, consistently applied. Landlord shall use commercially reasonable efforts to ensure that all Operating Costs are reasonably priced from the providers of each such cost.

Notwithstanding the foregoing or any other provision of this Lease to the contrary, however, Operating Costs shall specifically exclude the following: (i) capital improvements, repairs and other capital items, other than capital improvements to the Project which are described in Section 4(b)(2)(C) and except for items which are generally considered maintenance and repair items, such as painting of common areas, replacement of carpet in elevator lobbies, and the like; (ii) repair, replacements and general maintenance paid by proceeds of insurance or by Tenant or other third parties; (iii) interest, amortization or other payments on loans to Landlord; (iv) depreciation; (v) leasing commissions; (vi) legal expenses for services, other than those that benefit the Project tenants generally (*e.g.*, tax disputes); (vii) renovating or otherwise improving space for occupants of the Project or vacant space in the Project; (viii) federal income taxes imposed on or measured by the net income of Landlord from the operation of the Project, or any taxes not included within Taxes pursuant to this Lease; (ix) the costs of special services rendered to tenants (including Tenant) for which a special or separate charge is made or which are for the benefit of a specific tenant

(including Tenant) but not all tenants of the Building; (x) costs associated with the operation of the business or legal entity that constitutes the Landlord, as the same are distinguished from the costs of Project operations, including, but not limited to, general overhead and administrative expenses, costs of accounting and legal matters, and costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Project; (xi) wages, salaries, fees and fringe benefits of any employee who does not devote substantially all of his/her employed time to the Building, unless such wages and benefits are pro-rated to reflect time spent on operating and managing the Building vis-à-vis time spent on generating and negotiating new leases or modifications, extensions, renewals, defaults or terminations of leases or similar tasks related to leases, and matters unrelated to operating and managing the Building; (xii) other than the management fee (which is capped as provided above) overhead and profit increment paid to Landlord or to Affiliates of Landlord, and costs, for goods and/or services to the Project to the extent that the costs of such goods and/or services exceeds the costs that would have been paid had the goods and/or services been provided by unaffiliated third parties on a competitive basis; (xiii) costs incurred by Landlord in order to comply with the requirements for obtaining or renewing a certificate of occupancy for the Project or any space therein; (xiv) cash or other consideration paid by Landlord in lieu of the tenant improvement work or alterations; (xv) marketing and leasing costs, including, without limitation, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with Tenant or prospective tenants or other occupants of the Project; (xvi) advertising and promotional expenditures; (xvii) rental "takeover expenses" or other obligations that Landlord pays or assumes in connection with the leasing of space in the Project, including, but not limited to, any expenses incurred by Landlord with respect to space located in a building other than the Building; (xviii) inducement or "sign-up" payments paid to tenants for signing new leases for space at the Project, or for the exercise of options under existing leases; (xix) costs arising from the presence of Hazardous Materials and hazardous substances in, on or about the Project not placed, released or stored there by Tenant or any Tenant Party; (xx) costs arising due to any disputes between Landlord and its employees, Project management, or with any tenant; (xxi) costs incurred to provide services and utilities and taxes attributable to the operation of retail and restaurant operations in the Project; (xxii) rentals and other expenses for any management or leasing offices, other than rentals for the on-site Building management office or a single consolidated management or leasing office for the Complex; (xxiii) costs incurred in removing any ex-tenant's property from the Project; (xxiv) costs associated with the installation, maintenance and removal of any signage associated with the Building identifying the owner or management agent of the Building; (xxv) costs of constructing, installing, operating or maintaining any special service or facility not contemplated by this Lease, such as a retail store, newsstand, broadcasting facility, luncheon club, recreational club, cafeteria, dining facility, health club (other than operating costs for the Fitness Center that otherwise satisfy the terms of this Section 3(b)), or child or daycare; (xxvi) acquisition costs, rental costs, and installation costs (as contrasted with the maintenance) of sculptures, paintings, or other objects of art, whether for interior or exterior use; (xxvii) costs, fees, dues, voluntary contributions or similar expenses for political, charitable, civic, industry association or similar organizations; (xxviii) fees, costs, disbursements and other expenses incurred in connection with the defense of Landlord's title to or interest in the Project; (xxix) reserves for future improvements, repairs or additions; (xxx) reserves for equipment or capital replacement; (xxxi) collection costs, including legal fees, bad debt losses or rental losses, or reserves for bad debt or rental losses; (xxxii) costs, expenses or compensation, including taxes and benefits, paid to clerks, attendants, concierges or other persons working in or managing commercial concessions operated by Landlord or the Project's manager; (xxxiii) utility services for which any tenant of the Project directly contracts with the utility provider or which is separately metered; (xxxiv) management fees and/or Project administrative expenses in the aggregate in excess of those provided for in Section 4(b)(2)(I); (xxxv) rents payable under a ground or underlying lease of the Building; (xxxvi) costs of repairs or replacements due to fire, casualty or condemnation; (xxxvii) costs or expenses (including fines, penalties and legal fees) incurred by Landlord due to the violation or alleged violation by Landlord, its employees, agents, representatives or contractors, or other tenants or occupants of the Project, of any terms and conditions of this Lease or of the leases of other tenants of the Project, or of applicable Laws, that would not have been incurred but for such violation; (xxxviii) costs incurred by Landlord resulting from the gross negligence or willful misconduct of Landlord, its employees, agents, representatives or contractors; (xxxix) any interest or penalty charges incurred by Landlord due to late payments by Landlord resulting from Landlord's negligence; (xl) rentals and other related expenses incurred by Landlord in leasing air conditioning systems, elevators or other equipment or systems normally considered to be capital in nature; (xli) consulting costs and expenses incurred by Landlord except to the extent relating to the management or operation of the Project; (xlii) entertainment expenses; (xliii) any costs associated with the improvements required to be made by Landlord pursuant to this Lease, or the initial construction of the Project; (xliv) insurance premiums to the extent any

tenant causes Landlord's existing insurance premiums to increase or requires Landlord to purchase additional insurance because of, in either case, such tenant's use of the Building for other than office purposes; (xlv) cost of acquiring or installing initial landscaping of the Building and the Project; and (xlvi) costs to initially obtain LEED certification for the Building. Landlord will not collect or be entitled to collect Operating Costs from tenants of the Building in excess of 100% of the Operating Costs actually incurring by Landlord in connection with the operation of the Project; Landlord will not profit from Landlord's collection of Operating Costs, excluding (for purposes of this sentence) the management fee.

(3) "***Taxes***" means taxes, assessments, and governmental charges or fees whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing or by others, subsequently created or otherwise, and any other governmental taxes and governmental assessments now or hereafter attributable to the Project (or its operation), excluding, however, (a) penalties and interest thereon, (b) federal and state taxes on income, (c) franchise, succession or transfer taxes (although the Margin Tax is included, as described below), (d) estate or inheritance taxes, (e) payroll tax, (f) gross rental or receipt tax except to the extent permitted below, (g) taxes to the extent resulting from over-standard improvements made by or for other tenants of the Project if such improvements are not for the general benefit of all tenants of the Building, if any, (h) taxes which are essentially payments to a governmental agency for the right to make improvements to the Project (or any portion thereof) or the surrounding area, (i) taxes computed upon the basis of the net income derived by Landlord from the Project (or any portion thereof), or (j) any other item listed in the Operating Costs exclusions in Section 4(b)(2) above. Notwithstanding the above, if the present method of taxation of office buildings changes so that in lieu of or in addition to the whole or any part of any Taxes, there is levied on Landlord a capital tax directly on the rents received therefrom or a franchise tax, assessment, or charge based, in whole or in part, upon such rents for the Project, then all such taxes, assessments, or charges, or the part thereof so based, shall be deemed to be included within the term "Taxes" for purposes hereof to the extent that such new or modified tax is customarily reimbursed from tenants to landlords in triple-net leases for Comparable Buildings. For the avoidance of doubt, Landlord may only include in Taxes the amount that would have been payable by Landlord if Landlord had elected to pay such amounts over the longest time period prior to the imposition of any late fees. Landlord and Tenant agree that the so-called "margin tax" codified at §§ 171.0001 *et seq.* of the Texas Tax Code (as the same may be amended from time to time, the "***Margin Tax***") is such a tax and shall be deemed to be included within the term "Taxes" for purposes hereof provided, however, for purposes of determining the Taxes hereunder, (a) the calculation of the Margin Tax shall exclude any and all of Landlord's revenue related to the sale, transfer or financing of the Project or portion thereof, (b) if Landlord is part of a combined group for purposes of determining the Margin Tax, or Landlord otherwise incurs liability for the Margin Tax by reason of revenue derived from the Project and revenue derived from any other projects or businesses, then the amount of the Margin Tax to be included in Taxes shall be only that portion directly attributable to the revenue derived from the Project, and (c) any application of the Margin Tax shall apply only to the extent it is consistently charged to all other Project tenants. Landlord shall contest the Taxes assessed upon the Building within its commercially reasonable discretion; the term "Taxes" shall include the costs of consultants retained in an effort to lower taxes and all costs incurred in disputing any taxes or in seeking to lower the tax valuation of the Project. For property tax purposes, Tenant waives all rights to protest or appeal the appraised value of the Premises, as well as the Project, and all rights to receive notices of reappraisement. Upon Tenant's request therefor, Landlord shall provide Tenant with evidence of the Taxes (and information regarding future assessments of Taxes, if and to the extent available to Landlord).

(4) Tenant shall also pay to Landlord Tenant's Proportionate Share of the cost of all electricity used by the Project ("***Electrical Costs***") (with no mark-up or profit to Landlord; although the "gross-up" provisions in Section 4(b)(6) below shall not be considered a "mark-up" or "profit" as described in this sentence). Such amount shall be payable in monthly installments on the Commencement Date and on the first day of each calendar month thereafter. Each installment shall be based on Landlord's commercially reasonable estimate of the amount due for each month. From time to time during any calendar year, Landlord may estimate or re-estimate (but Landlord may not re-estimate for then once per calendar year) the Electrical Costs to be due by Tenant for that calendar year and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Electrical Costs payable by Tenant shall be appropriately adjusted in accordance with the estimations. Landlord shall use commercially reasonable efforts to cause any tenants of the Project whose equipment consumes a materially disproportionate amount of electricity (relative to the other tenants in the Project) to pay their fair share of Electrical Costs. Tenant shall have the option at its cost, but without obligation, to have a submeter installed for all or a portion of the Premises. If a submeter is installed pursuant to the preceeding sentence, then Electical Costs will thereafter be based solely on (a) actual usage of electricity provided to the Premises as measured by such submeter, and (b) Tenant's Proportionate Share of electricity provided to the common areas of the Project (and the Complex, as reasonably allocated to the Project in accordance with the terms of Section 4(b)(2) above).

(5) By April 1 of each calendar year, or as soon thereafter as practicable, Landlord shall furnish to Tenant a statement of Operating Costs and Electrical Costs for the previous year, in each case adjusted as provided in Section 4(b)(5), (the "***Operating Costs Statement***"). The Operating Costs Statement shall be reasonably detailed, including line items for Taxes, insurance, maintenance, janitorial and security, contain an explanation of the gross-up calculations, and, if requested in writing by Tenant, Landlord shall provide reasonable back-up documentation within ten Business Days following Tenant’s written request therefor. Landlord shall answer any questions Tenant may have with respect to such Operating Costs Statement and attempt in good-faith to resolve any issues that Tenant may have with respect to such Operating Costs Statement. If Tenant's estimated payments of Operating Costs or Electrical Costs under this Section 4(b) for the year covered by the Operating Costs Statement exceed Tenant's Proportionate Share of such items as indicated in the Operating Costs Statement, then Landlord shall promptly credit or reimburse Tenant for such excess; likewise, if Tenant's estimated payments of Operating Costs or Electrical Costs under this Section 4(b) for such year are less than Tenant's Proportionate Share of such items as indicated in the Operating Costs Statement, then Tenant shall promptly pay Landlord such deficiency. If Landlord does not deliver an Operating Costs Statement to Tenant within 12 months after the end of any calendar year, then Landlord shall be deemed to have waived its right to collect any underpayment from Tenant for costs applicable to the period that would have been covered by the Operating Costs Statement.

(6) With respect to any calendar year or partial calendar year in which the Building is not occupied to the extent of 100% of the rentable area thereof, or Landlord is not supplying services to 100% of the rentable area thereof, those portions of the Operating Costs and Electrical Costs for such period which vary with the occupancy of the Building (“***Variable Operating Costs***”) shall, for the purposes hereof, be increased to the amount which would have been incurred had the Building been occupied to the extent of 100% of the rentable area thereof and Landlord had been supplying services to 100% of the rentable area thereof. Landlord and Tenant agree that insurance costs, Taxes are not included in Variable Operating Costs. Landlord shall use a consistent methodology to “gross-

up" Variable Operating Costs from year to year, and the methodology for grossing-up Variable Operating Costs for any year shall be no less favorable to Tenant than for any other tenant in the Project. Upon written request from Tenant, Landlord shall discuss with Tenant the methodology used to gross-up each category of Variable Operating Costs. **In no event shall Landlord be entitled to recover more than 100% of actual Operating Costs (or any component thereof) as a result of the application of this Section 4(b)(6), this sentence is not intended to limit the calculation of Landlord's management fee.**

5. ***Delinquent Payment; Handling Charges***. Monthly payments of Rent shall be due on the first day of each calendar month of the Term and shall be considered delinquent if received after the fifth day of such month, regardless of whether Landlord notifies Tenant of such delinquency. All delinquent payments required of Tenant hereunder shall bear interest from the delinquency date (*i.e.*, the sixth day of the calendar month for regular monthly payments of Rent) until paid at the lesser of eighteen percent per annum or the maximum lawful rate of interest (such lesser amount is referred to herein as the "***Default Rate***"); additionally, Landlord, in addition to all other rights and remedies available to it, may charge Tenant a fee equal to the greater of (a) $50.00, or (b) five percent of the delinquent payment to reimburse Landlord for its cost and inconvenience incurred as a consequence of Tenant's delinquency. In no event, however, shall the charges permitted under this Section 5 or elsewhere in this Lease, to the extent they are considered to be interest under applicable Law, exceed the maximum lawful rate of interest. Notwithstanding the foregoing, the interest and the late fee referenced above shall not be charged with respect to the first two occurrences (but not any subsequent occurrence) during any 12-month period that Tenant fails to make payment when due (*e.g.*, for monthly recurring payments of Rent, by the fifth day of each calendar month), until five days after Landlord delivers written notice of such delinquency to Tenant. If any check is tendered by Tenant and not duly honored with good funds, Tenant shall, in addition to any other remedies available to Landlord under this Lease, pay Landlord a "NSF" fee of $75.00, and Landlord may require, by giving written notice to Tenant (and in addition to any other rights and remedies accruing pursuant to the terms, provisions or covenants of this Lease) that all future rental payments are to be made on or before the due date by cash, cashier's check, or money order, and that the delivery of Tenant's personal or corporate check will no longer constitute a payment of rental as provided in this Lease. In addition, if Tenant's Rent payments are delinquent by more than five Business Days in any two consecutive months, then Landlord, in order to reduce its administrative costs, may require, by giving written notice to Tenant (and in addition to any interest accruing pursuant to this Section 5, as well as any other rights and remedies accruing pursuant to the terms, provisions or covenants of this Lease), that Basic Rent is to be paid quarterly in advance instead of monthly and that all future rental payments are to be made on or before the due date by cash, cashier's check, or money order, and that the delivery of Tenant's personal or corporate check will no longer constitute a payment of rental as provided in this Lease. Any acceptance of a monthly rental payment or of a personal or corporate check thereafter by Landlord shall not be construed as a subsequent waiver of said rights, regardless of any notation on said check or any conditions with which Tenant offers such check to Landlord.

6. ***Intentionally Deleted***.

7. ***Landlord's Obligations***.

(a) ***Services***. Landlord shall furnish to Tenant, in a manner consistent with comparable Class A suburban office buildings in the Las Colinas/Irving/Cypress Waters submarket areas (such buildings being referred to herein as "***Comparable Buildings***") (1) water at those points of supply provided for general use of tenants of the Building 24 hours per day, seven days per week; (2) heated and refrigerated air conditioning ("***HVAC***") as appropriate, at such temperatures and in such amounts to maintain (i) an indoor temperature of 74° F, plus or minus two° F, when the outside ambient air temperature is above 50° F; (ii) an indoor temperature of 72° F, plus or minus two° F, when the outside ambient air temperature is below 50° F and otherwise satisfy the requests set forth in Exhibit M attached hereto;

(3) janitorial service, including day porter services, to the Premises and Common Areas of the Building five days per week, other than Building Holidays, as set forth in the janitorial specifications attached hereto as Exhibit K; (4) elevators for ingress and egress to the floor on which the Premises are located, in common with other tenants, 24 hours per day, seven days per week, provided that Landlord may reasonably limit the number of operating elevators during non-Normal Business Hours and Building Holidays (but as to each floor of the Premises, such temporary cessation for ordinary repair and maintenance shall not occur simultaneously for all passenger cabs serving such floor); and (5) electrical current for equipment whose electrical energy consumption does not exceed six watts below a finished ceiling, 24 hours per day, seven days per week (“***Normal Office Usage***”); (6) courtesy patrol services reasonably similar to those provided at the Complex generally (which may be shared among the buildings within the Complex), but in all events such courtesy patrol shall (i) be active 24 hours per day, seven days per week, (ii) promptly collaborate with Tenant’s security service team to discuss identified risks by Tenant's security team, and (iii) be on call to provide escort services for Tenant’s employees 24 hours per day, seven days per week (although immediate availability may depend upon similar demands elsewhere in the Project); (7) property management located within the Complex during Normal Business Hours and a 24-hour emergency contact number for the property manager and/or security/courtesy patrol; (8) replacement of Building-standard light bulbs and Building-standard LED tubes; (9) normal and customary routine maintenance and repairs for the Building’s Systems located within the Project (including base Building mechanical, electrical and plumbing services) and for all public, structural, and exterior portions of the Building, including the parking areas and other exterior areas within the Project, driveways, alleys, landscape and grounds of the Project and utility lines, sprinkler systems and all other items normally associated with the foregoing, stairs, fire towers, vertical ducts, risers, elevator shafts, flues, vents, stacks and pipe shafts; (10) a building directory in the lobby adequate for listing the name of each Building tenant; (11) two keys for each non-electronic lock on exterior doors to the Premises, and, on Tenant’s request and at Tenant’s expense, additional keys to such non-electronic exterior door locks; and (12) landscaping and snow and ice removal services consistent with Comparable Buildings. Landlord shall maintain the common areas of the Building in a manner consistent with Comparable Buildings, except for damage caused by a Tenant Party. If Tenant desires any of the services specified in clause (2) above at any time other than between 7:00 a.m. and 7:00 p.m. on weekdays (other than Building Holidays) or 8:00 a.m. and 1:00 p.m. on Saturdays pursuant to the conditions outlined below (“***Normal Business Hours***”), then such services shall be supplied to Tenant upon the written request of Tenant delivered to Landlord before 3:00 p.m. on the Business Day of such extra usage (or before 3:00 p.m. on the preceding Business Day if such requested excess usage is on a non-Business Day), and Tenant shall pay to Landlord the actual cost (without mark-up or administrative fees) of such services within 30 days after Landlord has delivered to Tenant an invoice therefor; provided however that such services will be provided for no hourly charge between 8:00 a.m. and 1:00 p.m. on Saturdays (but will not be provided without a request for such Saturday service). Notwithstanding anything to the contrary contained herein, Tenant may advise Landlord annually of its need for HVAC in the Premises on Saturdays, in which case Landlord will deliver such HVAC to the Premises between 8:00 a.m. – 1:00 p.m. on Saturdays for the 12 months following such notification from Tenant; Tenant may elect to terminate such regular Saturday HVAC service upon delivering written notice of such election to Tenant but such termination of Saturday service shall not eliminate Tenant right’s to reinstate annual Saturday HVAC service in the Premises at any time during the Lease Term. The costs incurred by Landlord in providing after-hour HVAC service to Tenant shall include the actual costs for electricity, water, sewage, water treatment, labor, metering, filtering, and maintenance reasonably allocated by Landlord to providing such service; Landlord shall provide to Tenant an estimate of such hourly costs upon request. "***Building Holidays***" shall mean (a) New Year’s Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, Christmas Eve, Christmas Day, and the Monday following such holiday if the holiday falls on a Sunday, or the Friday preceding such holiday if the holiday falls on a Saturday and (b) other days designated by Landlord, so long as such other days are commonly recognized as holidays by other office buildings in the submarket in which the Project is located.

(b) ***Excess Utility Use***. Landlord shall not be required to furnish electrical current for equipment whose electrical energy consumption exceeds Normal Office Usage. If Tenant's requirements for or consumption of electricity exceed Normal Office Usage, Landlord shall, at Tenant's expense, make reasonable efforts to supply such service through the then-existing feeders and risers serving the Building and the Premises, and Tenant shall pay to Landlord the cost of such service as determined pursuant to the following sentence within 30 days after Landlord has delivered to Tenant an invoice therefor. Landlord shall determine the amount of consumption of electricity by Tenant by installation of a separate meter in the Premises installed, maintained, and read by Landlord, at Tenant's expense, which separate meter shall be installed by Landlord prior to the Actual Delivery Date and, at Tenant's election, the cost of such installation may be funded from the Construction Allowance. In addition to Tenant's actual usage of electricity (as indicated by such separate meter(s)), Tenant shall also pay Tenant's Proportionate Share of electricity used for the Project's common areas. Tenant shall not install any electrical equipment requiring voltage or amperage in excess of Building capacity unless approved in advance by Landlord, which approval shall not be unreasonably withheld, delayed or conditioned. The use of electricity in the Premises shall not exceed the capacity of existing feeders and risers to or wiring in the Premises. Any risers or wiring required to meet Tenant's excess electrical requirements shall, upon Tenant's written request, be installed by Landlord, at Tenant's cost, if, in Landlord's reasonable judgment, the same are necessary and shall not cause permanent damage to the Building or the Premises, cause or create a dangerous or hazardous condition, entail excessive or unreasonable alterations, repairs, or expenses, or interfere with or disturb other tenants of the Building. If Tenant uses machines or equipment in the Premises which affect the temperature otherwise maintained by the air conditioning system or otherwise overload any utility, Landlord shall notify Tenant in writing thereof and thereafter Tenant shall have 30 days to remove the equipment and/or install supplemental air conditioning, failing which Landlord may install supplemental air conditioning units or other supplemental equipment in the Premises (whose use shall be monitored through installation of a separate meter), and the actual cost thereof, including the cost of installation, operation, use, and maintenance, in each case, plus an administrative fee of 10% of such cost, shall be paid by Tenant to Landlord within 30 days after Landlord on the next date for the payment of Basic Rent occurring at least 30 days after Landlord has delivered to Tenant an invoice therefor. Landlord shall notify Tenant at least two Business Days (except in cases of real or apparent Emergency, in which case no notice shall be required) prior to Landlord's installation of supplemental air conditioning units or other supplemental equipment in the Premises as described above. Landlord covenants and agrees to use commercially reasonable efforts to ensure that each other tenant or other occupant in the Building using utilities or services furnished by Landlord materially in excess of those consumed by Tenant and other tenants or occupants in the Building generally shall pay for such excess usage.

(c) ***Janitorial Services***. Should Tenant become dissatisfied on any reasonable basis with any aspect of the janitorial services provided by Landlord to the Premises, and Landlord fails to satisfactorily cure such dissatisfaction within 30 days following Tenant's delivery of written notice to Landlord regarding same (which notice shall state that Tenant believes that its dissatisfaction will justify Tenant's being permitted to separately contract for janitorial services if not timely cured), Tenant may separately contract for janitorial services within the Premises and cause such services to be performed at Tenant's cost. Tenant's maintenance methods and disposal of waste by Tenant must be in compliance with all applicable Laws and Tenant's janitorial contractor shall be subject to Landlord's prior approval, such approval not to be unreasonably withheld. If Tenant makes such election, Operating Costs shall not include the cost of providing such services to the Premises or any other leasable areas of the Project for so long as Tenant provides its own janitorial services.

8. ***Improvements; Alterations; Repairs; Maintenance***.

(a) ***Improvements; Alterations***. Improvements to the Premises shall be installed at Tenant's expense (other than the Work, as defined in Exhibit D, for which Landlord shall provide the Construction Allowance), and except as otherwise expressly provided in this Lease only in accordance with plans and specifications which have been previously submitted to and approved in writing by Landlord, which approval shall be governed by the provisions set

forth in this Section 8(a) (but approval for the plans for the Work shall be governed by Exhibit D). No alterations or physical improvements in or to the Premises may be made without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed; however, Landlord may withhold its consent to any alteration or addition that would adversely affect (in the reasonable discretion of Landlord) (1) the Building's Structure or the Building's Systems (including the Building's restrooms or mechanical rooms), (2) the exterior appearance of the Building, (3) the appearance of the Building's common areas or elevator lobby areas, or (4) the provision of services to other occupants of the Building. Tenant shall not paint or install lighting or decorations, signs, window or door lettering, or advertising media of any type that in each case is installed for the purpose of being visible from the exterior of the Premises without the prior written consent of Landlord. Notwithstanding the foregoing, Tenant shall not be required to obtain Landlord’s consent for repainting, recarpeting, or other alterations, tenant improvements, alterations or physical additions to the Premises which are cosmetic in nature totaling less than $300,000 in any single instance or series of related alterations performed within a six-month period (provided that Tenant shall not perform any improvements, alterations or additions to the Premises in stages as a means to subvert this provision), in each case provided that (A) Tenant delivers to Landlord written notice thereof, a list of contractors and subcontractors to perform the work (and certificates of insurance for each such party) and any plans and specifications therefor prior to commencing any such alterations, additions, or improvements (for informational purposes only so long as no consent is required by Landlord as required by this Lease), (B) the installation thereof does not require the issuance of any building permit or other governmental approval, or involve any core drilling or the configuration or location of any exterior or interior walls of the Building, and (C) such alterations, additions and improvements will not affect, in any material respect: (i) the Building’s Structure or the Building’s Systems, (ii) the provision of services to other Building tenants, or (iii) the appearance of the Building’s common areas or the exterior of the Building (collectively “***Decorative Items***”). All alterations, additions, and improvements shall be constructed, maintained, and used by Tenant, at its risk and expense, in accordance with all Laws; Landlord's consent to or approval of any alterations, additions or improvements (or the plans therefor) shall not constitute a representation or warranty by Landlord, nor Landlord's acceptance, that the same comply with sound architectural and/or engineering practices or with all applicable Laws, and Tenant shall be solely responsible for ensuring all such compliance. If Tenant desires to perform any alteration, addition or improvement that requires Landlord’s approval under Section 8(a), it shall submit to Landlord plans and specifications therefor or change orders thereto, and Landlord shall within ten Business Days after its receipt of such plans and specifications or any such change orders with respect thereto, notify Tenant whether it approves or disapproves the same; any notice of disapproval shall be accompanied by a statement in reasonable detail of the reasons therefor. If Landlord fails to respond to such consent request within such ten-Business-Day period and such failure continues for five additional Business Days following a second notice from Tenant that includes the following warning in bold, all caps type: “**IF YOU FAIL TO RESPOND TO THE REQUEST FOR APPROVAL MADE BELOW WITHIN FIVE BUSINESS DAYS, YOU WILL BE DEEMED TO HAVE GIVEN APPROVAL**”, then such request for consent shall be deemed granted; notwithstanding the foregoing, no deemed approval shall apply to work that affects in any material respect the Building’s Structure, the elevator systems or the life-safety systems.

(b) ***Repairs; Maintenance***. Subject to Landlord’s ongoing janitorial, maintenance and repair obligations under this Lease, Tenant shall maintain the Premises in a clean, safe, and operable condition (excluding those items to be maintained by Landlord pursuant to the terms of this Lease, including the Building’s Structure and all Building’s Systems), and shall not authorize to remain any waste or damage to any portion of the Premises. Additionally, Tenant, at its sole expense, shall repair, replace and maintain in good condition and in accordance with all Laws and the equipment manufacturer's suggested service programs, all portions of the Premises, Tenant's Off-Premises Equipment and all areas, improvements and systems exclusively serving the Premises (except the Building’s Structure and all Building’s Systems). Tenant shall repair or replace, subject to Landlord's direction and supervision, any damage to the Building caused by a Tenant Party. If any such damage occurs outside of the Premises, or if such damage occurs inside the Premises but adversely affects any of the Building's Systems and/or Building’s Structure or any other area outside

the Premises, then Landlord may elect to repair such damage at Tenant’s actual, out-of-pocket expense, rather than having Tenant repair such damage. If Tenant fails to commence to make repairs or replacements required by this subsection within 15 days after Landlord delivers written notice to Tenant regarding the occurrence of such damage, then Landlord may make the same at Tenant's cost. If any such damage occurs outside of the Premises, then Landlord may elect to repair such damage at Tenant's expense, rather than having Tenant repair such damage. The cost of all maintenance, repair or replacement work performed by Landlord under this Section 8 shall be paid by Tenant to Landlord on the next date for payment of Basic Rent that is at least 30 days after Landlord has invoiced Tenant therefor.

(c) ***Performance of Work***. All work described in this Section 8 shall be performed only by Landlord or by contractors and subcontractors approved in writing by Landlord. Tenant shall require that all contractors and subcontractors procure and maintain insurance coverage naming Landlord and Landlord's property management company as additional insureds against such risks, in such commercially reasonable amounts that are comparable to those required by owners of Comparable Buildings and with companies complying with Section 11(a) of this Lease. For purposes of the foregoing and any other provision requiring the naming of parties as additional insureds, Landlord shall provide Tenant with the identities and mailing addresses of each such prospective party. Tenant shall provide Landlord with the identities, mailing addresses and telephone numbers of all persons or companies performing work or supplying materials prior to beginning such construction (and if requested by Landlord, references for the company or person performing such work or supplying such materials), and Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable Laws. All such work shall be performed in accordance with all Laws and in a good and workmanlike manner so as not to damage the Building (including the Premises, the Building's Structure and the Building's Systems). Any inspections required to be performed to determine compliance with the Disabilities Acts (as hereinafter defined) in connection with such work must be performed by Landlord's accessibility consultant. All work affecting the roof of the Building must be performed by Landlord's roofing contractor at a commercially reasonable cost and no such work will be permitted if it would void or reduce the warranty on the roof. All cabling installed within the Premises by Tenant shall be in conformance with the standards set for the Building by Landlord at the time of such installation, which standards shall not be materially more burdensome than Comparable Buildings.

(d) ***Mechanic's Liens***. All work performed, materials furnished, or obligations incurred by or at the request of a Tenant Party shall be deemed authorized and ordered by Tenant only, and Tenant shall not permit any mechanic's liens to be filed against the Premises or the Project in connection therewith. Upon completion of any such work, Tenant shall deliver to Landlord final lien waivers from all contractors, subcontractors and materialmen who performed such work. If such a lien is filed, then Tenant shall, within 20 days after Landlord has delivered notice of the filing thereof to Tenant (or such earlier time period as may be necessary to prevent the forfeiture of the Premises, the Project or any interest of Landlord therein or the imposition of a civil or criminal fine with respect thereto), either (1) pay the amount of the lien and cause the lien to be released of record, or (2) diligently contest such lien and deliver to Landlord a bond or other security reasonably satisfactory to Landlord. If Tenant fails to timely take either such action, and such failure continues for five Business Days following a second notice from Landlord to Tenant that includes the following warning in bold, all caps type: "**WARNING: FAILURE OF TENANT TO RESPOND TO CURE THE CITED LIEN WITHIN FIVE BUSINESS DAYS FOLLOWING THE DATE OF THIS NOTICE WILL RESULT IN LANDLORD'S ABILITY TO PAY SUCH LIEN CLAIMANT, AT TENANT'S COST**," then Landlord may pay the lien claim, and any amounts so paid, including expenses and interest, shall be paid by Tenant to Landlord within 30 days after Landlord has invoiced Tenant therefor. Landlord and Tenant acknowledge and agree that their relationship is and shall be solely that of "landlord-tenant" (thereby excluding a relationship of "owner-contractor," "owner-agent" or other similar relationships). Accordingly, all materialmen, contractors, artisans, mechanics, laborers and any other persons now or hereafter contracting with Tenant, any contractor or subcontractor of Tenant or any other Tenant Party for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Premises, at any time from the date hereof until the end of the Term, are hereby charged

with notice that they look exclusively to Tenant to obtain payment for same. Nothing herein shall be deemed a consent by Landlord to any liens being placed upon the Premises, the Project or Landlord's interest therein due to any work performed by or for Tenant or deemed to give any contractor or subcontractor or materialman any right or interest in any funds held by Landlord to reimburse Tenant for any portion of the cost of such work. Tenant shall defend, indemnify and hold harmless Landlord and its agents and representatives from and against all claims, demands, causes of action, suits, judgments, damages and expenses (including reasonable attorneys' fees) in any way arising from or relating to the failure by any Tenant Party to pay for any work performed, materials furnished, or obligations incurred by or at the request of a Tenant Party(subject to Landlord’s obligation to pay the Construction Allowance with respect to the Work pursuant to Exhibit D). This indemnity provision shall survive termination or expiration of this Lease.

9. ***Use***. Tenant shall occupy and use the Premises only for the Permitted Use in compliance with all Laws relating to this Lease and/or the use, condition, access to, and occupancy of the Premises and will not commit waste, overload the Building's Structure or the Building's Systems or subject the Premises to use that would damage the Premises. The population density within the Premises as a whole shall at no time exceed what is permitted by applicable Laws. Tenant may use the Premises after Normal Business Hours. Notwithstanding anything in this Lease to the contrary, as between Landlord and Tenant, (a) Tenant shall bear the risk of complying with Title III of the Americans With Disabilities Act of 1990, any state laws governing handicapped access or architectural barriers, and all rules, regulations, and guidelines promulgated under such laws, as amended from time to time (the "***Disabilities Acts***") in the Premises, and (b) Landlord shall at its cost (subject to reimbursement permitted by Section 4), promptly cause the Project (other than tenant occupied areas of the Building) to comply with Laws in the event Tenant identifies any such non-compliance to Landlord, other than compliance that is necessitated by the use of the Premises for other than the Permitted Use or as a result of any alterations or additions, including any initial tenant improvement work, made by or on behalf of a Tenant Party (which risk and responsibility shall be borne by Tenant). Notwithstanding anything in this Lease to the contrary, any remedial work performed pursuant to the immediately preceding sentence shall not be considered a Controllable Operating Cost. Any inspections required to be performed to determine compliance with the Disabilities Acts, whether as a result of the Work or any alterations or additions made by or on behalf of a Tenant Party, must be performed by Landlord's accessibility consultant. The Premises shall not be used for any use which is disreputable, creates extraordinary fire hazards, or results in an increased rate of insurance on the Building or its contents and is not a Permitted Use, or for the storage of any Hazardous Materials (other than typical office supplies [*e.g.*, photocopier toner] and then only in compliance with all Laws). If, because of a Tenant Party's acts or because Tenant vacates the Premises, the rate of insurance on the Building or its contents increases, and such situation causing the increased costs is not remedied within 30 days following Landlord's notice to Tenant of such increased costs, then Tenant shall pay to Landlord the amount of such increase the next date for payment of Basic Rent that is at least 30 days after receipt of Landlord’s invoice. Tenant shall conduct its business and use reasonable efforts to control each other Tenant Party so as not to create any nuisance or unreasonably interfere with other tenants or Landlord in its management of the Building.

10. ***Assignment and Subletting***.

(a) ***Transfers***. Except as provided in Section 10(h), Tenant shall not, without the prior written consent of Landlord, which shall not be unreasonably withheld, delayed or conditioned, (1) assign, transfer, or encumber this Lease or any estate or interest herein, whether directly or by operation of law, (2) permit any other entity to become Tenant hereunder by merger, consolidation, or other reorganization, (3) if Tenant is an entity other than a corporation whose stock is publicly traded, permit the transfer of an ownership interest in Tenant so as to result in a Change in Control of Tenant, (4) sublet any portion of the Premises, (5) grant any license, concession, or other right of occupancy of any portion of the Premises, or (6) permit the use of the Premises by any parties other than Tenant (any of the events listed in Sections 10(a)(1) through 10(a)(6) being a "***Transfer***"). Landlord shall not unreasonably withhold its consent

to any assignment or subletting of the Premises. For purposes hereof, a "***Change in Control***" of Tenant shall be deemed to have occurred when a person or entity acquires a majority of the direct beneficial interests in Tenant.

(b) ***Intentionally Deleted***.

(c) ***Request for Consent***. If Tenant requests Landlord's consent to a Transfer, then, at least 14 days prior to the effective date of the proposed Transfer, Tenant shall provide Landlord with a written description of all material terms and conditions of the proposed Transfer, copies of the term sheet or proposed documentation (which, in either case, may be in draft form and may be redacted to remove any confidential information unrelated to this Lease), and the following information about the proposed transferee: name and address of the proposed transferee and any entities and persons who own, control or direct the proposed transferee; reasonably satisfactory information about its business and business history; its proposed use of the Premises; banking, financial, and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness (collectively the "***Initial Information***"). Tenant shall reimburse Landlord for its reasonable attorneys' fees incurred in connection with considering any request for consent to a Transfer not later than 45 days following Landlord's delivery to Tenant of an invoice therefor. If Landlord reasonably believes that its out-of-pocket attorneys' fees payable to be incurred by Landlord in reviewing the proposed consent will exceed $3,000, Landlord will first notify Tenant of such cost estimate before proceeding with such third-party expenses. If Tenant fails to consent to such additional costs and expenses within five Business Days after Landlord's written notification to Tenant thereof, Tenant shall be deemed to have rescinded its request for such consent.

(d) ***Conditions to Consent***. If Landlord consents to a proposed Transfer that is an assignment of the Lease, then the proposed transferee shall deliver to Landlord a written agreement whereby it expressly assumes Tenant's obligations hereunder; however, any transferee by assignment of less than all of the space in the Premises shall be liable only for obligations under this Lease that are properly allocable to the space subject to the Transfer for the period of the Transfer. No Transfer shall release Tenant from its obligations under this Lease. With respect to an assignment Tenant and its assignee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfers. If an Event of Default occurs while the Premises or any part thereof are subject to a Transfer that is a sublease, then Landlord, in addition to its other remedies, may collect directly from such transferee/sublessee all rents becoming due to Tenant during the continuance of an Event of Default and apply such rents against Rent. Tenant authorizes its sublessees to make payments of rent directly to Landlord upon receipt of written notice from Landlord (with a copy provided to Tenant) to do so following the occurrence of an Event of Default hereunder. Tenant shall pay for the cost of any demising walls or other improvements necessitated by a proposed subletting or assignment.

(e) ***Attornment by Subtenants***. Each sublease by Tenant hereunder shall be subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate, and each subtenant by entering into a sublease is deemed to have agreed that in the event of termination, re-entry or dispossession by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublandlord, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be (1) liable for any previous act or omission of Tenant under such sublease, (2) subject to any counterclaim, offset or defense that such subtenant might have against Tenant, (3) bound by any previous modification of such sublease not approved by Landlord in writing or by any rent or additional rent or advance rent which such subtenant might have paid for more than the current month to Tenant, and all such rent shall remain due and owing, notwithstanding such advance payment, (4) bound by any security or advance rental deposit made by such subtenant which is not delivered or paid over to Landlord and with respect to which such subtenant shall look solely to Tenant for refund or reimbursement, or (5) obligated to perform any work in the subleased space or to prepare it for occupancy, and in connection with such attornment, the subtenant shall execute and deliver to Landlord

any instruments Landlord may reasonably request to evidence and confirm such attornment. Each subtenant or licensee of Tenant shall be deemed, automatically upon and as a condition of its occupying or using the Premises or any part thereof, to have agreed to be bound by the terms and conditions set forth in this Section 10(e). The provisions of this Section 10(e) shall be self-operative, and no further instrument shall be required to give effect to this provision.

(f) ***Cancellation***. Except in the case of a Permitted Transfer, Landlord may, within ten Business Days after submission of Tenant's written request for Landlord's consent to an assignment or subletting of more than 50% of the Premises for more than ninety percent (90%) of the remainder of the then-current Term (or, in any case, more than five years), cancel this Lease as to the portion of the Premises proposed to be sublet or assigned as of the date the proposed Transfer is to be effective. If Landlord cancels this Lease as to any portion of the Premises, then this Lease shall cease for such portion of the Premises and Tenant shall pay to Landlord all Rent accrued through the cancellation date relating to the portion of the Premises covered by the proposed Transfer and no future Rent shall be due from Tenant for such cancelled portion of the Premises (other than outstanding reconciliations of Operating Costs, Taxes, and other similar expenses). Thereafter, Landlord may lease such portion of the Premises to the prospective transferee (or to any other person) without liability to Tenant. Notwithstanding the foregoing, if Landlord provides written notification to Tenant of its election to cancel this Lease as to any portion of the Premises as provided above, Tenant may rescind its proposed assignment or subletting of all or any portion of the Premises by notifying Landlord in writing within five Business Days following Landlord’s written cancellation notice.

(g) ***Additional Compensation***. Tenant shall pay to Landlord, immediately upon receipt thereof, fifty percent (50%) of the excess of (i) all compensation received by Tenant for a Transfer less the actual out-of-pocket costs reasonably incurred by Tenant with unaffiliated third parties (*i.e.*, brokerage commissions, reasonable attorney’s fees and tenant finish work) in connection with such Transfer (such costs shall be amortized on a straight-line basis over the term of the Transfer in question) over (ii) the Rent allocable to the portion of the Premises covered thereby. For the avoidance of doubt, Tenant shall not be obligated to share any proceeds or profits with Landlord resulting from any Permitted Transfer.

(h) ***Permitted Transfers***. Notwithstanding Section 10(a), Tenant may Transfer all or part of its interest in this Lease or all or part of the Premises or any interest in Tenant (a "***Permitted Transfer***") to the following types of entities (a "***Permitted Transferee***") or pursuant to the following types of transactions, in each case without the written consent of Landlord:

(1) an Affiliate of Tenant, including in connection with a corporate reorganization or merger or consolidation of related business entities;

(2) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity in which or with which Tenant, or its corporate successors or assigns, is merged or consolidated, in accordance with applicable statutory provisions governing merger and consolidation of business entities, so long as (A) Tenant's obligations hereunder are assumed by the entity surviving such merger or created by such consolidation; and (B) the Creditworthiness Standard (defined below) of the surviving or created entity is met, as measured immediately after such transaction;

(3) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity acquiring all or substantially all of Tenant's assets so long as such entity meets the Creditworthiness Standard after such acquisition;

(4) transfers of stock or similar ownership interests on a public exchange, or in connection with a public offering of such stock or ownership interests; or

(5) a transfer of all or substantially all of Tenant's assets (including an indirect transfer of assets of Tenant in connection with a sale of equity in Tenant) to any individual, corporation, limited partnership, limited liability partnership, limited liability company or other business entity where such transaction constitutes a "going private" transaction pursuant to Rule 13e-3 promulgated under the Securities Exchange Act of 1934, as amended, or where as a result of such transfer, Tenant is no longer a corporation whose common stock is listed for trading on a national securities exchange, in either case without regard for whether a Change in Control of Tenant has occurred or will occur as a result of such transfer, so long as such resulting entity meets the Creditworthiness Standard, as measured immediately after such transaction.

Tenant shall promptly notify Landlord of any such Permitted Transfer. Tenant shall remain liable for the performance of all of the obligations of Tenant hereunder, or if Tenant no longer exists because of a merger, consolidation, or acquisition, the surviving or acquiring entity shall expressly assume in writing the obligations of Tenant hereunder. Additionally, the Permitted Transferee shall comply with all of the terms and conditions of this Lease, including the Permitted Use, and the use of the Premises by the Permitted Transferee may not violate any other agreements affecting the Premises, the Building, the Complex, Landlord or other tenants of the Building or the Complex. No later than 30 days after the effective date of any Permitted Transfer, Tenant agrees to furnish Landlord with (A) copies of the instrument effecting any of the foregoing Transfers, (B) documentation establishing Tenant's satisfaction of the requirements set forth above applicable to any such Transfer, (C) evidence of insurance as required under this Lease with respect to the Permitted Transferee, and (D) evidence of compliance with the regulations of OFAC and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto, including the name and address of the Permitted Transferee and any entities and persons who own, control or direct the Permitted Transferee. The occurrence of a Permitted Transfer shall not waive Landlord's rights as to any subsequent Transfers. "***Creditworthiness Standard***" means that any one of the following is satisfied: (1) with respect to a publicly-traded company, such Permitted Transferee's aggregate market capitalization exceeds $1 billion, (2) such Permitted Transferee has a Tangible Net Worth (defined below) in excess of $100 million, or (3) (a) if the Permitted Transferee has been assigned a Corporate Debt Rating, then such Permitted Transferee's Corporate Debt Rating shall be equal to or greater than Tenant's Corporate Debt Rating at the time of such Transfer or (b) if the proposed Permitted Transferee does not have a Corporate Debt Rating at the time of such Transfer, then the proposed Permitted Transferee, at its sole cost and expense, shall obtain a Corporate Debt Rating and such Corporate Debt Rating shall be equal to or greater than Tenant's Corporate Debt Rating at the time of such Transfer. "***Corporate Debt Rating***" shall mean either a public corporate credit rating from S&P or a public corporate family rating from Moody's, or (in each case) any similar organization then providing corporate debt ratings. "***S&P***" shall mean Standard & Poor's Ratings Services, a division of Standard & Poor's Financial Services LLC, a subsidiary of McGraw Hill Financial, Inc., and any successor to its credit ratings business. "***Moody's***" means Moody's Investors Service, Inc. and any successor thereto. "***Tangible Net Worth***" means the excess of total assets over total liabilities, in each case as determined in accordance with generally accepted accounting principles consistently applied ("***GAAP***"), excluding, however, goodwill from the determination of total assets. Any subsequent Transfer by a Permitted Transferee shall be subject to the terms of this Section 10.

(i) ***Joint Use of the Premises***. Notwithstanding anything in this Lease to the contrary, Tenant may permit Affiliates, consultants, contractors, licensors (such as the operator of Tenant's copy center and any food vendors), joint venturers, and other third parties with which Tenant has a legitimate business relationship (each a "***Permitted Occupant***") to occupy and use a portion of Premises (a "***Permitted Joint Use***") without the written consent of Landlord provided that Tenant shall remain liable for the performance of all of the obligations of Tenant hereunder, and the Permitted Occupant shall comply with all of the terms and conditions of this Lease, including the Permitted Use. Tenant shall not be required to provide Landlord with any instrument effecting such Permitted Joint Use, and such Permitted Joint Use shall not constitute a Transfer under this Section 10, nor shall such Permitted Joint Use be subject to the terms of Section 10(a) through (g). Tenant acknowledges that Landlord shall have no responsibility or liability for the allocation or use of the Premises between Tenant and any Permitted Occupant. No disputes among Tenant and any Permitted Occupant related to the use or operation of the Premises shall in any way affect the obligations of Tenant hereunder.

11. ***Insurance; Waivers; Subrogation; Indemnity***.

(a) ***Tenant's Insurance***. Effective as of the earlier of (1) the date Tenant enters or occupies the Premises, or (2) the Commencement Date, and continuing throughout the Term, Tenant shall maintain the following insurance policies: (A) commercial general liability insurance in amounts of $3,000,000 per occurrence or, following the expiration of the initial Term, such other amounts as Landlord may from time to time reasonably require so long as such other amounts are not materially in excess of amounts that owners of Comparable Buildings are then generally requiring tenants (and, if the use and occupancy of the Premises include any activity or matter that is or may be excluded from coverage under a commercial general liability policy [*e.g.*, the sale, service or consumption of alcoholic beverages], Tenant shall obtain such endorsements to the commercial general liability policy or otherwise obtain insurance to insure all liability arising from such activity or matter in commercially reasonable amounts), insuring Tenant, Landlord, Landlord's property management company, and, if requested in writing by Landlord, Landlord's Mortgagee, against liability for injury to or death of a person or persons or damage to property arising from the use and occupancy of the Premises and (without implying any consent by Landlord to the installation thereof) the installation, operation, maintenance, repair or removal of Tenant's Off-Premises Equipment, (B) insurance covering the full value of all alterations and improvements and betterments in the Premises, naming Landlord and Landlord's Mortgagee as additional loss payees as their interests may appear, (C) insurance covering the full value of all furniture, trade fixtures and personal property (including property of Tenant or others) in the Premises or otherwise placed in the Project by or on behalf of a Tenant Party (including Tenant's Off-Premises Equipment), (D) contractual liability insurance sufficient to cover Tenant's indemnity obligations hereunder (but only if such contractual liability insurance is not already included in Tenant's commercial general liability insurance policy), (E) worker's compensation insurance in the amount, if any, required by applicable state law, and (F) business interruption insurance sufficient to cover not less than 12 months of interruption. Tenant's insurance shall provide primary coverage to Landlord when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance Landlord's policy will be excess over Tenant's policy. The commercial general liability insurance to be maintained by Tenant may have a deductible of no more than $5,000 per occurrence; the property insurance to be maintained by Tenant may have a deductible of no more than $10,000 per occurrence; and, all other insurance to be maintained by Tenant shall have no deductible. Tenant shall furnish to Landlord certificates of such insurance and such other evidence satisfactory to Landlord of the maintenance of all insurance coverages required hereunder at least ten days prior to the earlier of the Commencement Date or the date Tenant enters or occupies the Premises, and at least 15 days prior to each renewal of said insurance, and Tenant shall obtain a written obligation on the part of each insurance company to notify Landlord at least 30 days before cancellation or a material change of any such insurance policies. All such insurance policies shall be in form, and issued by companies with a Best's rating of A:VII or better, reasonably satisfactory to Landlord. If Tenant fails to comply with the foregoing insurance requirements or to deliver to Landlord the certificates or evidence of coverage required herein within three days of receipt of written notice thereof, Landlord, in addition to any other remedy available pursuant to this Lease or otherwise, may, but shall not be obligated to, obtain such insurance and Tenant shall pay to Landlord on demand the premium costs thereof, plus an administrative fee of 10% of such cost. Any insurance required to be maintained by Tenant may be taken out under a blanket insurance policy or policies covering other premises, property or insureds in addition to the Premises and Tenant, provided the commercial general liability and umbrella coverages are on a per-location aggregate basis (or contain a per-location aggregate endorsement) and such blanket policy or policies otherwise comply with this Section 11(a).

(b) ***Landlord's Insurance***. Throughout the Term of this Lease, Landlord shall maintain, as a minimum, the following insurance policies: (1) property insurance for the Building's replacement value (excluding property required to be insured by Tenant), less a commercially-reasonable deductible, (2) commercial general liability insurance in an amount of not less than $3,000,000, and (3) rental interruption insurance for a 12-month period. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary, in its

professional discretion (or as required by Landlord's Mortgagee). The cost of all insurance carried by Landlord with respect to the Project shall be included in Operating Costs, to the extent permitted by Section 4. The foregoing insurance policies and any other insurance carried by Landlord shall be for the sole benefit of Landlord and under Landlord's sole control, and Tenant shall have no right or claim to any proceeds thereof or any other rights thereunder. All such insurance policies shall be in commercially reasonable form and issued by companies with an A.M. Best rating of A-:VII or better.

(c) ***No Subrogation; Waiver of Property Claims***. Landlord and Tenant each waives any claim it might have against the other for any damage to or theft, destruction, loss, or loss of use of any property, to the extent the same is insured against under any insurance policy of the types described in this Section 11 that covers the Project, the Premises, Landlord's or Tenant's fixtures, personal property, leasehold improvements, or business (including any applicable deductibles), or is required to be insured against under the terms hereof (or as to which Tenant is permitted to self-insure against), regardless of whether the negligence or gross negligence (except as otherwise provided in Exhibit F as to matters resulting from gross negligence) of the other party caused such Loss (defined below). Additionally, Tenant waives any claim it may have against Landlord for any Loss to the extent such Loss is caused by a terrorist act. Each party shall cause its insurance carrier to endorse all applicable policies waiving the carrier's rights of recovery under subrogation or otherwise against the other party. In the event a party is unable to obtain such a waiver, it shall immediately notify the other of this inability. In the absence of such notification, each party shall be deemed to have obtained such waiver of subrogation. Notwithstanding any provision in this Lease to the contrary, Landlord, its agents, employees and contractors shall not be liable to Tenant or to any party claiming by, through or under Tenant for (and Tenant hereby releases Landlord and its employees from any claim or responsibility for) any damage to or destruction, loss, or loss of use, or theft of any property of any Tenant Party located in or about the Project, caused by casualty, theft, fire, third parties or any other matter or cause, **regardless of whether the negligence of any party caused such loss in whole or in part, except to the extent caused by the intentional misconduct of any Landlord Party (except as specifically provided in Exhibit F).** Tenant acknowledges that Landlord shall not carry insurance on, and shall not be responsible for damage to, any property of any Tenant Party located in or about the Project.

(d) ***Indemnity***. Subject to Section 11(c), Tenant shall defend, indemnify, and hold harmless Landlord and its representatives and agents from and against all claims, demands, liabilities, causes of action, suits, judgments, damages, and expenses (including reasonable attorneys' fees) arising from any injury to or death of any person or the damage to or theft, destruction, loss, or loss of use of, any property or inconvenience (a "***Loss***") (1) occurring in or on the Project (other than within the Premises) to the extent caused by the negligence or willful misconduct of any Tenant Party, (2) occurring in the Premises, or (3) arising out of the installation, operation, maintenance, repair or removal of any property of any Tenant Party located in or about the Project, including Tenant's Off-Premises Equipment**. It being agreed that clauses (2) and (3) of this indemnity are intended to indemnify Landlord and its agents against the consequences of their own negligence or fault, even when Landlord or its agents are jointly, comparatively, contributively, or concurrently negligent with Tenant, and even though any such claim, cause of action or suit is based upon or alleged to be based upon the strict liability of Landlord or its agents; however, such indemnity shall not apply to the sole or gross negligence or willful misconduct of Landlord and its agents.** Subject to Section 11(c), Landlord shall defend, indemnify, and hold harmless Tenant and its agents from and against all claims, demands, liabilities, causes of action, suits, judgments, damages, and expenses (including reasonable attorneys’ fees) for any Loss arising from any occurrence in or on the Project (other than within spaces leased to third parties) to the extent caused by the negligence or willful misconduct of any Landlord Party. The indemnities set forth in this Lease shall survive termination or expiration of this Lease and shall not terminate or be waived, diminished or affected in any manner by any abatement or apportionment of Rent under any provision of this Lease. If any proceeding is filed for which indemnity is required hereunder, the indemnifying party agrees, upon request therefor, to defend the indemnified party in such proceeding at its sole cost utilizing counsel satisfactory to the indemnified party.

12. ***Subordination; Attornment; Notice to Landlord's Mortgagee***.

(a) ***Subordination***. This Lease shall be subordinate to any deed of trust, mortgage, or other security instrument (each, a "***Mortgage***"), or any ground lease, master lease, or primary lease (each, a "***Primary Lease***"), that now or hereafter covers all or any part of the Premises (the mortgagee under any such Mortgage, beneficiary under any such deed of trust, or the lessor under any such Primary Lease is referred to herein as a "***Landlord's Mortgagee***"); provided and conditioned upon Tenant's receipt of a SNDA from the applicable Landlord's Mortgagee. As used herein, the term "***SNDA***" shall mean a Subordination Non-Disturbance and Attornment Agreement, in form attached hereto, but shall be subject to commercially reasonable additional items or modifications if requested by Landlord's Mortgagee to the extent such modifications or amendments are reasonably acceptable to Tenant. As of the date of this Lease, Landlord hereby represents and warrants to Tenant that (a) Associated Bank is the only Landlord's Mortgagee pursuant to a Mortgage as of the Lease Date, and (b) the only Primary Leases in existence as of the Lease date are (i) that certain Ground Lease between CW10 Land, Ltd., as ground lessor, and EPC-CW10, LLC, as ground lessee ("***EPC***"), dated June 26, 2018, and (ii) that certain Master Operating Lease between EPC, as operating landlord, and Landlord, as operating tenant, dated August 7, 2018. Any Landlord's Mortgagee may elect, at any time, unilaterally, to make this Lease superior to its Mortgage, Primary Lease, or other interest in the Premises by so notifying Tenant in writing. Promptly after receipt of written request from Landlord that includes a SNDA signed by a Landlord's Mortgagee, Tenant shall execute and return to Landlord (or, directly to the applicable Landlord's Mortgagee), a SNDA, in recordable form if required.

(b) ***Rights of Landlord's Mortgagee Under Assignment of Rents***. Upon receipt from Landlord's Mortgagee that has provided a signed SNDA to Tenant, of written notice (that includes a W-9 for the Landlord's Mortgagee) to the effect that an event of default exists under its Mortgage, Tenant shall, (1) notwithstanding Section 64.055(d) of the Texas Property Code, immediately turn over all Rent that Landlord's Mortgagee is entitled to collect under Section 64.054 of the Texas Property Code; (2) except as expressly set forth in this Lease, not deduct any portion of such Rent for any purpose, notwithstanding any provisions of the Texas Property Code to the contrary; and (3) pay all Rent as it accrues to Landlord's Mortgagee. Landlord hereby confirms that Tenant may rely and deem accurate any notice received from any Landlord's Mortgagee and may pay rent to any Landlord's Mortgagee upon written direction or request from Landlord's Mortgagee to do so; the foregoing shall not apply to with respect to any Landlord's Mortgagee for which Tenant has received written notification from Landlord's Mortgagee (or a copy of a recorded release executed by such Landlord's Mortgagee) indicating that the Mortgage associated with such Landlord's Mortgagee has been satisfied and released, provided that, in the event of a conflict between the provisions of this Lease and the SNDA, the SNDA shall control.

13. ***Rules and Regulations***. Tenant shall comply with the rules and regulations of the Project which are attached hereto as <u>Exhibit C</u>. Landlord shall enforce the Project's rules and regulations in a non-discriminatory manner. Landlord may, from time to time upon notice to Tenant, change such rules and regulations for the safety, care, or cleanliness of the Project and related facilities, provided that such changes are applicable to all tenants of the Project, will not unreasonably interfere with Tenant's use of the Premises nor increase any Tenant costs (other than a *de minimis* amount) and are enforced by Landlord in a non-discriminatory manner. Tenant shall be responsible for the compliance with such rules and regulations by each Tenant Party. Notwithstanding anything to the contrary contained herein, in the event of any conflict between the rules and regulations, as amended by any subsequent changes or modifications thereto, and the terms and conditions of this Lease, the terms and conditions of this Lease shall control.

14. ***Condemnation***.

(a) ***Total Taking***. If the entire Building or Premises are taken by right of eminent domain or conveyed in lieu thereof (a "***Taking***"), this Lease shall terminate as of the date of the Taking. Landlord shall provide Tenant with notice of any threatened or proposed condemnation or Taking with respect to the Premises, Building or Project or any material portions thereof promptly after Landlord's receipt of written notice thereof.

(b) ***Partial Taking*** - ***Tenant's Rights***. If any part of the Premises, Building or Project becomes subject to a Taking and such Taking will prevent Tenant (in Tenant’s reasonable, good faith determination made after consultation with Landlord with respect to possible adjusting accommodations) from conducting on a permanent basis its business in the Premises in a manner reasonably comparable to that conducted immediately before such Taking or at least 25% of the parking associated with the Project becomes unavailable as a result of such Taking and cannot be replaced within ½ mile of the Building (and with reasonably acceptable shuttle service provided for same), then Tenant may terminate this Lease as of the date of such Taking by giving written notice to Landlord within 45 days after the Taking, and Basic Rent and Additional Rent shall be apportioned as of the date of such Taking. If Tenant does not terminate this Lease, then Rent shall be abated on a reasonable basis as to that portion of the Premises rendered untenantable by the Taking.

(c) ***Partial Taking*** - ***Landlord's Rights***. If any material portion, but less than all, of the Building or Project becomes subject to a Taking, or if (i) Landlord is required to pay a portion of the proceeds arising from a Taking to a Landlord's Mortgagee in an amount equal to or greater than $1,000,000 and (ii) Landlord timely satisfies any obligations and conditions imposed upon Landlord pursuant to applicable loan documents, if any, that must be satisfied in order for the subject proceeds to be payable to Landlord for restoration, then Landlord may terminate this Lease by delivering written notice thereof to Tenant within 45 days after such Taking, provided that Landlord also terminates all other similarly-affected leases, licenses and other occupancy agreements in the Project, and Basic Rent and Additional Rent shall be apportioned as of the date of such Taking. If Landlord does not so terminate this Lease, then this Lease will continue, but if any portion of the Premises has been taken, Rent shall abate as provided in the last sentence of Section 14(b).

(d) ***Temporary Taking***. If all or any portion of the Premises becomes subject to a Taking for a limited period of time (*i.e.*, twelve (12) months or less), this Lease shall remain in full force and effect and Tenant shall continue to perform all of the terms, conditions and covenants of this Lease, provided that Tenant’s obligation to pay Basic Rent and all other payment obligations required hereunder shall be abated on a reasonable basis. Landlord shall be entitled to receive the entire award for any such temporary Taking, except that Tenant shall be entitled to receive the portion of such award which (1) compensates Tenant for its loss of use of the Premises within the Term and (2) reimburses Tenant for the reasonable out-of-pocket costs actually incurred by Tenant to restore the Premises as required by this Section 14(d).

(e) ***Restoration***. If a partial Taking of the Premises or the Building or Project occurs and this Lease is not terminated, Landlord, at its expense, shall proceed promptly and diligently to repair, alter, and restore base building components of the remaining portions of the Premises, Building or Project to substantially their former condition as the same existed prior to such Taking to the extent the same may be feasible and so as to constitute a complete and tenantable Premises, Building or Project. Tenant shall thereafter restore the improvements within the Premises (including the Work) to substantially their former condition as the same existed prior to such Taking to the extent the same may be feasible and so as to constitute a complete and tenantable Premises.

(f) ***Award***. If any Taking occurs, then Landlord shall receive the entire award or other compensation for the Land, the Building, and other improvements taken; however, Tenant may separately pursue a claim (to the extent it will not reduce Landlord's award) against the condemnor for the value of all leasehold improvements paid by Tenant in excess of the Construction Allowance, the value of Tenant’s Property which Tenant is entitled to remove under this Lease, moving costs, loss of business, relocation expenses and other claims it may have.

15. ***Fire or Other Casualty***.

(a) ***Repair Estimate***. If the Premises, the Building or the Project are damaged by fire or other casualty (a "***Casualty***"), Landlord shall, within 60 days after such Casualty, deliver to Tenant a good faith estimate (the "***Damage Notice***") of the time needed to repair the damage caused by such Casualty.

(b) ***Tenant's Rights***. If a material portion of the Premises, Building or Project is damaged by Casualty such that Tenant is prevented (in Tenant's reasonable, good faith determination made after consultation with Landlord with respect to possible adjusting accommodations) from conducting its business in the Premises or parking at the Project (if Landlord is unable to provide replacement parking within ½ mile of the Building with reasonably acceptable shuttle service provided for same), in either case in a manner reasonably comparable to that conducted immediately before such Casualty and (a) Landlord estimates (in its Damage Notice) that the damage caused thereby cannot be repaired within 210 days from the date of the Casualty, in the case of a partial Building casualty (such limit shall be 270 days in the case of a total casualty [meaning that no significant portion of the above-ground improvements are salvageable]) (the "***Repair Period***") or (b) the Casualty occurs with the last two (2) years of the Lease Term, then Tenant may terminate this Lease by delivering written notice to Landlord of its election to terminate within 45 days after the Damage Notice has been delivered to Tenant.

(c) ***Landlord's Rights***. If a Casualty damages the Premises or a material portion of the Building or Project and (1) Landlord estimates that the damage to the Premises cannot be repaired within the Repair Period, (2) the damage to the Premises exceeds 50% of the replacement cost thereof (excluding foundations and footings), as estimated by Landlord, and such damage occurs during the last two years of the Term (unless Tenant elects to renew the Lease term), (3) regardless of the extent of damage to the Premises, if a portion in excess of $1,000,000 of the damage is not fully covered by Landlord's insurance policies (provided that Landlord has maintained the insurance required of it by this Lease), or (4) if (i) Landlord is required to pay a portion of the insurance proceeds arising from a Casualty to a Landlord's Mortgagee in an amount equal to or greater than $1,000,000 and (ii) Landlord timely satisfies any obligations and conditions imposed upon Landlord pursuant to applicable loan documents, if any, that must be satisfied in order for the subject proceeds to be payable to Landlord for restoration, then Landlord may terminate this Lease by giving written notice of its election to terminate within 30 days after the Damage Notice has been delivered to Tenant provided that Landlord also terminates all other leases, licenses and other similarly-affected occupancy agreements in the Project.

(d) ***Repair Obligation***. If neither party elects to terminate this Lease following a Casualty, then Landlord shall, promptly after such Casualty, begin to repair the Premises, Building and Project and shall proceed with reasonable diligence to restore the Premises, Building and Project to substantially the same condition as they existed immediately before such Casualty; however, Landlord shall not be required to repair or replace any alterations or betterments within the Premises (which shall be promptly and with due diligence repaired and restored by Tenant at Tenant's sole cost and expense) or any furniture, equipment, trade fixtures or personal property of Tenant or others in the Premises or the Building. If this Lease is terminated under the provisions of this Section 15, Landlord shall be entitled to the full proceeds of the insurance policies providing coverage for all alterations, improvements and betterments in the Premises, up to the amount of the Construction Allowance. If Landlord does not complete the restoration of the Premises within 60 days after the time period estimated by Landlord to repair the damage caused by such Casualty as specified in the Damage Notice, as the same may be extended by (i) no more than 30 total days due to force majeure or (ii) delays caused by a Tenant Party, Tenant may terminate this Lease by delivering written notice to Landlord and Landlord’s Mortgagee at any time following the expiration of such 60-day period (as the same may be extended as set forth above) and prior to the date upon which Landlord substantially completes such restoration. Such termination shall be effective as of the date specified in Tenant’s termination notice (but not earlier than 30 days nor later than 90 days after the date of such notice) as if such date were the date fixed for the expiration of the Term. If Tenant fails to timely give such termination notice, Tenant shall be deemed to have waived its right to terminate this Lease, time being of the essence with respect thereto. Notwithstanding the foregoing, if upon the receipt of Tenant’s written election to terminate this Lease as provided in this Section 15(d), Landlord reasonably believes it can complete the restoration of the Premises within 30 days following the receipt of such notice, Landlord may, in its sole discretion, elect to proceed with such restoration and, provided Landlord completes such restoration within such 30-day period, Tenant’s election to terminate shall be null and void.

(e) ***Abatement of Rent***. If the Premises are damaged by Casualty, Rent for the portion of the Premises in which Tenant is prevented from conducting its business in a manner reasonably comparable to that conducted immediately before such Casualty shall be abated on a reasonable basis from the date of damage until the completion of Landlord's repairs (or until the date of termination of this Lease by Landlord or Tenant as provided above, as the case may be), unless the gross negligence or the willful misconduct of Tenant was the sole cause of such damage, in which case, Tenant shall continue to pay Rent without abatement.

16. ***Personal Property Taxes***. Tenant shall be liable for all personal property taxes levied or assessed on Tenant's Property (and no such taxes payable by Tenant or other occupants of the Project shall be included in Taxes). If any taxes for which Tenant is liable are levied or assessed against Landlord or Landlord's property and Landlord elects to pay the same, or if the assessed value of Landlord's property is increased by inclusion of Tenant's Property and Landlord elects to pay the taxes based on such increase, then Tenant shall pay to Landlord, on the next date for payment of Basic Rent occurring at least 30 days following written request therefor, the part of such taxes for which Tenant is primarily liable hereunder; however, Landlord shall not pay such amount if Tenant notifies Landlord that it will contest the validity or amount of such taxes before Landlord makes such payment, and thereafter diligently proceeds with such contest in accordance with Law and if the non-payment thereof does not pose a threat of loss or seizure of the Project or interest of Landlord therein or impose any fee or penalty against Landlord. Notwithstanding anything to the contrary, Tenant shall not be obligated to reimburse Landlord any amounts under this Section 16 unless the taxing authority separately itemizes the tax in question.

17. ***Events of Default***. Each of the following occurrences shall be an "***Event of Default***":

(a) ***Payment Default***. Tenant's failure to pay Rent within five days after Landlord has delivered written notice to Tenant that the same is due; however, an Event of Default shall occur hereunder without any obligation of Landlord to give any notice if Tenant fails to pay Rent when due and, during the 12-month interval preceding such failure, Landlord has given Tenant written notice of failure to pay Rent on two (2) or more occasions;

(b) ***Intentionally Deleted***;

(c) ***Estoppel***. Tenant fails to provide any estoppel certificate when due after Landlord's written request therefor pursuant to Section 25(e) and such failure shall continue for five Business Days after Landlord's second written notice thereof to Tenant;

(d) ***Insurance***. Tenant fails to procure, maintain and deliver to Landlord evidence of the insurance policies and coverages as and when required under Section 11(a), and such failure remains uncured on the date that is five days after Landlord's written notice to Tenant of such failure;

(e) ***Mechanic's Liens***. Tenant fails to pay and release of record, or diligently contest and bond around, any mechanic's lien filed against the Premises or the Project for any work performed, materials furnished, or obligation incurred by or at the request of Tenant, within the time and in the manner required by Section 8(d) and such failure shall continue for three Business Days after Landlord's second written notice thereof to Tenant;

(f) ***Other Defaults***. Tenant's failure to perform, comply with, or observe any other agreement or obligation of Tenant under this Lease and the continuance of such failure for a period of more than 30 days after Landlord has delivered to Tenant written notice thereof; ; however, if such failure is not reasonably susceptible to cure within such 30-day period (thus excluding, for example, Tenant's obligation to provide Landlord evidence of Tenant's insurance coverage) and Tenant commences to cure such failure within such 30-day period and thereafter diligently pursues such cure to completion, then such failure shall not be an Event of Default unless it is not fully cured within an additional 60 days after the expiration of the 30-day period;

(g) ***Insolvency***. The filing of a petition by or against Tenant (1) in any bankruptcy or other insolvency proceeding; (2) seeking any relief under any state or federal debtor relief law; (3) for the appointment of a liquidator or receiver for all or substantially all of Tenant's property or for Tenant's interest in this Lease; (4) for the reorganization or modification of Tenant's capital structure; or (5) in any assignment for the benefit of creditors proceeding; however, if such a petition is filed against Tenant, then such filing shall not be an Event of Default unless Tenant fails to have the proceedings initiated by such petition dismissed within 90 days after the filing thereof; and

(h) ***Failure to Pursue Commencement of Occupancy***. The failure of Tenant to respond to a request for approval of plans or bids for Work (if any) pursuant to Exhibit D attached hereto and such failure continues for ten Business Days following a second request therefor from Landlord.

With respect to notices of failures for which Tenant has notice and cure rights under this Section 17, such notices shall be effective only if the notice includes the following notice (or a substantially similar notice): "**THIS IS A NOTICE PURSUANT TO SECTION 17 OF TENANT'S LEASE RELATING TO ITS PREMISES AT 3200 OLYMPUS BLVD. DALLAS, TEXAS 75019. FAILURE TO CURE THE DEFAULT OR FAILURE DESCRIBED HEREIN WITHIN THE APPLICABLE CURATIVE PERIOD WILL RESULT IN AN EVENT OF DEFAULT UNDER TENANT'S LEASE.**"

18. ***Remedies***. Upon any Event of Default, Landlord may, in addition to all other rights and remedies afforded Landlord hereunder or by law or equity (including, without limitation, the rights to enforce specific performance or seek injunctive relief), take any one or more of the following actions:

(a) ***Termination of Lease***. Terminate this Lease by giving Tenant written notice thereof, in which event Tenant shall pay to Landlord the sum of (1) the unamortized Leasing Costs, amortized straight-line over the initial Term of this Lease, with such amortization to cease upon the date of termination (less any amounts recovered by Landlord pursuant to Section 18(b)(1)), (2) all Rent accrued hereunder through the date of termination, (3) all amounts due under Section 19(a), and (4) an amount equal to (A) the total Rent that Tenant would have been required to pay for the remainder of the Term discounted to present value at a per annum rate equal to the "Prime Rate" as published on the date this Lease is terminated by The Wall Street Journal, Southwest Edition, in its listing of "Money Rates", minus (B) the then present fair rental value of the Premises for such period, as reasonably determined by a third party real estate professional unaffiliated with Landlord or Tenant, similarly discounted;

(b) ***Termination of Possession***. Terminate Tenant's right to possess the Premises without terminating this Lease by giving written notice thereof to Tenant, in which event Tenant shall pay to Landlord (1) the unamortized Leasing Costs, amortized straight-line over the initial Term of this Lease, with such amortization to cease upon the date of termination, (2) all Rent and other amounts accrued hereunder to the date of termination of possession, (3) all amounts due from time to time under Section 19(a) and (4) all Rent and other net sums required hereunder to be paid by Tenant during the remainder of the Term, as and when such amounts become due and payable, diminished by any net sums thereafter received by Landlord through reletting the Premises during such period, after deducting all actual, out-of-pocket costs incurred by Landlord in reletting the Premises. If Landlord elects to proceed under this Section 18(b), Landlord may remove all of Tenant's property from the Premises and store the same in a public warehouse or elsewhere at the cost of, and for the account of, Tenant, without becoming liable for any loss or damage which may be occasioned thereby. To the extent required by law, Landlord shall use reasonable efforts to relet the Premises on such terms as Landlord in its sole discretion may determine (including a term different from the Term, rental concessions, and alterations to, and improvement of, the Premises); however, Landlord shall not be obligated to relet the Premises before leasing other portions of the Building or Complex and Landlord shall not be obligated to accept any prospective tenant proposed by Tenant unless such proposed tenant meets all of Landlord's leasing criteria. If Landlord has used such reasonable efforts to relet, Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or to collect rent due for such reletting. Tenant shall not be entitled

to the excess of any consideration obtained by reletting over the Rent due hereunder. Reentry by Landlord in the Premises shall not affect Tenant's obligations hereunder for the unexpired Term; rather, Landlord may, from time to time, bring an action against Tenant to collect amounts due by Tenant, without the necessity of Landlord's waiting until the expiration of the Term. Unless Landlord delivers written notice to Tenant expressly stating that it has elected to terminate this Lease, all actions taken by Landlord to dispossess or exclude Tenant from the Premises shall be deemed to be taken under this Section 18(b). If Landlord elects to proceed under this Section 18(b), it may at any time elect to terminate this Lease under Section 18(a);

(c) ***Perform Acts on Behalf of Tenant***. Perform any act Tenant is obligated to perform under the terms of this Lease (and enter upon the Premises in connection therewith if necessary), without being liable for any claim for damages therefor, and Tenant shall reimburse Landlord on demand for any actual, out-of-pocket expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease (including, but not limited to, collection costs and legal expenses), plus interest thereon at the Default Rate;

(d) ***Suspension of Services***. During the pendency of any monetary Event of Default that continues for more than 30 days following delivery of a notice to Tenant that includes the following warning in bold, all caps type: "**WARNING: FAILURE TO CURE THE CITED EVENT OF DEFAULT WITHIN 30 DAYS FOLLOWING THIS NOTICE MAY RESULT IN SUSPENSION OF SERVICES TO THE PREMISES**," Landlord may suspend any services required to be provided by Landlord hereunder without being liable for any claim for damages therefor; or

(e) ***Alteration of Locks***. During the pendency of any monetary Event of Default that continues for more than 30 days following delivery of a notice to Tenant that includes the following warning in bold, all caps type: "**WARNING: FAILURE TO CURE THE CITED EVENT OF DEFAULT WITHIN 30 DAYS FOLLOWING THIS NOTICE MAY RESULT IN ALTERATION OF LOCKS AT THE PREMISES**," to the extent permitted by Law, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access thereto, and Landlord shall not be required to provide a new key or right of access to Tenant.

19. ***Payment by Tenant; Non-Waiver; Cumulative Remedies***.

(a) ***Payment by Tenant***. Upon any Event of Default, Tenant shall pay to Landlord all costs incurred by Landlord (including court costs and reasonable attorneys' fees and expenses) in (1) obtaining possession of the Premises, (2) removing and storing Tenant's or any other occupant's property, (3) repairing, restoring, or otherwise putting the Premises into the condition required under Section 21 below, (4) if Tenant is dispossessed of the Premises and this Lease is not terminated, reletting all or any part of the Premises (including brokerage commissions, cost of tenant finish work, and other costs incidental to such reletting) prorated by the remainder of the original initial term of the Lease to the original initial term of the Lease, (5) performing Tenant's obligations which Tenant failed to perform that accrued prior to the termination, and (6) enforcing Landlord’ rights, remedies, and recourses arising out of the default. To the full extent permitted by law, Landlord and Tenant agree the federal and state courts of the state in which the Premises are located shall have exclusive jurisdiction over any matter relating to or arising from this Lease and the parties' rights and obligations under this Lease.

(b) ***No Waiver***. Landlord's acceptance of Rent following an Event of Default shall not waive Landlord's rights regarding such Event of Default. No waiver by Landlord or Tenant of any violation or breach of any of the terms contained herein shall waive its rights regarding any future violation of such term. Landlord's acceptance of any partial payment of Rent shall not waive Landlord's rights with regard to the remaining portion of the Rent that is due, regardless of any endorsement or other statement on any instrument delivered in payment of Rent or any writing delivered in connection therewith; accordingly, Landlord's acceptance of a partial payment of Rent shall not constitute an accord and satisfaction of the full amount of the Rent that is due.

(c) ***Cumulative Remedies***. Any and all remedies set forth in this Lease: (1) shall be cumulative, and (2) may be pursued successively or concurrently as Landlord may elect. The exercise of any remedy by Landlord shall not be deemed an election of remedies or preclude Landlord from exercising any other remedies in the future.

20. ***Waiver of Landlord's Lien***. Landlord waives all contractual, statutory and constitutional liens held by Landlord on Tenant's unattached personal property, goods, equipment, inventory, furnishings, chattels, accounts and assets ("***Tenant's Property***") to secure the obligations of Tenant under this Lease until such time as Landlord may obtain an enforceable judgment against Tenant from a court with jurisdiction of Tenant or Tenant's Property, at which time Landlord shall have such lien rights at law and in equity, if any (but not by creation pursuant to the terms of this Lease) to enforce and collect such judgment and Tenant's obligations under this Lease. At Tenant's request, Landlord will promptly negotiate and execute commercially reasonable documents to evidence such waiver (including a confirmatory agreement requested by any lender of Tenant, subject to negotiation between Landlord and such lender), and granting to any parties having a security interest in Tenant's Property reasonable access to the Premises for purposes of identifying, marshalling and removing Tenant's Property.

21. ***Surrender of Premises***. No act by Landlord shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless it is in writing and signed by Landlord. At the expiration or termination of this Lease, Tenant shall deliver to Landlord the Premises with all improvements located therein in reasonably good repair and condition, free of Hazardous Materials placed on the Premises during the Term, broom-clean, reasonable wear and tear (and condemnation and Casualty, as to which Sections 14 and 15 shall control) excepted and except for repairs and maintenance that are not Tenant's obligations under the Lease, and shall deliver to Landlord all keys to the Premises. Tenant may remove all Tenant's Property placed in the Premises or elsewhere in the Project by Tenant. Notwithstanding the foregoing, Tenant must remove (a) all intensive cabling and wiring (*i.e.*, other than typical in-wall office wiring) within and from the Premises installed by or for Tenant (whether as part of the Work or otherwise), and (b) any supplemental HVAC units installed by or for Tenant, along with the associated wiring and plumbing, and restore any penetrations to the building to its original condition using vendors required by Landlord to maintain warranties. If Tenant fails to remove any property that it is required to remove pursuant to this Section 21 and such failure remains uncured on the date that is 20 days after Tenant's receipt of written notice thereof from Landlord, including any of the property described above, Landlord may, at Landlord's option, (1) deem such items to have been abandoned by Tenant, the title thereof shall immediately pass to Landlord at no cost to Landlord, and such items may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without notice to Tenant and without any obligation to account for such items; any such disposition shall not be considered a strict foreclosure or other exercise of Landlord's rights in respect of the security interest granted hereunder or otherwise, (2) remove such items, perform any work required to be performed by Tenant hereunder, and repair all damage caused by such work, and Tenant shall reimburse Landlord on demand for any expenses which Landlord may incur in effecting compliance with Tenant's obligations hereunder (including collection costs and attorneys' fees), plus interest thereon at the Default Rate, or (3) elect any of the actions described in clauses (1) and (2) above as Landlord may elect in its sole discretion. Tenant shall not be required to remove any alterations, installations or improvements which do not exceed or differ in any material respect from customary, standard type of installations or improvements for general, executive and administrative offices in the Project; however, Tenant may be required by Landlord to remove any specialty alterations, additions or improvements (which may include laboratories, server rooms, data centers, cafeterias, kitchens, serveries and other areas where food is prepared or served, computer rooms, specialty ceilings and lights, and any items that would have above-average demolition and/or restoration costs), in each case, if and limited to such items that Landlord shall specifically identify in writing to Tenant as "Specialty Alterations" ("***Specialty Alterations***") contemporaneously with Landlord's notice of approval to Tenant (or, if such alteration does not require Landlord's consent, then within ten days after receipt of notice from Tenant of Tenant's intent to complete such alteration) with respect to the Specialty Alterations in question, whether Landlord will require

Tenant to remove such Specialty Alterations prior to the expiration of the Term. Further, and notwithstanding anything in this Lease to the contrary, in all cases Tenant (at Landlord's option) shall be required to remove, and to restore the Premises or Project, as applicable, to their previous condition, any alterations that are (1) identified as such by Landlord pursuant to the preceding sentence, (2) any internal stairwell other than the stairwell for the Building, or (3) except to the extent Landlord has expressly stated otherwise in writing, all of Tenant's Off-Premises Equipment, including any supplemental HVAC equipment located outside of the Premises, Rooftop Equipment, etc. (all such items in this sentence being "***Mandatory Removal Items***"). The provisions of this Section 21 shall survive the end of the Term with respect to any Mandatory Removal Items not removed by Tenant and identified in a notice from Landlord to Tenant within 180 days of Tenant's surrender of Premises; provided that, in all events, Tenant shall be required to remove any internal stairwells installed by Tenant in the Premises within 60 days of Tenant's surrender of the Premises. Notwithstanding the foregoing, if at any time Landlord shall provide written notice to Tenant that Landlord desires for or shall allow Tenant to forego removing any specific Mandatory Removal Item(s), Landlord shall not be entitled to subsequently require removal of such specific Mandatory Removal Item at any time thereafter, regardless of any applicable survival period.

22. ***Holding Over***.

(a) Subject to (b), below, if Tenant fails to vacate the Premises at the end of the Term, then Tenant shall be a tenant at sufferance and, in addition to all other damages and remedies to which Landlord may be entitled under this Lease for such holding over, (a) Tenant shall pay, in addition to the Additional Rent, Basic Rent equal to 150% of the Basic Rent payable during the last month of the Term, and (b) Tenant shall otherwise continue to be subject to all of Tenant's obligations under this Lease. The provisions of this Section 22 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law as such relates to holdover. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease and such failure continues for at least 60 days following Landlord's written notification to Tenant that a new lease with a new tenant has been executed for all or part of the Premises (which notice may be delivered prior to the expiration of the Term), then in addition to any other liabilities to Landlord accruing therefrom, Tenant shall defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including any claims made by any succeeding tenant founded upon such failure to surrender, and any lost profits to Landlord resulting therefrom.

(b) Notwithstanding Section 22(a) above, provided (a) there is no continuing Event of Default either at the time of election or at the expiration of the Term, (b) Tenant has provided nine months' prior written notice to Landlord (which notice shall specify the length of the Authorized Holdover Period [defined below], not to exceed 90 days) and (c) Tenant's occupancy during such Authorized Holdover Period shall be subject to all terms and conditions of this Lease, Tenant shall have the option to extend the Term for a period of up to 90 days as specified in the written notice to be delivered to Landlord hereunder (the "***Authorized Holdover Period***"). If Tenant elects to extend the Term for the Authorized Holdover Period, Tenant shall pay monthly Basic Rent for the Authorized Holdover Period in an amount equal to 125% of the Basic Rent payable during the last month of the Term (Additional Rent shall continue in the same manner as provided in this Lease). If Tenant fails to surrender the Premises to Landlord on or before the expiration of the Authorized Holdover Period, in accordance with this Lease, the provisions of Section 22(b) shall apply to any such holding over by Tenant with respect to the Premises and Tenant shall not be released from its obligations, covenants and agreements under the Lease related to the Premises during such holdover period.

23. ***Certain Rights Reserved by Landlord***. Provided that the exercise of such rights does not unreasonably interfere with Tenant's occupancy of the Premises and appurtenant rights granted by the Lease, and subject to the provisions of this Section 23, Landlord shall have the following rights:

(a) ***Building Operations***. To decorate and to make inspections, repairs, alterations, additions, changes, or improvements, whether structural or otherwise, in and about the Project (other than the Premises), or any part thereof; to enter upon the Premises and, during the continuance of any such work, to temporarily close doors, entryways, public space, and corridors in the Building; to interrupt or temporarily suspend Building services and facilities for maintenance, repair, and construction purposes; to change the name of the Building; and to change the arrangement and location of entrances or passageways, doors, and doorways, corridors, elevators, stairs, restrooms, or other public parts of the Building;

(b) ***Security***. To take such reasonable measures as Landlord deems advisable for the security of the Building and its occupants; evacuating the Building for cause, suspected cause, or for drill purposes; temporarily denying access to the Building in the event of an emergency; and closing the Building after Normal Business Hours and on Sundays and Building Holidays, subject, however, to Tenant's right to enter when the Building is closed after Normal Business Hours under such reasonable regulations as Landlord may prescribe from time to time;

(c) ***Prospective Purchasers and Lenders***. To enter the Premises at all reasonable hours to show the Premises to prospective purchasers or lenders, provided the party making such entry is accompanied by a representative of either Tenant or a representative of a Tenant-approved property manager; and

(d) ***Prospective Tenants***. At any time during the last 12 months of the Term, unless Tenant has sent the required notice exercising any renewal option or has otherwise agreed with Landlord to extend the Term, or at any time during the continuance of an Event of Default, to enter the Premises at all reasonable hours to show the Premises to prospective tenants.

(e) ***General Conditions***. Landlord’s rights under this Section 23 are conditioned upon the following:

(1) Landlord undertakes commercially reasonable efforts to minimize the extent and duration of any interference with Tenant’s use and occupancy of the Premises for Tenant’s normal business operations and Tenant’s use of the Project common areas;

(2) if the Premises or any material portion thereof shall be inaccessible to Tenant or if the maintenance and alterations to be performed by Landlord materially and adversely affect Tenant’s ability to use the Premises for the Permitted Use for more than two consecutive Business Days or for more than five Business Days in the aggregate within any 12-month period, then Tenant shall be entitled to a proportionate abatement of Rent;

(3) Landlord does not (i) change the arrangement or location of the elevators serving the Premises, (ii) change the location, configuration or size of the Premises, (iii) make any change which shall materially interfere with access to or Tenant’s use of the Premises or parking areas, (iv) install motion LED lighting on the Building’s façade that is active during business hours, or (v) adversely change the character of the Project such that it no longer complies with the Community-Wide Standard (as such term is defined in that certain Declaration of Covenants, Conditions and Restrictions for Cypress Waters, dated November 30 2017, and recorded as instrument no. 201700335779 in the Real Property Records of Dallas County, Texas, on November 30, 2017 (as amended, the “***Declaration***”). Further, except in the event of an Emergency (defined below), if Landlord desires or is required to do any work (for maintenance or repairs or otherwise) that would require an interruption of power or any other utility to the Premises during Normal Business Hours or unreasonable or material interference with Tenant’s operations or access during Normal Business Hours, then Landlord shall give Tenant not less than five Business Days’ advance written notice of

such planned work (provided that if the work required is in the nature of an Emergency, then Landlord shall provide as much prior notice to Tenant as is reasonably possible).

(4) Except in the event of an Emergency: (i) Tenant or an Approved Access Person shall accompany any person who is not an Approved Access Person during entry by such person into the Premises, and (ii) in no event (other than in the event of an Emergency) shall any person who is not an Approved Access Person be permitted to enter into an area within the Premises that Tenant has designated as a secure area (each a "***Secure Area***"), regardless of whether or not such person is accompanied by Tenant or an Approved Access Person. Entry to the Premises (including Secure Areas) by Approved Access Persons shall be permitted at any reasonable time, provided Tenant has notice of such access. For purposes hereof, an "***Approved Access Person***" shall be a person who has submitted to and cleared (as evidenced by written confirmation issued by Tenant to Landlord) Tenant's standard background check and screening procedure. Tenant shall not unreasonably withhold its approval of any person as an Approved Access Person so long as such person is not a Disqualified Person. For purposes hereof, a "***Disqualified Person***" is any individual who: (i) within the last ten (10) years has been convicted of, or pled guilty or no contest to, any felony, or any misdemeanor that involves any of the following: the purchase or sale of any security, the taking of a false oath, the making of a false report, bribery, perjury, burglary, larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds or securities, or a conspiracy to commit any of these offenses, or substantially equivalent activity in a domestic, military or foreign court; and/or (ii) within the last ten (10) years has served or completed sentencing or other state- or court-imposed obligations for any of the above-referenced offenses. Landlord agrees that it shall not knowingly permit any Disqualified Person employed or retained by Landlord or its agents, employees, contractors or subcontractors to enter the Premises, regardless of whether or not an Emergency exists.

(5) For purposes of this Lease, an "***Emergency***" shall mean an immediate threat to life or personal safety of persons, or an immediate threat of a material nature to property or the physical condition of the Project or any component thereof.

24. ***Intentionally Deleted***.

25. ***Miscellaneous***.

(a) ***Landlord Transfer***. Landlord may transfer any portion of the Project and any of its rights under this Lease, provided that (i) the transferee assumes all liability and obligations of Landlord under this Lease with written confirmation of same provided to Tenant, and (ii) in the event that less than all of Landlord's interest in the Project is transferred to the transferee, then the transferee and original Landlord parties shall be jointly and severally liable for the obligations of the Landlord under this Lease. If Landlord assigns its rights under this Lease to a transferee that acquires all ownership rights in the Project, then Landlord shall thereby be released from any obligations hereunder arising after the date of transfer, provided that (a) the assignee assumes in writing Landlord's obligations hereunder arising from and after the transfer date and (b) if the transferee is not an Affiliate of Landlord, Landlord deposits the portion of the Construction Allowance and any unpaid brokerage commissions then due (for the initial Term Lease only) with respect to this Lease that are unpaid as of the date of the Transfer into an escrow account with a third party escrow company to be disbursed when due in accordance with this Lease and any applicable commission agreements.

(b) ***Landlord's Liability***. The liability of Landlord (and its partners, shareholders or members) to Tenant (or any person or entity claiming by, through or under Tenant) for any default by Landlord under the terms of this Lease or any matter relating to or arising out of the occupancy or use of the Premises and/or other areas of the Building or

Project shall be limited to Tenant's actual direct, but not consequential, damages therefor and shall be recoverable only from the interest of Landlord in the Building and all rents derived therefrom, net proceeds derived from the sale thereof and any insurance proceeds and condemnation awards that were not applied to the restoration of the Project, and Landlord (and its partners, shareholders or members) shall not be personally liable for any deficiency. The provisions of this Section shall survive any expiration or termination of this Lease. Additionally, Tenant hereby waives its statutory lien under Section 91.004 of the Texas Property Code. Nothing contained in the foregoing provisions of this Section 25(b) shall limit any express right the Tenant may otherwise have to any right of abatement, offset, recoupment or credit to which Tenant is entitled pursuant to the express terms of this Lease.

(c) ***Force Majeure***. Other than for either party's obligations under this Lease that can be performed by the payment of money (*e.g.*, payment of Rent and maintenance of insurance), whenever a period of time is herein prescribed for action to be taken by either party hereto, such party shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time during the existence of such circumstance, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, terrorist acts or activities, governmental laws, regulations, or restrictions, or any other causes of any kind whatsoever which are beyond the control of such party provided that the party claiming force majeure cannot claim to incur such force majeure delays with respect to any delay that occurs or is attributed to a period earlier than three business days prior to the date that the party claiming such delay notifies the other in writing of same and provided further that such force majeure event shall have been ongoing on the date three business days preceding the date of such notice (*e.g.*, if a force majeure event occurs on day 1 and continues through day 7, but the party claiming force majeure fails to notify the other party until day 7, the force majeure event shall be 4 days [days 4, 5, 6 and 7]). For clarity, (1) if a party is delayed by weather, this Section 25(c) shall only apply to inclement weather (*i.e.*, weather that is other than what is normal for Dallas, Texas during the relevant season), and (2) the party claiming force majeure protections under this Section 25(c) shall in all cases be obligated to diligently pursue the mitigation of any damage or delay caused by such force majeure event. Notwithstanding the foregoing, nothing in this Section will extend or otherwise affect the time periods for Landlord's obligation to advance the Construction Allowance in accordance with <u>Exhibit D</u> or pay commissions pursuant to Section 25(d) below. Further, nothing in this Section will extend or otherwise affect any time periods where this Lease expressly states that such time periods are not subject to force majeure.

(d) ***Brokerage***. Neither Landlord nor Tenant has dealt with any broker or agent in connection with the negotiation or execution of this Lease, other than Cushman & Wakefield U.S., Inc. and Billingsley Property Services II, Inc., whose commissions shall be paid by Landlord pursuant to separate written agreements. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

(e) ***Estoppel Certificates***. From time to time, (but no more than once in any calendar year unless some event has occurred that necessitates Landlord's request of such estoppel certificate, such as a possible sale or financing of the Project), Tenant shall furnish to any party designated by Landlord, within 15 days after Landlord has made a request therefor, a certificate signed by Tenant confirming and containing such factual certifications and representations as to this Lease as Landlord may reasonably request. The initial form of estoppel certificate to be signed by Tenant is attached hereto as <u>Exhibit E</u>, but shall be subject to commercially reasonable additional items or modifications if requested by Landlord's Mortgagee or a prospective purchaser of the Building, in each case limited to the extent such modifications or amendments are reasonably acceptable to Tenant. From time to time, Landlord shall furnish to any party designated by Tenant, within 15 Business Days after Tenant has made a request therefor, a certificate signed by Landlord certifying whether or not there are any monetary defaults by Tenant then existing under this Lease.

(f) ***Notices***. All notices and other communications given pursuant to this Lease shall be in writing and shall be (1) mailed by first class, United States Mail, postage prepaid, certified, with return receipt requested, and addressed to the parties hereto at the address specified in the Basic Lease Information, (2) hand delivered to the intended addressee, or (3) sent by a nationally recognized overnight courier service. All notices shall be effective upon delivery to the address of the addressee (even if such addressee refuses delivery thereof). The parties hereto may change their addresses by giving notice thereof to the other in conformity with this provision.

(g) ***Separability***. If any clause or provision of this Lease is illegal, invalid, or unenforceable under present or future laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable.

(h) ***Amendments; Binding Effect; No Electronic Records***. This Lease may not be amended except by instrument in writing signed by Landlord and Tenant. No provision of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing signed by Landlord, and no custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms hereof. Landlord and Tenant hereby agree not to conduct the transactions or communications contemplated by this Lease by electronic means; nor shall the use of the phrase "in writing" or the word "written" be construed to include electronic communications. The terms and conditions contained in this Lease shall inure to the benefit of and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided. This Lease is for the sole benefit of Landlord and Tenant, and no third party shall be deemed a third party beneficiary hereof (provided that a Landlord’s Mortgagee shall be a direct beneficiary of any SNDA that is signed by such Landlord’s Mortgagee and Tenant pursuant to the terms of this Lease).

(i) ***Quiet Enjoyment***. Provided no Event of Default exists and continues beyond applicable notice and cure periods, Tenant shall peaceably and quietly hold and enjoy, and Landlord shall at all times provide, defend and protect for the benefit of Tenant, the Premises for the Term, including any renewals or extensions thereof, without hindrance, interruption or interference from Landlord or any party claiming by, through, or under Landlord, but not otherwise, subject to the terms and conditions of this Lease.

(j) ***No Merger***. There shall be no merger of the leasehold estate hereby created with the fee estate in the Premises or any part thereof if the same person acquires or holds, directly or indirectly, this Lease or any interest in this Lease and the fee estate in the leasehold Premises or any interest in such fee estate.

(k) ***No Offer***. The submission of this Lease to either party shall not be construed as an offer, and either party shall not have any rights under this Lease unless both parties execute a copy of this Lease and delivers it to the other party, with no release restrictions as to such signatures.

(l) ***Entire Agreement***. This Lease constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof and supersedes all oral statements and prior writings relating thereto. Except for those set forth in this Lease, no representations, warranties, or agreements have been made by Landlord or Tenant to the other with respect to this Lease or the obligations of Landlord or Tenant in connection therewith. The normal rule of construction that any ambiguities be resolved against the drafting party shall not apply to the interpretation of this Lease or any exhibits or amendments hereto.

(m) ***Waiver of Jury Trial; Counterclaims***. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LANDLORD AND TENANT EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LITIGATION OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE ARISING OUT OF OR WITH RESPECT TO THIS

LEASE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO. IT IS FURTHER MUTUALLY AGREED THAT IN THE EVENT LANDLORD COMMENCES ANY PROCEEDING OR ACTION FOR POSSESSION, INCLUDING A SUMMARY PROCEEDING FOR POSSESSION OF THE PREMISES, TENANT WILL NOT INTERPOSE ANY COUNTERCLAIM OF WHATEVER NATURE OR DESCRIPTION IN ANY SUCH PROCEEDING, EXCEPT FOR STATUTORY MANDATORY COUNTERCLAIMS; OR MATTERS THAT ARE A GOOD FAITH DEFENSE THERETO.

(n) ***Governing Law***. This Lease shall be governed by and construed in accordance with the laws of the state in which the Premises are located.

(o) ***Recording***. Neither party shall record this Lease without the prior written consent of the other party, which consent may be withheld or denied in the sole and absolute discretion of such party. Notwithstanding the foregoing, at the request of either Landlord or Tenant, Landlord and Tenant shall execute a memorandum of lease in the form attached hereto as Exhibit L. In the event that the Commencement Date is extended day for day for any Landlord Delay, Landlord and Tenant agree to execute an amended memorandum of Lease that corrects the Commencement Date to the extended day. The cost of recording such memorandum of lease shall be paid by the party making the request. If any conflict exists or arises between the terms of this Lease and the terms of such memorandum, the terms of this Lease shall prevail. Nothing herein shall prevent the recording of any SNDA executed pursuant to this Lease.

(p) ***Water or Mold Notification***. To the extent that employees at or above a supervisory or management level for Tenant or any Tenant Party discover any water leakage, water damage or mold in or about the Premises or Project, Tenant shall use good faith efforts to promptly notify Landlord thereof in writing. If any visible mold is observed in the Premises during the Term (and such visible mold was not caused by a Tenant Party or its equipment within the Premises, the Work, any alterations or improvements to the Premises made by or on behalf of Tenant, or failure by Tenant to perform any maintenance or repair obligations under the Lease), Landlord shall remediate such mold and make any repairs and restoration to the Premises necessitated by such mold removal in accordance with applicable Laws, which costs may be included in Operating Costs to the extent permitted by Section 4.

(q) ***Joint and Several Liability***. If Tenant is comprised of more than one party, each such party shall be jointly and severally liable for Tenant's obligations under this Lease. All unperformed obligations of either party hereunder not fully performed at the end of the Term shall survive the end of the Term, including payment obligations with respect to Rent and other amounts and all obligations concerning the condition and repair of the Premises.

(r) ***Financial Reports***. Within ten Business Days after Landlord's request, Tenant will furnish Tenant's most recent audited financial statements (including any notes to them) to Landlord, or, if no such audited statements have been prepared, such other financial statements (and notes to them) as may have been prepared by an independent certified public accountant or, failing those, Tenant's internally prepared financial statements. If Tenant is a publicly traded corporation, Tenant may satisfy its obligations hereunder by providing to Landlord Tenant's most recent annual and quarterly reports. Tenant will discuss its financial statements with Landlord and, following the occurrence of an Event of Default hereunder. Landlord will not disclose any aspect of Tenant's financial statements that Tenant designates to Landlord as confidential except (1) to Landlord's Mortgagee or prospective mortgagees or purchasers of the Building, (2) in litigation between Landlord and Tenant, and/or (3) if required by court order. If requested by Tenant, Landlord will execute a commercially reasonable non-disclosure agreement prior to delivering any financial information to Landlord. Tenant shall not be required to deliver the financial statements required under this Section 25(r) more than once in any 12-month period unless requested by Landlord's Mortgagee or a prospective buyer or lender of the Building or an Event of Default occurs.

(s) ***Landlord's Fees***. Whenever Tenant requests Landlord to take any action not required of it hereunder or give any consent required or permitted under this Lease, Tenant will reimburse Landlord for Landlord's reasonable, out-of-pocket costs payable to third parties and incurred by Landlord in reviewing the proposed action or consent, including reasonable attorneys', engineers' or architects' fees, within 30 days after Landlord's delivery to Tenant of a statement of such costs. Tenant will be obligated to make such reimbursement without regard to whether Landlord consents to any such proposed action.

(t) ***Telecommunications***. Tenant and its telecommunications companies, including local exchange telecommunications companies and alternative access vendor services companies, shall have no right of access to and within the Building, for the installation and operation of telecommunications systems, including voice, video, data, Internet, and any other services provided over wire, fiber optic, microwave, wireless, and any other transmission systems ("***Telecommunications Services***"), for part or all of Tenant's telecommunications within the Building and from the Building to any other location without Landlord's prior written consent, which shall not be unreasonably withheld, delayed or conditioned; provided that such review and approval rights shall not apply with respect to minor repairs and replacements within the Premises. Additionally, Landlord's prior consent must be obtained prior to any digging into the surface of the Project for installation of Telecommunications Services, and all such buried wiring or equipment shall (i) be considered part of Tenant's Off-Premises Equipment, and (ii) removed by Tenant upon the expiration or earlier termination of this Lease (with all landscaping restored to its prior condition). All providers of Telecommunications Services shall be required to comply with the rules and regulations of the Building, applicable Laws and Landlord's policies and practices for the Building. Landlord shall allocate to Tenant and its providers of Telecommunications Services Tenant’s Proportionate Share of space (in risers, conduits and similar infrastructure) for Tenant’s Telecommunication Services, shall cooperate with Tenant’s selected telecommunications carriers. Except for Landlord’s actual, out-of-pocket costs, Landlord shall not charge any fee to Tenant or any service provider to Tenant for access to and use of the space allocated by this Lease to Tenant within the Project for installation of equipment related to Telecommunications Services (whether inside or outside the Building), and the terms of any access agreement required by Landlord for such service providers shall be reasonable so as to promote efficient and cost-effective service to Tenant. Tenant acknowledges that Landlord shall not be required to provide or arrange for any Telecommunications Services and that Landlord shall have no liability to any Tenant Party in connection with the installation, operation or maintenance of Telecommunications Services or any equipment or facilities relating thereto but shall reasonably cooperate with Tenant in obtaining Telecommunication Services to the Premises. Tenant, at its cost and for its own account, shall be solely responsible for obtaining all Telecommunications Services. Landlord shall not, and shall not permit any other Landlord Party to, interfere with Tenant’s telecommunications system or any of the components or wiring relating thereto, and Tenant shall not interfere with any other Project tenant’s existing telecommunications system or any of the components or wiring relating thereto installed prior to the date on which Tenant installs its equipment. Notwithstanding anything to the contrary in this subsection, Tenant shall coordinate with Landlord's riser manager all work that affects or involves the Building's risers, conduits, or similar infrastructure; Landlord's actual, out-of-pocket costs incurred for the services of such riser manager shall be reimbursed by Tenant.

(u) ***Intentionally Deleted***.

(v) ***Authority***. Tenant (if a corporation, partnership or other business entity) hereby represents and warrants to Landlord that Tenant is a duly formed and existing entity qualified to do business in the state in which the Premises are located, that Tenant has full right and authority to execute and deliver this Lease, and that each person signing on behalf of Tenant is authorized to do so. Landlord hereby represents and warrants to Tenant that Landlord is, and will remain during the Lease Term, a duly formed and existing entity qualified to do business in the state in which the Premises are located, that Landlord has full right and authority to execute and deliver this Lease, and that each person signing on behalf of Landlord is authorized to do so.

(w) ***Security Service; Tenant's Security System***.

(1) If Tenant installs an electronic card key system within the Premises, then (i) such system shall be installed at Tenant's sole expense, (ii) Tenant shall furnish Landlord with a copy of all key codes or access cards thereto, (iii) Tenant shall ensure that Landlord shall have access to the Premises at all times, (iv) Tenant shall ensure that such system shall comply with all Laws, including all fire safety laws, and (v) in no event shall Landlord be liable for, and Tenant shall defend, indemnify, and hold harmless any Landlord Party from any claims, demands, liabilities, causes of action, suits, judgments, damages and expenses arising from, such system or the malfunctioning thereof in accordance with Tenant's indemnity contained in Section 11(d) hereof. Sections 8 and 21 of this Lease shall govern the installation, maintenance and Landlord's removal rights with respect to such security system.

(2) Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any loss by theft or any other damage suffered or incurred by Tenant in connection with any unauthorized entry into the Premises by a person that is not a Landlord Party or any other breach of security by a person that is not a Landlord Party with respect to the Premises, except to the extent arising in connection with the intentional misconduct of a Landlord Party.

(x) ***Hazardous Materials***. Landlord represents and warrants to Tenant that Landlord neither knows of any Hazardous Materials located in or about the Project, nor the occurrence of any Release in, at, to, from or about the Project, nor has it received any notice of any proceeding of any governmental action regarding Hazardous Materials. Tenant shall not be responsible for any pre-existing Hazardous Materials or for Hazardous Materials existing due to the action or inaction of any third Person (other than the other Tenant Parties), and Landlord shall be responsible for causing the removal of all Hazardous Materials not brought on to the Premises by Tenant (or any of the other Tenant Parties) and shall remove (or cause the removal of) the same in accordance with applicable Environmental Legal Requirements at Landlord's sole cost and expense. Landlord agrees to provide Tenant with a copy of the latest Phase I report covering the Land and Project. The term "***Release***" means the depositing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, migrating, dispersing, leaching, dumping or disposing. The term "***Hazardous Materials***" means any substance, material, or waste which is now or hereafter classified or considered to be hazardous, toxic, or dangerous under any Law relating to pollution or the protection or regulation of human health, natural resources or the environment, or poses or threatens to pose a hazard to the health or safety of persons on the Premises or in the Project. Tenant shall not use, generate, store, or dispose of, or permit the use, generation, storage or disposal of Hazardous Materials on or about the Premises or the Project except in a manner and quantity necessary for the ordinary performance of Tenant's business, and then in compliance with all Laws. If Tenant breaches its obligations under this Section 25(x), Landlord may immediately take any and all action reasonably appropriate to remedy the same, including taking all appropriate action to clean up or remediate any contamination resulting from Tenant's use, generation, storage or disposal of Hazardous Materials. Tenant shall defend, indemnify, and hold harmless Landlord and its representatives and agents from and against any and all claims, demands, liabilities, causes of action, suits, judgments, damages and expenses (including reasonable attorneys' fees and cost of cleanup and remediation) arising from Tenant's failure to comply with the provisions of this Section 25(x). These indemnity provisions shall survive termination or expiration of this Lease. If at any time following the Commencement Date, (a) any material portion or the entire Premises is unavailable for Tenant's use due to the presence of Hazardous Materials in the Premises or otherwise in the Building (a "***HazMat Premises Shutdown***"), (b) the presence of such Hazardous Materials was not caused by a Tenant Party, and (c) the HazMat Premises Shutdown continues for more than five business days, then Tenant shall be entitled to abated Rent proportionate to any area of the Premises impacted (as reasonably determined by Tenant) by such presence of Hazardous Materials for the duration of the HazMat Premises Shutdown (*i.e.*, from the first day of the HazMat Premises Shutdown until Tenant is again able to access and utilize the Premises).

(y) ***List of Exhibits***. All exhibits and attachments attached hereto are incorporated herein by this reference.

Exhibit A - Outline of Premises
Exhibit B - Description of the Land
Exhibit C - Building Rules and Regulations
Exhibit D - Tenant Finish-Work
Exhibit E - Form of Tenant Estoppel Certificate
Exhibit F - Parking
Exhibit G - Renewal Option
Exhibit H - Right of First Refusal
Exhibit I - Expansion Option
Exhibit J - Signage Criteria
Exhibit K – Janitorial Specifications
Exhibit L – Form of Memorandum of Lease
Exhibit M – HVAC Specifications
Exhibit X - Additional Provisions

(z) ***Determination of Charges***. Landlord and Tenant agree that each provision of this Lease for determining charges and amounts payable by Tenant (including provisions regarding Additional Rent and Tenant's Proportionate Share of Electrical Costs) is commercially reasonable and, as to each such charge or amount, constitutes a statement of the amount of the charge or a method by which the charge is to be computed for purposes of Section 93.012 of the Texas Property Code.

(aa) ***Prohibited Persons and Transactions***. Tenant represents and warrants to Landlord that Tenant is currently in compliance with and shall at all times during the Term (including any extension thereof) remain in compliance with the regulations of the OFAC of the Department of the Treasury (including those named on OFAC's Specially Designated Nationals and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto.

26. ***Other Provisions***.

(a) ***Waiver of Consumer Rights***. Tenant hereby waives its rights under the Deceptive Trade Practices-Consumer Protection Act, Section 17.41 *et seq*., Business & Commerce Code, a law that gives consumers special rights and protections. After consultation with an attorney of Tenant's own selection, Tenant voluntarily consents to this waiver.

(b) ***Advertising.*** Landlord shall not use the mark or other promotional materials of Tenant without the prior written approval of Tenant, which approval may be withheld in the sole discretion of Tenant. Nothing herein shall prohibit Landlord from taking, publishing, using or otherwise disseminating photographs or renderings of the Project, Building or Premises in which Tenant’s name or signage may be visible, provided the purpose of such photographs or renderings is not primarily intended to disclose Tenant’s name or signage. Nothing in this subsection shall prohibit Landlord from including Tenant’s name and details regarding this Lease to third parties in connection with leasing, sale or financing activities.

[*THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.*]

LANDLORD AND TENANT EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT'S INTENDED COMMERCIAL PURPOSE, AND TENANT'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LANDLORD OF ITS OBLIGATIONS HEREUNDER, AND, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, TENANT SHALL CONTINUE TO PAY THE RENT, WITHOUT ABATEMENT, DEMAND, SETOFF OR DEDUCTION, NOTWITHSTANDING ANY BREACH BY LANDLORD OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESS OR IMPLIED.

Upon the signature of both Landlord and Tenant, this Lease shall be deemed effective on the Lease Date.

LANDLORD: **BDDC, INC.**, a Texas corporation

By: /s/ Kenneth D. Mabry
Name: Kenneth D. Mabry
Title: Sr. Vice President

TENANT: **BLUCORA, INC.**, a Delaware corporation

By: /s/ Davinder Athwal
Name: Davinder Athwal
Title: Chief Financial Officer

Exhibit 10.42

FIRST AMENDMENT
TO THE
BLUCORA DIRECTOR TAX-SMART DEFERRAL PLAN

November 11, 2019

This First Amendment to the Blucora Director Tax-Smart Deferral Plan (this "***Amendment***"), is adopted by action of the Board of Directors (the "***Board***") of Blucora, Inc., a Delaware corporation (the "***Company***"), to be effective as of the dates set forth herein. Terms used in this Amendment with initial capital letters that are not otherwise defined herein shall have the meanings ascribed to such terms in the Blucora Director Tax-Smart Deferral Plan (the "***Plan***").

WHEREAS, Section 9.2 of the Plan permits the Board to amend the Plan at any time;

WHEREAS, the Board desires to amend the Plan to make certain technical corrections and changes for purposes of conforming the Plan with the Plan's third-party administrator's platform and capabilities in administering the Plan; and

WHEREAS, as of the date hereof, the Board resolved that this Amendment be adopted and that the Plan be amended as set forth herein.

NOW, THEREFORE, in accordance with Section 9.2 of the Plan, the Board hereby amends the Plan effective for Plan Years beginning on and after January 1, 2020 as follows:

1. *Section 3.1 of the Plan is hereby amended by deleting said section and substituting in lieu thereof the following new Section 3.1:*

3.1 **Minimum Deferrals**.

a. **Annual Deferral Amount**. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Director Fees and the Annual Equity Grant in the following minimum percentages for each deferral elected:

Deferral	Minimum Percentage
Director Fees	5%
Annual Equity Grant	20% (rounded up to the nearest whole Share)

If an election is made for less than the stated minimum percentage, or if no election is made, the amount deferred shall be zero.

b. **Short Plan Year**. No deferral of the Annual Equity Grant is permitted for a Plan Year on or after the first day of such Plan Year.

2. *Section 4.1 of the Plan is hereby amended by deleting said section and substituting in lieu thereof the following new Section 4.1:*

4.1 **In-Service Scheduled Distribution**. In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive an In- Service Scheduled Distribution from the Plan with respect to all of the Annual Deferral Amount (each of the Director Fees and Annual Equity Grant for each Plan Year, separately). The In-Service Scheduled Distribution shall be a lump sum payment of cash and/or Shares (if an Annual Equity Grant has been deferred) in an amount (and/or number of Shares) that is equal to the Annual Deferral Amount that the Participant elected to have distributed as an In-Service Scheduled Distribution, plus amounts credited or debited in the manner provided in Section 3.7 above to that amount, calculated as of the close of business on or around the Benefit Distribution Date designated by the Participant in accordance with this Section 4.1 (a "Scheduled Distribution"). The Benefit Distribution Date for an amount subject to an In-Service Scheduled Distribution election shall be the first day of any Plan Year designated by the Participant, which may be no sooner than 3 Plan Years after the end of the Plan Year in which the Annual Deferral Amount is actually deferred. The Participant may elect different Benefit Distribution Dates for Deferred Fees and Annual Equity Grants deferred with respect to different Plan Years. Subject to the other terms and conditions of this Plan, each In-Service Scheduled Distribution elected shall be paid out during a 60-day period commencing immediately after the Benefit Distribution Date. By way of example, if an In-Service Scheduled Distribution is elected for Director Fees that are deferred in the Plan Year commencing January 1, 2020, the earliest Benefit Distribution Date that may be designated by a Participant would be January 1, 2024, and the In-Service Scheduled Distribution would be paid out during the 60-day period commencing immediately after such Benefit Distribution Date.

3. *Section 5.1 of the Plan is hereby amended by deleting said section and substituting in lieu thereof the following new Section 5.1:*

5.1 **Termination Benefit**. A Participant who experiences a Separation from Service shall receive, as a Termination Benefit, his or her vested Account Balance in either a lump sum payment of cash and/or Shares (if an Annual Equity Grant has been deferred) or annual installment payments of cash and/or Shares (if applicable), as elected by the Participant in accordance with Section 5.2. A Participant's Termination Benefit shall be calculated as of the close of business on the second (2nd) business day of the month immediately following the date the Participant experiences a Separation from Service and paid on the applicable Benefit Distribution Date for such benefit. The Benefit Distribution Date shall be (i) the first day after the end of the six-month period immediately following the date on which the Participant experiences a Separation from Service, if the Participant is a Specified Employee, and (ii) for all other Participants, on or as soon as practicable following (but in any event, within 60 days following) the date on which the Participant experiences a Separation from Service; provided, however, if a Participant changes the form of distribution for the Termination Benefit in accordance with Section 5.2(b), the Benefit Distribution Date for the Termination Benefit shall be determined in accordance with Section 5.2(b). Notwithstanding the foregoing and notwithstanding anything an Election Form to the contrary, if a

Participant experiences a Separation from Service prior to the completion of 5 Years of Service with the Company, then such Participant's Termination Benefit shall be paid in a lump sum on the Benefit Distribution Date, without regard to any change in form of distribution made in accordance with Section 5.2(b).

4. Except as expressly amended by this Amendment, the Plan shall continue in full force and effect in accordance with the provisions thereof.

* * * * * * * *

IN WITNESS WHEREOF, the Company has caused this Amendment to be duly executed as of the date first written above, pursuant to prior action taken by the Board.

BLUCORA, INC.

By: /s/ John S. Clendening Name: John S. Clendening
Title: President and Chief Executive Officer

Signature Page to the
First Amendment to the Blucora Director Tax-Smart Deferral Plan

FIRST AMENDMENT
TO THE
BLUCORA TAX-SMART EXECUTIVE DEFERRAL PLAN

November 11, 2019

This First Amendment to the Blucora Tax-Smart Executive Deferral Plan (this "***Amendment***"), is adopted by action of the Board of Directors (the "***Board***") of Blucora, Inc., a Delaware corporation (the "***Company***"), to be effective as of the dates set forth herein. Terms used in this Amendment with initial capital letters that are not otherwise defined herein shall have the meanings ascribed to such terms in the Blucora Tax-Smart Executive Deferral Plan (the "***Plan***").

WHEREAS, Section 11.2 of the Plan permits the Board to amend the Plan at any time;

WHEREAS, the Board desires to amend the Plan to make certain technical corrections and changes for purposes of conforming the Plan with the Plan's third-party administrator's platform and capabilities in administering the Plan; and

WHEREAS, as of the date hereof, the Board resolved that this Amendment be adopted and that the Plan be amended as set forth herein.

NOW, THEREFORE, in accordance with Section 11.2 of the Plan, the Board hereby amends the Plan effective for Plan Years beginning on and after January 1, 2020 as follows:

1. *Section 3.1 of the Plan is hereby amended by deleting said section and substituting in lieu thereof the following new Section 3.1:*

3.1 **Minimum Deferrals**.

a. **Annual Deferral Amount**. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Base Salary, Annual Bonus, and Incentive Bonus in the following minimum percentages for each deferral elected:

Deferral	Minimum Percentage
Base Salary, Annual Bonus and/or Incentive Bonus	5%

If an election is made for less than the stated minimum percentage, or if no election is made, the amount deferred shall be zero.

b. **[RESERVED]**.

2. *Section 4.1 of the Plan is hereby amended by deleting said section and substituting in lieu thereof the following new Section 4.1:*

4.1 **In-Service Scheduled Distribution**. In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive an In-Service Scheduled Distribution from the Plan with respect to all of (i) the Annual

Deferral Amount (each of Base Salary, Annual Bonus, and Incentive Bonus for each Plan Year, separately), and (ii) the Company Contribution Amount. The In-Service Scheduled Distribution shall be a lump sum payment in an amount that is equal to the Annual Deferral Amount and the vested portion of the Company Contribution Amount that the Participant elected to have distributed as an In-Service Scheduled Distribution, plus amounts credited or debited in the manner provided in Section 3.7 above to that amount, calculated as of the close of business on or around the Benefit Distribution Date designated by the Participant in accordance with this Section 4.1 (a "**Scheduled Distribution**"). The Benefit Distribution Date for an amount subject to an In-Service Scheduled Distribution election shall be the first day of any Plan Year designated by the Participant, which may be no sooner than 3 Plan Years after the end of the Plan Year in which the Annual Deferral Amount is actually deferred or the vested portion of the Company Contribution Amount is actually contributed. The Participant may elect different Benefit Distribution Dates for amounts deferred with respect to different Plan Years. Subject to the other terms and conditions of this Plan, each In-Service Scheduled Distribution elected shall be paid out during a 60-day period commencing immediately after the Benefit Distribution Date. By way of example, if an In-Service Scheduled Distribution is elected for Base Salary amounts that are deferred in the Plan Year commencing January 1, 2020, the earliest Benefit Distribution Date that may be designated by a Participant would be January 1, 2024, and the In-Service Scheduled Distribution would be paid out during the 60-day period commencing immediately after such Benefit Distribution Date.

3. *Section 5.1 of the Plan is hereby amended by deleting said section and substituting in lieu thereof the following new Section 5.1:*

5.1 **Retirement Benefit**. A Participant who experiences a Separation from Service that qualifies as a Retirement shall receive, as a Retirement Benefit, his or her vested Account Balance in either a lump sum or annual installment payments, as elected by the Participant in accordance with Section 5.2. A Participant's Retirement Benefit shall be calculated as of the close of business on the second (2nd) business day of the month immediately following the date the Participant Retires and paid on the applicable Benefit Distribution Date for such benefit. The Benefit Distribution Date shall be (i) the first day after the end of the six-month period immediately following the date on which the Participant Retires, if the Participant is a Specified Employee, and (ii) for all other Participants, on or as soon as practicable following (but in any event, within 60 days following) the date the Participant Retires; provided, however, if a Participant changes the form of distribution for the Retirement Benefit in accordance with Section 5.2(b), the Benefit Distribution Date for the Retirement Benefit shall be determined in accordance with Section 5.2(b).

4. *Section 6.1 of the Plan is hereby amended by deleting said section and substituting in lieu thereof the following new Section 6.1:*

6.1 **Termination Benefit**. A Participant who experiences a Separation from Service that does not qualify as a Retirement shall receive a Termination Benefit, which shall be equal to the Participant's vested Account Balance, calculated as of the close of business on the second (2nd) business day of the month immediately following the date the

Participant's Separation from Service and paid on the applicable Benefit Distribution Date for such benefit. The Benefit Distribution Date shall be (i) the first day after the end of the six-month period immediately following the date on which the Participant experiences a Separation from Service, if the Participant is a Specified Employee, and (ii) for all other Participants, on or as soon as practicable following (but in any event, within 60 days following) the date the Participant experiences a Separation from Service.

5. Except as expressly amended by this Amendment, the Plan shall continue in full force and effect in accordance with the provisions thereof.

* * * * * * * *

IN WITNESS WHEREOF, the Company has caused this Amendment to be duly executed as of the date first written above, pursuant to prior action taken by the Board.

BLUCORA, INC.

By: /s/ John S. Clendening Name: John S. Clendening
Title: President and Chief Executive Officer

Signature Page to the
First Amendment to the Blucora Director Tax-Smart Deferral Plan

Exhibit 10.44

BLUCORA, INC.

INDEMNIFICATION AGREEMENT

THIS AGREEMENT entered into between Blucora, Inc., a Delaware corporation ("**Company**") and [INSERT NAME] ("**Indemnitee**") is effective as of [INSERT DATE] (the "**Effective Date**").

WHEREAS, it is essential to the Company to retain and attract as directors, officers, and employees the most capable persons available;

WHEREAS, Indemnitee is a director, and/or officer, and/or employee of the Company;

WHEREAS, both the Company and Indemnitee recognize the substantial risk of litigation and other claims that may be asserted against directors, officers, and employees of corporations; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability to enhance Indemnitee's continued and effective service to the Company, and to induce Indemnitee to provide that service to the Company as a director, officer, and/or employee, the Company provides, by means of this Agreement, (i) for the indemnification of, and the advancing of expenses to, Indemnitee to the fullest extent permitted by law, and, (ii) for the coverage of Indemnitee under the Company's directors' and officers' liability insurance policies, to the extent such insurance is maintained and includes Indemnitee as a covered party.

NOW, THEREFORE, in consideration of the above promises and of Indemnitee's continued service to the Company directly or, at its request, with another enterprise, the parties agree as follows:

1. DEFINITIONS:

1.1. "Board" shall mean the Board of Directors of the Company. Where appropriate, the term "Board" includes any committee of the Board of Directors to which the Board of Directors has delegated authority to take the described action.

1.2. "Change in Control" shall mean, the earliest occurrence after the date of this Agreement, of any of the following events: (a) any Person (other than a trustee or other fiduciary who holds securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company that represent 20% or more of the total voting power of the Company's then outstanding Voting Securities; (b) during any period of two consecutive years, the Original Directors cease for any reason to constitute a majority of the Board; (c) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of either the Company or the surviving entity; (d) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets, or (e) there occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act whether or not the Company is then subject to such reporting requirement. As used in

this definition: (i) **“Voting Securities”** shall mean any securities of the Company that vote generally in the election of directors; (ii) **“Person”** shall have the meaning used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended; (iii) **“Beneficial Owner”** shall have the meaning defined in Rule 13d-3 of that Act; and (iv) **“Original Directors”** shall mean the individuals who, at the beginning of the applicable period, constitute the Board plus any new director whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved.

1.3. “Disinterested Director” shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

1.4. “Expenses” shall mean any expense paid or incurred in connection with investigating, defending, being a witness in, or participating in (a) any Proceeding or (b) establishing a right to indemnification under Sections 2 or 5 of this Agreement. Expenses include, without limitation, attorneys’ fees, retainers, court costs, transcript costs, fees and expenses of experts and other advisors (including accountants), travel expenses, duplicating costs, postage, delivery service fees, filing fees, and all other disbursements or expenses of the types typically incurred by parties, witnesses, and other participants in connection with a Proceeding.

1.5. “Indemnifiable Event” shall mean any alleged event or occurrence related to anything done, not done, or witnessed by Indemnitee in any capacity listed in this sentence, and further related to the fact that Indemnitee (a) is or was a director, officer, agent, or employee of the Company, (b) is or was serving, at the request of the Company, as a director, officer, employee, trustee, agent, limited partner, member or fiduciary of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise, and/or (c) was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Company, or of another enterprise at the request of such predecessor corporation. Indemnifiable Events include all such events that take place either before or after the execution of this Agreement.

1.6. “Independent Counsel” shall mean the person or body appointed to be the Reviewing Party under the circumstances and provisions described in Section 3.

1.7. “Proceeding” shall mean any legal dispute that relates to an Indemnifiable Event. The legal disputes that constitute Proceedings include any threatened, pending, or completed action, suit, arbitration, alternative dispute mechanism, inquiry, administrative or legislative hearing, investigation, or any other actual, threatened, or completed proceeding (including any and all appeals), whether conducted by the Company or any other party, whether formal or informal, and whether civil, criminal, administrative, investigative, or other, and in each case whether or not commenced prior to the date of this Agreement.

1.8. “Reviewing Party” shall mean the person, persons, or entity that has the authority to determine whether Indemnitee is entitled to indemnification.

2. AGREEMENT TO INDEMNIFY

2.1. General Agreement. In the event Indemnitee was, is, or is threatened to become a party to, witness in, or other participant in a Proceeding, the Company shall indemnify Indemnitee from and against any and all (a) Expenses, liability, loss, judgments, fines, ERISA excise taxes and penalties, and amounts paid or to be paid in settlement, (b) interest, assessments, or other charges imposed thereon, and (c) federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments

under this Agreement. Company's indemnification obligation in this paragraph shall be applied to the fullest extent permitted by applicable law. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's articles of incorporation, by-laws, applicable law, or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change; to the extent that such change(s) would narrow the Indemnitee's rights or the Company's obligations hereunder, they will not limit or affect the scope of this Agreement; provided, however, that any changes required by applicable law to be applied to this Agreement shall be so applied regardless of whether the effect of such change is to narrow the Indemnitee's rights or the Company's obligations hereunder.

2.2. Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary,

Indemnitee shall not be entitled to indemnification or advancement pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee unless (a) the Company has joined in, or the Board has consented to, such Proceeding; or (b) the Proceeding is one to enforce indemnification rights under Section 5.

2.3. Expense Advances. If so requested by Indemnitee, the Company shall advance any and all Expenses to Indemnitee (**"Expense Advances"**) within 20 calendar days after the receipt by the Company of a statement from Indemnitee requesting such Expense Advances, whether before or after final disposition of any Proceeding. Expense Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the provisions of this Agreement. The Indemnitee shall qualify for Expense Advances solely upon the execution and delivery to the Company of an undertaking (in form and substance reasonably satisfactory to the Company) providing that the Indemnitee undertakes to repay the Expense Advance if and to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. Expense Advances shall include any and all Expenses incurred pursuing an action to enforce this right of advancement. If Indemnitee has commenced legal proceedings in a court of competent jurisdiction in the State of Delaware to secure a determination that Indemnitee should be indemnified under applicable law, as provided in Section 4, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made (as to which all rights of appeal have been exhausted or have lapsed). Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon. For the sake of clarity, Expense Advances shall not be considered personal loans.

2.4. Mandatory and Partial Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits in defense of any claim, issue, or matter in a Proceeding, Indemnitee shall be indemnified against all Expenses incurred in connection with that claim, issue, or matter. If Indemnitee is entitled to indemnification by the Company for some, but not all, of the total amount paid or incurred by Indemnitee in the Proceeding or other legal action to which the Expenses relate, the Company shall indemnify Indemnitee for the portion to which Indemnitee is entitled.

2.5. Primacy of Indemnification. In the event that Indemnitee has rights to indemnification, advancement of expenses, or liability insurance provided by a third party or affiliates of Indemnitee (collectively, the "**Outside Indemnitors**"), this section 2.5 shall govern the relationship between the indemnification provided by the Company and that provided by the Outside Indemnitors. The Company shall be the indemnitor of first resort, i.e., its obligations to the Indemnitee under this Agreement and

any indemnity provisions set forth in its Certificate of Incorporation, Bylaws, or elsewhere (collectively, "**Indemnity Arrangements**") are primary, and any obligation of the Outside Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by the Indemnitee is secondary and excess. The Company shall advance the full amount of expenses incurred by the Indemnitee and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of the Indemnitee, to the extent legally permitted and as required by any Indemnity Arrangement, without regard to any rights the Indemnitee may have against the Outside Indemnitors. The Company irrevocably waives, relinquishes, and releases the Outside Indemnitors from any claims against the Outside Indemnitors for contribution, subrogation, or any other recovery of any kind arising out of or relating to any Indemnity Arrangement. No advancement or indemnification payment by any Outside Indemnitor on behalf of the Indemnitee shall affect the foregoing, and the Outside Indemnitors shall be subrogated to the extent of such advancement or payment to all of the rights of recovery of the Indemnitee against the Company. The Company and the Indemnitee agree that the Outside Indemnitors are express third party beneficiaries of the terms of this Section 2.5. The Company, on its own behalf and on behalf of its insurers to the extent allowed by the policies, waives subrogation rights against Indemnitee.

3. REVIEWING PARTY.

3.1. Unless there has been a Change in Control, the Reviewing Party shall be: (a) the Board of Directors of the Company acting by a majority vote of Disinterested Directors, whether or not such majority constitutes a quorum of the Board of Directors; (b) a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, whether or not such majority constitutes a quorum; or (c) if there are no Disinterested Directors, or if the Disinterested Directors so direct, by Independent Counsel.

3.2. After a Change in Control, or if there are no Disinterested Directors, the Reviewing Party shall be the Independent Counsel. With respect to all matters arising from a Change in Control concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or under applicable law or the Company's articles of incorporation or by-laws now or hereafter in effect relating to indemnification for Indemnifiable Events, the Company shall seek legal advice only from Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), and who has not otherwise performed services for the Company or the Indemnitee (other than in connection with indemnification matters) within the last five years. The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Counsel.

4. INDEMNIFICATION PROCESS AND APPEAL.

4.1. Indemnification Payment. Indemnitee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from the Company in accordance with this Agreement within 30 calendar days after Indemnitee has made written demand on the Company for indemnification, unless the Reviewing Party has provided a written determination to the Company that Indemnitee is not entitled to indemnification under applicable law. The Reviewing Party making the determination with respect to Indemnitee's entitlement to indemnification shall notify Indemnitee of such written determination no

later than two business days after providing such notice to Company. A demand for indemnification under this Agreement shall include such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification.

4.2. Suit to Enforce Rights. Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court of competent jurisdiction in the State of Delaware seeking an initial determination by the court or challenging any determination by the Reviewing Party if:

(a) no determination of entitlement to indemnification has been made within 30 calendar days after Indemnitee has made a demand in accordance with Section 4.1;

(b) payment of indemnification pursuant to Section 4.1 is not made within 30 calendar days after Indemnitee has made a demand in accordance with Section 4.1;

(c) the Reviewing Party determines pursuant to Section 4.1 that Indemnitee is not entitled to indemnification under this Agreement; or

(d) Indemnitee has not received advancement of Expenses within 20 calendar days after making such a request in accordance with Section 2.3.

Any determination by the Reviewing Party not challenged by the Indemnitee on or before the first anniversary of the date of the Reviewing Party's determination shall be binding on the Company and Indemnitee. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee in law or equity.

4.3. Defense to Indemnification, Burden of Proof, and Presumptions.

(a) To the maximum extent permitted by applicable law, in making a determination with respect to entitlement to indemnification (or advancement of expenses) hereunder, the Reviewing Party shall presume that an Indemnitee is entitled to indemnification (or advancement of expenses) under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 4.1 of this Agreement, and the Reviewing Party shall place the burden of proof on the Company to overcome that presumption in connection with the making of any determination contrary to that presumption.

(b) It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed; provided that the burden of proving Indemnitee is not entitled to indemnification shall be on the Company.

(c) The following shall not be defenses to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief or understanding: (i) the failure of the Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief or understanding, or (ii) the Reviewing Party's determination that Indemnitee has not met such standard of conduct or did not have such belief or understanding.

(d) For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that (i) Indemnitee did not meet any particular standard of conduct or have any particular belief or understanding or (ii) that a court has determined that indemnification is not permitted by applicable law.

5. INDEMNIFICATION FOR EXPENSES INCURRED IN ENFORCING RIGHTS.

5.1. The Company shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any claim asserted against or action brought by Indemnitee for:

(a) enforcement of this Agreement;

(b) indemnification of Expenses or Expense Advances by the Company under this Agreement or any other agreement or under applicable law or the Company's articles of incorporation or by-laws, now or hereafter in effect, relating to indemnification for Indemnifiable Events; and/or

(c) recovery under directors' and officers' liability insurance policies maintained by the Company.

5.2. If requested by Indemnitee, the Company shall advance such Expenses to Indemnitee on such terms and conditions set forth in Section 2.3.

6. NOTIFICATION AND DEFENSE OF PROCEEDING.

6.1. Notice. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of that commencement; provided that the omission so to notify the Company will not relieve it from any liability that it may have to Indemnitee, except to the extent such failure to make notice has actually impaired the Company's ability to defend that Proceeding.

6.2. Defense.

(a) With respect to any Proceeding for which the Indemnitee has provided notice to Company, the Company will be entitled to participate in the Proceeding at its own expense and, unless Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, the Company may assume the defense of such Proceeding with counsel reasonably satisfactory to Indemnitee; provided, however, that under no circumstances may the Company assume the defense of any Proceeding brought by or on behalf of the Company.

(b) After notice from the Company to Indemnitee of its election under Section 6.2.(a) to assume the defense of any Proceeding, the Company will not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than expenses, including attorneys' fees, associated with monitoring the Proceeding for purposes of ascertaining whether a conflict between Indemnitee and the Company develops subsequent to the Company's assumption of the defense of the Proceeding, reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ his or her own counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense unless:

(i) the employment of counsel by Indemnitee has been authorized by the Company;

(ii) after a Change in Control, the employment of counsel by Indemnitee has been approved by the Independent Counsel;

(iii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between Indemnitee and the Company (or any other person or persons included in the joint defense) or

(iv) the Company has not within 30 calendar days employed counsel to assume the defense of such Proceeding.

(c) If the Company has selected counsel to represent Indemnitee and Indemnitee reasonably objects to such counsel selected by the Company, then Indemnitee shall be permitted to employ counsel of Indemnitee's choice, and the fees and expenses of such counsel shall be at the expense of the Company; provided, however, that such counsel shall be chosen from amongst the list of counsel, if any, approved by any company with which the Company obtains or maintains insurance. In the event separate counsel is retained by an Indemnitee pursuant to this paragraph, the Company shall cooperate with Indemnitee with respect to the defense of the Proceeding, including making documents, witnesses, and other reasonable information related to the defense available to the Indemnitee and such separate counsel pursuant to joint-defense agreements or confidentiality agreements, as appropriate.

6.3. Settlement of Claims. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent.

7. NON-EXCLUSIVITY. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the laws of the State of Delaware, the Company's articles of incorporation, by-laws, applicable law, or otherwise.

8. CONTRIBUTION. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee with respect to any Proceeding, or any claim, issue, or matter in a Proceeding, and the Company is jointly liable with Indemnitee for such Proceeding, claim, issue, or matter, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee (whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement or for reasonably incurred Expenses in connection with such claim), in such proportion as is deemed fair and reasonable in light of the circumstances. The following factors shall be considered when determining the amount of such contribution: (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) or transaction(s) giving cause to such Proceeding, claim, issue or matter, and (ii) the relative fault of the Company (and their other directors, officers, employees and agents) and Indemnitee in connection with such event(s) or transaction(s).

9. EXCLUSION. This Agreement shall not apply to a disgorgement of profits made from the purchase and sale by the Indemnitee of securities pursuant to Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law or common law.

10. LIABILITY INSURANCE. To the extent the Company maintains an insurance policy or policies providing directors' or officers' liability insurance, Indemnitee, if a director or officer of the Company, shall be covered by such policy or policies, in accordance with its or their terms.

11. PERIOD OF LIMITATIONS. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of three years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such three-year period;

provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

12. AMENDMENT OF THIS AGREEMENT. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall operate as a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

13. SUBROGATION. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

14. NO DUPLICATION OF PAYMENTS. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, by law, or otherwise) of the amounts otherwise indemnifiable hereunder.

15. BINDING EFFECT. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, and personal and legal representatives. The Company shall require and cause any of its successors (including successors to all or substantially all of the business and/or assets of the Company), to expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director, officer, or employee of the Company, or of any other enterprise at the Company's request.

16. SEVERABILITY. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

17. CHOICE OF LAW; SUBMISSION TO JURISDICTION; SERVICE OF PROCESS. This Agreement shall be governed by, and its provisions construed and enforced in accordance with, the laws of the State of Delaware, without regard to any conflict of laws principles that might apply the laws of any other jurisdiction. The Company and the Indemnitee each hereby irrevocably and unconditionally agrees and consents to the exclusive jurisdiction and venue of the courts of the State of Delaware for all purposes in connection with any action, suit, or proceeding that arises out of or relates to this Agreement. Each of the Company and the Indemnitee hereby consents to service of any summons, complaint, and any other process that may be served in any such action by sending copies of such process under the procedures set forth in Section 19.

18. PREVIOUS AGREEMENTS. To the extent that Indemnitee has a previous indemnification agreement with or applicable to Company, the indemnification rights and obligations of Indemnitee and the Company with respect to Proceedings that arose or may arise from Indemnifiable Events occurring prior to the Effective Date (regardless of whether such Proceedings were or are initiated before, on or after the Effective Date) shall be governed by such previous agreement and not this Agreement.

19. NOTICES. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

Blucora, Inc.
Attention: Chief Legal Officer and Secretary
6333 N. State Highway 161, Fourth Floor
Irving, TX 75038

and to Indemnitee at:

[INSERT INDEMNITEE NAME
AND ADDRESS]

All notices and other communications required or permitted hereunder shall be in writing, shall be effective when received, and shall in any event be deemed to be received (a) five days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by certified or registered mail, postage prepaid, (b) upon delivery, if delivered by hand, or (c) one business day after the business day of deposit with an overnight courier, freight prepaid.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day specified above.

COMPANY:

Blucora, Inc.

By:___
Name:
Title:

INDEMNITEE:

[Print Name]

Exhibit 21.1

Subsidiaries of the registrant

1G Acquisitions, LLC, a Delaware Limited Liability Company
1st Global Consulting, Inc., a Texas corporation
1st Global Retirement Services, Inc., a Texas corporation
1st Global Ventures, Inc., a Texas corporation
1st Global, Inc., a Texas corporation
1st Partners & Co, Inc., a Delaware corporation
Avantax Advisory Services, Inc., a Texas corporation
Avantax Holdings, Inc., a Delaware corporation
Avantax Insurance Agency LLC, a Massachusetts Limited Liability Company
Avantax Insurance Agency LLC, a Montana Limited Liability Company
Avantax Insurance Agency LLC, a Texas Limited Liability Company
Avantax Insurance Services, Inc., a Texas corporation
Avantax Investment Services, Inc., a Texas corporation
Avantax Wealth Management, Inc., a Texas corporation
Avantax WM Holdings, Inc., A Delaware corporation
Financial BluPrint, LLC, a Delaware Limited Liability Company
Go2Net, Inc., a Delaware corporation
Project Baseball Sub, Inc., a Delaware corporation
TaxAct, Inc., an Iowa corporation
TaxSmart Research, LLC, a Delaware Limited Liability Company

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- Registration Statement (Form S-8 No. 333-169691) pertaining to the Blucora, Inc. Restated 1996 Flexible Stock Incentive Plan,
- Registration Statement (Form S-8 No. 333-198645) pertaining to the Blucora, Inc. Restated 1996 Flexible Stock Incentive Plan,
- Registration Statement (Form S-8 No. 333-204585) pertaining to the Blucora, Inc. 2015 Incentive Plan,
- Registration Statement (Form S-8 No. 333-209218) pertaining to the Blucora, Inc. 2016 Equity Inducement Plan,
- Registration Statement (Form S-8 No. 333-214117) pertaining to the Blucora, Inc. 2016 Equity Inducement Plan,
- Registration Statement (Form S-8 No. 333-211625) pertaining to the Blucora, Inc., 2015 Incentive Plan as Amended and Restated and 2016 Employee Stock Purchase Plan,
- Registration Statement (Form S-3 No. 333-216984) pertaining to the resale of shares of common stock of Blucora, Inc. by certain selling stockholders, and
- Registration Statement (Form S-8 No. 333- 225495) pertaining to the Blucora, Inc 2018 Incentive Plan;

of our reports dated February 28, 2020, with respect to the consolidated financial statements of Blucora, Inc. and the effectiveness of internal control over financial reporting of Blucora, Inc. included in this Annual Report (Form 10-K) of Blucora, Inc., for the year ended December 31, 2019.

/s/ ERNST & YOUNG LLP

Dallas, Texas
February 28, 2020

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(EXCHANGE ACT RULES 13a-14(a) and 15d-14(a))

I, Christopher W. Walters, certify that:

1. I have reviewed this Annual Report on Form 10-K of Blucora, 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.

Dated: February 28, 2020

/s/ Christopher W. Walters

Christopher W. Walters

Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(EXCHANGE ACT RULES 13a-14(a) and 15d-14(a))

I, Stacy A. Murray, certify that:

1. I have reviewed this Annual Report on Form 10-K of Blucora, 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.

Dated: February 28, 2020

/s/ Stacy A. Murray

Stacy A. Murray

Chief Accounting Officer
(Interim Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, Christopher W. Walters, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Blucora, Inc. for the year ended December 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Blucora, Inc.

Dated: February 28, 2020

By:	/s/ Christopher W. Walters
Name:	Christopher W. Walters
Title:	Chief Executive Officer and President (Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, Stacy A. Murray, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Blucora, Inc. for the year ended December 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Blucora, Inc.

Dated: February 28, 2020

By:	/s/ Stacy A. Murray
Name:	Stacy A. Murray
Title:	Chief Accounting Officer (Principal Financial Officer)