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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2017

Or

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

For the transition period from to

Commission file number: 001-35098

Cornerstone OnDemand, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-4068197**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

1601 Cloverfield Blvd.
Santa Monica, California 90404
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (310) 752-0200

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

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.0001 per share	Nasdaq Stock Market LLC
	(Nasdaq Global Select Market)

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange 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 Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer	☒		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	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 7(a)(2)(B) of the Securities Act. ☐

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

The aggregate market value of voting and non-voting common stock equity held by non-affiliates of the registrant, as of June 30, 2017 , the last day of the registrant's most recently completed second fiscal quarter, was $1,125,050,319 (based on the closing price for shares of the registrant's common stock as reported by the Nasdaq Global Select Market on June 30, 2017).

On February 21, 2018 , 57,319,023 shares of the registrant's common stock, $0.0001 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the information called for by Part III of this Form 10-K are hereby incorporated by reference from the Definitive Proxy Statement for the registrant's annual meeting of stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2017 .

CORNERSTONE ONDEMAND, INC.
2017 ANNUAL REPORT ON FORM 10-K

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TRADEMARKS

PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are any statements that look to future events and consist of, among other things, statements regarding our business strategies; anticipated future operating results and operating expenses; our ability to attract new clients to enter into subscriptions for our products; our ability to service those clients effectively and induce them to renew and upgrade their deployments of our products; our ability to expand our sales organization to address effectively the new industries, geographies and types of organizations we intend to target; our ability to accurately forecast revenue and appropriately plan our expenses; market acceptance of enhanced products; alternate ways of addressing talent management needs or new technologies generally by us and our competitors; continued acceptance of SaaS as an effective method for delivering human capital management products and other business management products; the attraction and retention of qualified employees and key personnel; our ability to protect and defend our intellectual property; costs associated with defending intellectual property infringement and other claims; our ability to exploit Big Data to drive increased demand for our products; events in the markets for our products and alternatives to our products, as well as in the United States and global markets generally; future regulatory, judicial and legislative changes in our industry; our ability to successfully integrate our operations with those of recently acquired companies; and changes in the competitive environment in our industry and the markets in which we operate. In addition, forward-looking statements also consist of statements involving trend analyses and statements including such words as "may," "believe," "could," "anticipate," "would," "might," "plan," "expect," and similar expressions or the negative of such terms or other comparable terminology. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K and are subject to business and economic risks. As such, our actual results could differ materially from those set forth in the forward-looking statements as a result of the factors set forth below in Part I, Item 1A, "Risk Factors," and in our other reports filed with the Securities and Exchange Commission. We assume no obligation to update the forward-looking statements to reflect events that occur or circumstances that exist after the date on which they were made.

Item 1. *Business*

Overview

Cornerstone OnDemand, Inc. was incorporated on May 24, 1999 in the state of Delaware and began its principal operations in November 1999. Unless the context requires otherwise, the words "Cornerstone," "we," "Company," "us" and "our" refer to Cornerstone OnDemand, Inc. and its wholly owned subsidiaries.

Cornerstone is a leading global provider of learning and human capital management software, delivered as Software-as-a-Service ("SaaS"). We are one of the world's largest cloud computing companies with approximately 35.3 million users across 3,250 clients in 192 countries and 43 different languages. We help organizations around the globe recruit, train and manage their employees.

Our human capital management platform combines the world's leading unified talent management solutions with state-of-the-art analytics and HR administration solutions to enable organizations to manage the entire employee lifecycle. Our focus on continuous learning and development helps organizations to empower employees to realize their potential and drive success.

We work with clients across all geographies, verticals and market segments. Our clients include multi-national corporations, large domestic and foreign-based enterprises, mid-market companies, public sector organizations, healthcare providers, higher education institutions, non-profit organizations and small businesses. We sell our platform domestically and internationally through both direct and indirect channels, including direct sales teams throughout North and South America, Europe and Asia-Pacific and distributor relationships with payroll companies, human resource consultancies and global system integrators.

Our enterprise human capital management platform is composed of four product suites:

- Our Recruiting suite helps organizations to source and attract candidates, assess and select applicants, onboard new hires and manage the entire recruiting process;
- Our Learning suite enables clients to manage training and development programs, knowledge sharing and collaboration among employees, track compliance requirements and support career development for employees. Our content offering delivers fresh, modern content, fueling employee curiosity and inspiring growth;
- Our Performance suite provides tools to manage goal setting, performance reviews, competency assessments, development plans, continuous feedback, compensation management and succession planning; and
- Our HR Administration suite supports employee records administration, organizational management, employee and manager self-service, workforce planning and compliance reporting.

Our clients can supplement the product suites with our state-of-the-art analytics capabilities to make more-informed decisions using data from across the platform for talent mobility, engagement and development so that HR and leadership can focus on strategic initiatives to help their organization succeed.

In addition to our enterprise human capital management platform, we offer PiiQ, formerly known as Cornerstone Growth Edition, which is a cloud-based talent management solution with learning and performance product offerings targeted to organizations with 500 or fewer employees.

Our Client Success team supports our clients' ongoing optimization of their talent processes and use of our platform. In addition, our Cornerstone Edge solutions allow our clients and partners to more easily integrate with a growing marketplace of service providers. After the initial purchase of our platform, we continue to market and sell to our existing clients, who may renew their subscriptions, add additional products, broaden the deployment of the platform across their organizations and increase usage of the platform over time.

We have grown our business each of the last 16 years. Our revenue has grown to $482.0 million in 2017 from $423.1 million in 2016 and from $339.7 million in 2015 . We have averaged an annual dollar retention rate of approximately 95% since 2002 and our annual recurring revenue as of December 31, 2017 was $439.0 million , as described in Item 7, " *Management's Discussion and Analysis of Financial Condition and Results of Operations,* " under the heading " *Metrics* ", which includes a detailed description of these metrics.

The Market

Human capital is both a major asset and expense for all organizations. Based on the U.S. Bureau of Labor Statistics data as of September 2017, total compensation paid to the United States civilian workforce of approximately 161.1 million people was expected to exceed $11.9 trillion in 2017.

Accordingly, organizations have long sought to optimize their investments in human capital. We believe that organizations face seven major challenges in maximizing the productivity of their internal and external human capital:

- *Acquiring Talent.* Increasingly seeking to fill open positions by recruiting internally and by leveraging the external networks of their employees, corporate recruiting has evolved from a process that was principally driven by traditional sources such as inbound resume submissions and job board postings to one that is inherently social in nature.
- *Developing Talent* . Effectively orienting new hires and developing employees throughout their careers to achieve their full potential, which has become more difficult with the Millennial generation entering the workforce. Additionally, increasingly distributed workforces and heightened compliance requirements have made training requirements even more important.
- *Engaging Employees.* Connecting with employees at all levels and locations of the organization to keep them motivated, working together and innovating, has become more difficult with the rise of globalization and telecommuting.
- *Improving Business Execution.* Ensuring the effective alignment of employee behavior with the organization's objectives through goal management and employee assessment and development, as well as by linking compensation to performance.
- *Building a Leadership Pipeline.* Identifying, preparing and retaining individuals for leadership positions at all levels and across all parts of the organization, which has become an acute challenge with the growing mobility and turnover of employees and the impending retirements of the Baby Boomers.
- *Integrating with the Extended Enterprise of Customers, Vendors and Distributors.* Delivering training, certification programs and resources to the organization's network of customers, vendors, distributors and other third parties that constitute the organization's extended enterprise, which has become more difficult with the rise of outsourcing and increasing globalization.
- *Modernizing HR Data Management.* Enterprise organizations are forced to either sustain many disparate, outdated HR systems across multiple sites and countries, or choose to replace those systems with a global core HR solution, which can be very costly, risky and take years to implement. Also, many mid-market organizations have outgrown their use of spreadsheets to manage people data, but do not need the complexities of a core HR solution.

We believe that just as organizations are increasingly choosing SaaS solutions for business applications such as sales force management, they are also increasingly adopting SaaS human capital management solutions. We also believe many of the existing solutions suffer from one or more of the following shortcomings:

- *Narrow Functionality.* As they only address specific stages of the employee lifecycle, many solutions lack sufficient breadth of functionality to maximize employee productivity effectively.

- *Limited Configurability.* Most solutions are rigid and limit the ability of organizations to match their diverse workflows or to adopt their desired talent management practices.
- *Difficult to Use.* Inputting, updating, analyzing and sharing information is often cumbersome, resulting in low employee adoption and usage.
- *Costly to Deploy, Maintain and Upgrade.* Hosted or on-premise solutions require significant expense and time to deploy as well as require ongoing costs associated with IT support, network infrastructure, maintenance and upgrades.
- *Inability to Scale.* Many solutions are designed to support the needs of smaller organizations and have difficulty meeting the complex functional requirements or the sizeable infrastructure demands of larger enterprises.

Given the limitations of existing offerings, we believe there is a market opportunity for a comprehensive, unified solution that helps organizations manage all aspects of their internal and external human capital and link human capital management to their business strategy.

The Cornerstone OnDemand Answer

Our human capital management platform is a comprehensive SaaS solution that consists of suites to help organizations manage their recruiting, learning, performance and HR administration processes. These suites are supplemented by state-of-the-art analytics and reporting as well as a number of cross-product tools for employee profile management and e-learning content aggregation and delivery. We also provide professional services for configuration, integration, training and optimization of our platform. We believe that our human capital management platform delivers the following benefits:

- *Comprehensive Functionality.* Our platform provides a comprehensive approach to human capital management by offering products to address all stages of the employee lifecycle: recruiting, onboarding, learning, performance, succession, compensation, enterprise social collaboration and HR administration processes. Employees use our platform throughout their careers to engage in performance processes such as goal management, performance reviews, continuous feedback, competency assessments and compensatory reviews; to complete job-specific and compliance-related training; to evaluate potential career changes, development plans or succession processes; and to connect and collaborate with co-workers by leveraging enterprise social networking tools. Employee managers and HR managers use our platform to perform their human capital administrative responsibilities effectively throughout the employees' careers.

Our clients can manage processes that span different human capital management functions because our product offerings are unified. For example, our clients can automatically identify skill gaps as part of an employee's performance review, assign training to address those gaps and monitor the results of that training. Also, clients can identify high potential employees for future leadership positions and place them in executive development programs.

We believe our comprehensive, unified platform allows our clients to align their human capital management processes and practices with their broader strategic goals.

- *Flexible and Highly Configurable.* Our platform offers substantial configurability that allows our clients to match the use of our software with most of their specific business processes and workflows. Our clients can configure various features, functions and work flows in our platform by business unit, division, department, region, location, job position, pay grade, cost center, or self-defined organizational unit. Our clients are able to adjust features to configure specific processes, such as performance review workflows or training approvals, to match their existing or desired practices. This high level of configurability means that custom coding projects generally are not required to meet the diverse needs of our clients.

Our clients can deploy the product offerings individually or in any combination. As a result, our clients have the flexibility to purchase solely those products that solve their immediate human capital management needs and can incrementally deploy additional products in the future as their needs evolve.

- *Easy-to-Use, Personalized User Interface.* Our platform employs an intuitive user interface and may be personalized for the end user, typically based on position, division, pay grade, location, manager and particular use of the solution. This ease of use limits the need for end-user training, which we believe increases user adoption rates and usage. While we typically train administrators, most clients do not need training on using our products.
- *Software-as-a-Service Solution Lowers the Total Cost of Ownership and Speeds Delivery.* Our platform is accessible through a standard web browser and does not require the large investments in implementation time, personnel, hardware and consulting that are typical of hosted or on-premise solutions. With a single code base to maintain, we are able to release improved functionality on a quarterly basis. This is a more rapid pace than most hosted or on-premise solution providers can afford to deliver.

- *Scalable to Meet the Needs of Organizations.* Our platform has been used by Fortune 100 companies since 2001. While the complex needs of these global corporations required us to build a solution that can scale to support large, geographically-distributed employee bases, our platform is capable of supporting deployments of various sizes. Today we service 36 multi-national corporations with over 150,000 active users each. Our largest deployment is for over 600,000 users.
- *Continued Innovation through Collaborative Product Development.* We work collaboratively with our clients on an ongoing basis to develop almost every part of our platform. The vast majority of our thousands of software features were designed with existing and prospective clients based on their specific functional requests.

Our Human Capital Management Platform

Our comprehensive human capital management platform combines the world's leading unified talent management solution with state-of-the-art analytics and HR administration. We built this platform using a single code base and a multi-tenant, multi-user architecture that we host in our data centers. The platform consists of a collection of suites to help organizations manage key phases of the employee life cycle. To complement our platform, we offer a number of cross-product tools for analytics and reporting, employee profile management and e-learning content aggregation.

Cornerstone Recruiting

Cornerstone Recruiting. Our applicant tracking product supports the modern ways that organizations source, attract and hire new employees. The recruiting product streamlines the entire hiring process and improves stakeholder collaboration with powerful dashboards and workflows. With mobile-friendly, customizable career sites, organizations can showcase their unique employer brand to attract top talent.

Cornerstone Onboarding. Our onboarding product delivers the resources, connections and tools at critical points across the employee lifecycle. The onboarding product complements the recruiting product by providing a seamless and engaging experience for the employee, while reducing administrative burden and promoting collaboration across departments.

Our Recruiting suite is utilized by approximately 22% of our total base of 3,250 clients.

Cornerstone Learning

Cornerstone Learning. Our learning product helps clients deliver mobile-ready, enterprise-class training and development programs. It links employee development to other parts of the talent management lifecycle, including onboarding, performance management and succession planning. The learning product supports all forms of learning, including online, instructor-led and collaborative and on-the-job learning, as well as robust reporting and embedded predictive analytics. With tens of thousands of online training titles from dozens of global content providers accessible through our new engaging Learning Experience Platform, clients reduce overall training expenses, while quickly transforming their learning programs with modern, curated content. The access to personalized content delivered at scale with Cornerstone’s machine learning technology builds a culture of continuous learning, boosting employee engagement and retention.

Cornerstone Extended Enterprise. Our extended enterprise product helps clients provide training and enablement to their customers, vendors and distributors. The extended enterprise product enables clients to develop new profit centers, increase sales, cut support costs and boost channel productivity.

Cornerstone for Salesforce. Our Cornerstone for Salesforce product is an enablement solution for employees, partners and customers developed natively on the Salesforce.com platform. Cornerstone for Salesforce leverages clients’ Salesforce investments across all products to build high-performance sales and service teams with triggered, just-in-time training, as well as leverage learning to engage and enable customers and partners.

Cornerstone Content. Our Cornerstone Content solutions enable organizations to deliver fresh, modern content to their workforce. *Content Anytime* is our foundational subscription package that includes a pre-curated library of more than 2,500 courses and a constantly evolving library. We also offer *Custom Curated Packages* , giving organizations access to pre-curated or custom-curated course collections from our robust library of 30+ content providers and 34,000+ content offerings. Both offerings are complementary to one another.

Our Learning suite is utilized by approximately 86% of our total base of 3,250 clients.

Cornerstone Performance

Cornerstone Performance. Our performance management product allows clients to direct and measure performance at the individual, departmental and organizational levels through ongoing competency management, organizational goal setting, performance appraisal, development planning and feedback. Performance data can also be used by the learning product offering to set training priorities and to make informed workforce planning decisions.

Cornerstone Succession. Our succession product allows clients to proactively plan for organizational change and talent mobility. The succession product serves both the employee looking for career advancement and management team members planning for the future. Employees can share career preferences and discover development opportunities. Management team members can utilize tools provided to identify skill gaps, implement development plans and create talent pools for future needs.

Cornerstone Compensation. Our compensation product allows clients to reward their employees for hard work in direct relation to performance. The compensation product enables clients to make more informed decisions about the allocation of base pay, bonus and equity awards.

Our Performance suite is utilized by approximately 52% of our total base of 3,250 clients.

Cornerstone HR

Cornerstone HR. Our HR product offers a modern interface for centralized HR administration across an organization's disparate systems. Acting as a source of truth for core employee and talent data, the system supports employee self-service, absence management, organization management and records administration.

Cornerstone View. Our view product allows clients to access HR data across our human capital management products. The view product enables organizations to utilize interactive data visualization tools to discover their top performers and future leaders to proactively answer workforce questions and achieve business results.

Cornerstone Benchmark. Our benchmark product enables organizations to compare internal employee data with peers in external companies or across divisions, subdivisions, subsidiaries, or regions within their own organization. Both options allow the organization to visualize how they compare against custom and internal business segments across a variety of metrics.

Our HR suite, our newest offering, is utilized by approximately 8% of our total base of 3,250 clients.

Our Strategy

Our goal is to empower people, organizations and communities to realize their potential with our comprehensive human capital management platform. Key elements of our strategy include:

Retain and Expand Business with Existing Clients. We believe our existing installed base of clients offers a substantial opportunity for growth.

- *Focus on Client Success, Retention and Growth.* We believe focusing on our clients' success will lead to our own success. We have developed a Client Success Framework that governs our operational model. Since 2002, we have had an average annual dollar retention rate of approximately 95%. We strive to maintain our strong retention rates by continuing to provide our clients with high levels of service, support and increasing functionality.
- *Sell Additional Products to Existing Clients.* We believe there is a significant growth opportunity in selling additional functionality to our existing clients. Many clients have added functionality subsequent to their initial deployments as they recognize the benefits of our unified platform, and as a result, approximately 69% of our clients today utilize two or more products and approximately 40% utilize three or more products. With our expanding product portfolio, such as our newest product Cornerstone HR, we believe significant upsell opportunity remains within our existing client base.

Strengthen Current Sales Channels. We intend to increase our investments in both direct and indirect sales channels to acquire new clients.

- *Invest in Direct Sales in North America.* We believe that the market for human capital management is large and remains significantly underpenetrated.
- *Expand and Strengthen Our Alliances.* We intend to grow our distribution channels through key business alliances, including agreements with global vendors.
- *Significantly Grow Our International Operation.* We believe a substantial opportunity exists to continue to grow sales of our platform internationally. We intend to grow our Europe, Middle-East and Africa ("EMEA") and Asia-Pacific and Japan ("APJ") operations, which provide for direct sales, alliances, services and support in the regions. We have grown our EMEA client base from one client at December 31, 2007 to 698 clients at December 31, 2017 and our APJ client base from two clients at December 31, 2009 to 173 clients at December 31, 2017 .

Continue to Innovate and Extend Our Technological Leadership. We believe we have developed over the last decade a deep understanding of the human capital management challenges our clients face. We continually collaborate with our clients to build extensive functionality that addresses their specific needs and requests. We plan to continue to leverage our expertise in human capital management and client relationships to develop new products, features and functionality which will enhance our platform and expand our addressable market.

Make Cornerstone Built to Last. Our growth strategy since inception has been deliberate, disciplined and focused on long-term success. This has allowed us to weather periods of economic turmoil and significant changes in the markets we serve without experiencing business contraction. We plan to continue with the same systematic approach in the future.

Acquisitions. In the future, we may seek to acquire or invest in additional businesses, products or technologies that we believe will complement or expand our platform, enhance our technical capabilities or otherwise offer growth opportunities.

Execute Our Renewed Strategic Focus. Following a strategic review process undertaken by our board of directors during 2017, the board determined that the optimal way to maximize shareholder value is to execute a plan to transform our operations and support that plan with a capital infusion and new strategic partnerships. As a result, we entered into an agreement with Silver Lake, one of the world's leading technology private equity investors, and LinkedIn, under which Silver Lake and LinkedIn invested $300.0 million in Cornerstone in the form of convertible senior notes. In November 2017, we announced our strategic plan with the objective of better positioning us for long-term growth and increasing shareholder value. In connection with the plan, we will (i) sharpen our focus on recurring revenue growth; (ii) drive operating margin and free cash flow improvement; (iii) develop new recurring revenue streams, including e-learning content subscriptions; (iv) bolster our leadership team; and (v) strengthen our governance to help us best execute on this strategic transformation.

Strategic Relationships and Professional Services

We have entered into alliance agreements in order to expand our capabilities and geographic presence and provide our clients with access to specific types of content. We have entered into relationships with various third-party consulting firms to assist in the successful implementation of our platform and to optimize our clients' use of our platform during the terms of their engagements. Our clients utilize these firms to assist in delivery of implementation and integration services amongst other consulting services. As our business grows, we expect to continue to utilize increasing amounts of these services. As part of our renewed strategic focus, we are taking steps to migrate much of our implementation services to our global partners. To effect the migration, we are augmenting our partner operations and delivery assurance functions while reducing overall headcount in our service delivery division, as partners take on the majority of our professional services work. This aligns with our focus on growing recurring revenue.

With our SaaS model, we have eliminated the need for lengthy and complex technology integrations, such as customizing software code, deploying equipment or maintaining unique delivery models or hardware infrastructure for individual clients. As a result, we typically deploy our human capital management platform in significantly less time than required for similar deployments of hosted or on-premise software. Our professional services include implementation services, integration services, content services, business consulting services, training services as well as ongoing support and advice.

Outsourcing and Distribution Relationships

We have developed a network of outsourcing, distribution and referral relationships to expand our reach and provide product and services sales through indirect channels. We expect to continue to add distributors to build our sales presence in certain geographic and vertical markets.

Consulting and Services Relationships

We have entered into alliance relationships with HR consulting firms to deliver consulting services, such as implementation and content development services, to clients.

Content and Product Relationships

We have entered into distributor agreements with a wide range of vendors which provide off-the-shelf e-learning content and custom learning content development services. Through this network, we are able to offer an extensive library of online training content to our clients through our Learning Experience Platform. Our content distributors for e-learning content include industry leaders as well as regional and vertically-focused online training providers. In addition, we have agreements with providers of specific competency models for use by our clients directly in our human capital management platform.

Global Client Success

We are dedicated to the success of our clients. We have developed a Client Success Framework which governs our operational model, the structure of our Client Management teams and the types of services necessary at each stage of a client's lifecycle.

Within this framework, we have developed the following roles with primary responsibility to our clients at various levels of their organizations:

- Client Executives who interact with executive-level sponsors and human resources executives at a client and are focused on the overall relationship, sales to existing clients and client business concerns;
- Client Success Managers who work directly with executive-level sponsors and human resources executives at our clients to maximize the value of their investment in our human capital management platform; and
- Product Specialists who interact with client administrators and are focused on features and functions of our human capital management platform.

We believe this life cycle driven approach to client support and client success has contributed directly to our high client retention rate and high rankings for client satisfaction in independent research studies.

We offer support in multiple languages, at multiple levels and through multiple channels, including global support coverage available 24 hours a day, seven days a week. We use our own enterprise social collaboration product to provide our clients and distributors with a virtual community to collaborate on product design, release management and best practices.

We monitor client satisfaction internally as part of formalized programs and at regular intervals during the client lifecycle, including during the transition from sales to implementation, at the completion of a consulting project and daily based on interactions with our client-facing teams.

Our Customers

As of December 31, 2017 , 3,250 clients used our human capital management platform with approximately 35.3 million registered users across 192 countries and 43 languages. Our clients represent a variety of different industries, including automotive, business services, education and publishing, financial services, food and restaurants, healthcare, insurance, media and communications, non-profits, pharmaceuticals, public sector, retail, technology and travel. No single client accounted for 10% or more of our total revenue in 2017 , 2016 or 2015 .

Technology, Operations and Research and Development

Technology

Our human capital management platform is designed with an on-demand architecture which our clients access via a standard web browser. It uses a single code base, with all of our clients running on the current version of our software and has been specifically built to deliver:

- a consistent, intuitive end-user experience to limit the need for product training and to encourage high levels of end-user adoption and engagement;
- modularity and flexibility, by allowing our clients to activate and implement virtually any combination of the features we offer;
- high levels of configurability to enable our clients to mimic their existing business processes, workflows and organizational hierarchies within our platform;
- web services to facilitate the importing and exporting of data to and from other client systems, such as enterprise resource planning and human resource information system platforms;
- scalability to match the needs of the largest global enterprises and to meet future client growth; and
- rigorous security standards and high levels of system performance and availability demanded by our clients.

Our human capital management platform offers a localized user interface and currency conversion capabilities. It is currently available in the following 43 languages: Arabic, Armenian, Bahasa (Malaysia), Bulgarian, Chinese Simplified, Chinese Traditional (Hong Kong), Croatian, Czech, Danish, Dutch, English (Australia), English (UK), English (US), Estonian, Finnish, French (Canada), French (France), German, Greek, Hebrew, Hungarian, Indonesian, Italian, Japanese, Korean, Latvian, Lithuanian, Norwegian, Polish, Portuguese (Brazil), Portuguese (Portugal), Romanian, Russian, Serbian, Slovakian, Slovenian, Spanish (Latin America), Spanish (Spain), Swedish, Thai, Turkish, Ukrainian and Vietnamese.

Our human capital management platform is deployed using a multi-tenant and multi-user architecture. We employ a modularized architecture to balance the load of clients on separate sub-environments, as well as to provide a flexible method for scalability without impacting other parts of the current environment. This architecture allows us to provide the high levels of uptime required by our clients. Our existing infrastructure has been designed with sufficient capacity to meet our current and estimated near term future needs. Global uptime in 2017 was 99.995%.

Security is of paramount importance to us due to the sensitive nature of employee data. We have designed our human capital management platform to meet certain rigorous industry security standards and to help assure clients that their sensitive data is protected across the system. We ensure high levels of security by logically segregating each client's data from the data of other clients and by enforcing a consistent approach to roles and rights within the system. These restrictions limit system access to only those individuals authorized by our clients. We also employ multiple standard technologies, protocols and processes to monitor, test and certify the security of our infrastructure continuously, including automated scans, periodic security audits and penetration tests conducted by our clients and commissioned by us from third parties.

We utilize a variety of industry standard technologies including Microsoft .NET and Hadoop and write the majority of our software in programming languages, such as C# and Java. We use Web 2.0 technologies, such as Javascript and React, extensively to enhance the usability, performance and overall user experience of our human capital management platform. Microsoft SQL Server is our primary relational database management system, but other database technologies are in use as well, including NoSQL databases. Apart from these and other third-party components, our entire human capital management platform has been specifically built and upgraded by our in-house development team.

Operations

We physically host our human capital management platform for our clients in two secure third-party data center facilities, one located in El Segundo, California and the other located near London, United Kingdom. Both facilities are leased from Equinix, Inc. These facilities provide physical security, including manned security 365 days a year, 24 hours a day, seven days a week, biometric access controls and systems security, redundant power and environmental controls. Additionally, we are in the process of building data centers in Paris, France and Frankfurt, Germany.

We lease space for disaster recovery purposes from Equinix in Virginia, United States and in Manchester, United Kingdom. In addition, we have started building out services and functionality on Amazon Web Services ("AWS") with a view to migrating more software to AWS over time. We maintain the same or higher standards of security and compliance at AWS as we do in our leased facilities.

Our infrastructure includes firewalls, switches, routers, load balancers and IDS/IPS from Palo Alto Networks, Cisco Systems, A10 Networks and other widely commercially available vendors to provide the networking infrastructure and high levels of security for the environment. We use industry standard blade and rack-mounted servers to run our human capital management platform and Akamai Technologies' Global Network of Edge Servers for content caching. We use solid state storage and other storage technologies from leading vendors such as SanDisk, Pure Storage and NetApp.

Research and Development

The responsibilities of our research and development organization include product management, product development and quality assurance. Our research and development organization is global, with major centers in our Santa Monica, California headquarters as well as in Sunnyvale, California; Tel Aviv, Israel; Auckland, New Zealand; and Bangalore, India. Our Agile development methodology, in combination with our SaaS delivery model, allows us to release new and enhanced software features on a regular and predictable basis, currently quarterly. We follow a well-defined communications protocol to support our clients with release management. We patch our software on a bi-weekly basis or as needed. Based on feedback from our clients and prospects and pursuant to our own innovation, we continuously develop new functionality while enhancing and maintaining our existing product offerings. We do not need to maintain multiple engineering teams to support different versions of the code because all of our clients are running on the current version of our product offerings.

Our research and development expenses were $62.0 million in 2017 , $47.0 million in 2016 and $41.0 million in 2015 . Our research and development expenses plus capitalized software were $82.5 million in 2017 , $63.4 million in 2016 and $54.3 million in 2015 .

Sales and Marketing

Sales

We sell our software and services both directly through our sales force and indirectly through our domestic and international network of distributors. We currently service clients in a wide range of industries, including, among others business services, financial services, healthcare, pharmaceuticals, insurance, manufacturing, retail and high technology. We have a number of direct sales teams organized by market segment, industry and geography, which are as follows:

- *Strategic Accounts.* We have a strategic accounts sales team focused on sales to some of the top 150 largest multi-national corporations.
- *U.S. Enterprise.* Our enterprise sales team sells to large enterprises with 5,000 or more employees. This team is composed primarily of experienced solution sales executives, with an average tenure of approximately 20 years in sales.
- *U.S. Mid-Market.* Our mid-market sales team sells to organizations with between 501 and 4,999 employees. This team is composed primarily of experienced sales individuals, with an average tenure of approximately 16 years in sales.
- *Small and Medium-Sized Business.* Our small and medium-sized business sales team is targeted to clients with 500 or fewer employees.
- *U.S. Public Sector.* Our public sector sales team targets federal, state and local government, as well as K-12 and higher education institutions.
- *U.S. Healthcare.* Our healthcare sales team targets healthcare providers such as hospitals, healthcare equipment and services, pharmaceuticals, biotechnology and related life science organizations.
- *EMEA.* We have both enterprise and mid-market sales professionals based in core EMEA markets. This team is composed primarily of experienced sales individuals, with an average tenure of over 16 years in sales.
- *APJ.* We have enterprise sales professionals based in core APJ markets including Australia, Hong Kong, India, Japan, New Zealand and Singapore.
- *LATAM* . We have enterprise sales professionals based in core Latin and South America markets including Mexico and Brazil.

Our direct sales team is supported by product specialists who provide technical and product expertise to facilitate the sales process. Our sales enablement professionals provide on-boarding and ongoing professional development for the sales professionals to increase their effectiveness at selling in the field. We also maintain a separate team of client executives responsible for renewals and up-sales to existing clients, as described above.

Marketing

We manage global demand generation programs, develop sales pipelines and enhance brand awareness through our marketing initiatives. Our marketing programs target HR executives, technology professionals and senior business leaders. Our principal marketing initiatives include:

- *Demand Generation.* Our demand generation activities include lead generation through email and direct mail campaigns, participation in industry events, securing event speaking opportunities and online marketing, including both SEM and organic SEO online marketing.
- *Corporate Marketing.* We market to our clients by leveraging product marketing, client success stories, thought leadership content and brand awareness advertising campaigns. Additionally, we host regional client user group meetings and we also co-market with our strategic distributors, including joint press announcements and demand generation activities.
- *Marketing Communications.* We undertake media relations, corporate communications, industry analyst relations activities, client advocacy and social media outreach.

Competition

The market for human capital management software is highly competitive, rapidly evolving and fragmented. This market is subject to changing technology, shifting client needs and frequent introductions of new products and services.

Most of our sales efforts are competitive, often involving requests for proposals. We compete primarily on the basis of providing a comprehensive, fully unified platform for human capital management as opposed to specific service offerings.

In the applicant tracking systems segment, which the recruiting and onboarding product offerings each serve, our principal competitors include companies such as Oracle Corporation, International Business Machines Corporation and Lumesse. In the learning management systems segment, which the learning and extended enterprise product offerings each serve, our principal competitors include companies such as Oracle Corporation, Saba Software, Inc., SAP America, Inc. and SkillSoft Corp. In the performance management systems segment, which the performance, succession and compensation product offerings each serve, our principal competitors include companies such as Saba Software, Inc., Talentsoft, Oracle Corporation, Peoplefluent, Inc. and SAP America, Inc. These vendors are, like us, largely SaaS providers. We compete in these segments primarily on the basis of:

- the level of integration of our product offerings within our human capital management platform;
- the breath and depth of our product functionality;
- the flexibility and configurability of our product offerings to meet the changing content and workflow requirements of our clients' business units;
- the quality of our service and focus on client success;
- our ability to provide scalability and flexibility for large and complex global deployments; and
- the ease of use of our product offerings and overall user experience.

In addition, we occasionally compete with custom-built software that is designed to support the needs of a single organization, as well as with third-party talent and human resource application providers that focus on specific aspects of human capital management.

Many of our competitors and potential competitors have greater name recognition, longer operating histories and larger marketing budgets than we do. For additional information, see " *Risk Factors—Risks Related to Our Business and Industry—The market in which we participate is intensely competitive and if we do not compete effectively, our operating results could be harmed* " and " *Risk Factors—Mergers of or other strategic transactions by our competitors could weaken our competitive position or reduce our revenue."*

Government Contracts

Many of our contracts with government agencies are subject to termination at the election of the government agency. While our government contracts generally do not provide for renegotiation of fees at the election of the Government, it is possible that the government agency could request, and that we could under certain circumstances agree to, the renegotiation of the payments otherwise payable under such contracts. However, we have not in the past renegotiated significant payment terms under our government contracts. For additional information, see " *Risk Factors—We face risks associated with our sales to governmental entities."*

Proprietary Rights

To safeguard our proprietary and intellectual property rights, we rely upon a combination of patent, copyright, trade secret and trademark laws in the United States and in other jurisdictions and on contractual restrictions. Our key assets include our software code and associated proprietary and intellectual property rights, in particular the trade secrets and know-how associated with our human capital management platform which we developed internally over the years. We were issued a patent for our software in 2003 which expires in 2021; we have since filed for additional patent protection, we own registered trademarks and we will continue to evaluate the need for additional patents and trademarks. We have confidentiality and license agreements with employees, contractors, clients, distributors and other third parties, which limit access to and use of our proprietary information and software.

Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees, creation of new suites, features and functionality, collaboration with our clients and frequent enhancements to our platform are larger contributors to our success in the marketplace.

Despite our efforts to preserve and protect our proprietary and intellectual property rights, unauthorized third parties may attempt to copy, reverse engineer, or otherwise obtain portions of our product. Competitors may attempt to develop similar products that could compete in the same market as our products. Unauthorized disclosure of our confidential information by our employees or third parties could occur. Laws of other jurisdictions may not protect our proprietary and intellectual property rights from unauthorized use or disclosure in the same manner as the United States. The risk of unauthorized uses of our proprietary and intellectual property rights may increase as we continue to expand outside of the United States.

Third-party infringement claims are also possible in our industry, especially as software functionality and features expand, evolve and overlap with other industry segments. Current and future competitors, as well as non-practicing patent holders, could claim at any time that some or all of our software infringes on patents they now hold or might obtain or be issued in the future.

Seasonality

Our sales are seasonal in nature. We sign a higher percentage of agreements with new clients, as well as renewal agreements with existing clients, in the fourth quarter of each year. In addition, within a given quarter, we sign a significant portion of these agreements during the last month, and often the last two weeks, of that quarter. We believe this seasonality is driven by several factors, most notably the tendency of our clients' procurement departments to purchase technology at the end of a quarter or calendar year, possibly in order to use up their available quarterly or annual funding allocations. As the terms of most of our client agreements are measured in full year increments, agreements regardless of when executed, will generally come up for renewal at that same time in subsequent years.

Business Segment and Geographical Information

We operate in a single operating segment. For geographic financial information, see Note 13 to our consolidated financial statements, which is incorporated herein by reference.

Working Capital Practices

Information about our working capital practices is included in Item 7, " *Management's Discussion and Analysis of Financial Condition and Results of Operations,* " under the heading " *Liquidity and Capital Resources* " and is incorporated herein by reference.

Employees

At December 31, 2017 , we had 1,891 employees, which is a 4% increase from 1,823 employees at December 31, 2016 . None of our employees are covered by a collective bargaining agreement and we have never experienced a strike or similar work stoppage. We consider our relations with our employees to be strong. Internally, we strive to empower our people by using our human capital management platform to on-board, develop, connect, align, assess, retain, promote and manage the HR administration of our own employees.

The Cornerstone OnDemand Foundation

To demonstrate our commitment to empowering people and communities, we helped form the Cornerstone OnDemand Foundation, or the Foundation, in 2010. The Foundation seeks to empower communities in the United States and internationally by increasing the impact of the non-profit sector through the utilization of our human capital management platform and capacity building programs.

The Foundation focuses its efforts on the areas of education, workforce development and disaster relief. We have enlisted the help of our employees, clients and distributors to support the Foundation in its efforts. The Foundation is designed to be self-sustaining over time through a variety of ongoing funding streams, such as donations, sponsorships and distribution fees.

Additional Information

Our Internet address is www.cornerstoneondemand.com and our investor relations website is located at http://investors.cornerstoneondemand.com. We make available free of charge through our investor relations website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the SEC. Information contained on, or that can be accessed through, our website is not incorporated by reference into this report and you should not consider information on our website to be part of this report.

The SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The public also may read and copy these filings at the SEC's Public Reference Room at 100 F Street N.E., Washington, DC 20549. Information about this Public Reference Room is available by calling (800) SEC-0330.

Item 1A. ***Risk Factors***

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. Please see Item 1. " Business—Forward Looking Statements " for a discussion of the forward-looking statements that are qualified by these risk factors. If any of the events or circumstances described in the following risk factors actually occurs, our business, operating results and financial condition could be materially adversely affected.

Risks Related to Our Business and Industry

Unfavorable conditions in our industry or the global economy, or reductions in information technology spending, could limit our ability to grow our business and negatively affect our operating results.

Our operating results may vary based on the impact of changes in our industry or the global economy on us or our clients. The revenue growth and potential profitability of our business depends on demand for enterprise application software and services generally and for human capital management platform in particular. We sell our human capital management platform primarily to large, mid-sized and small business organizations whose businesses fluctuate based on general economic and business conditions. In addition, a portion of our revenue is attributable to the number of users of our products at each of our clients, which in turn is influenced by the employment and hiring patterns of our clients and potential clients. To the extent that economic uncertainty or weak economic conditions cause our clients and potential clients to freeze or reduce their headcount, demand for our products may be negatively affected. Historically, economic downturns have resulted in overall reductions in spending on information technology and human capital management platforms as well as pressure from clients and potential clients for extended billing terms. If economic conditions deteriorate, our clients and potential clients may elect to decrease their information technology and human capital management budgets by deferring or reconsidering product purchases, which would limit our ability to grow our business and negatively affect our operating results.

Our financial results may fluctuate due to our long, variable and, therefore, unpredictable sales cycle and our focus on large and mid-market organizations.

We plan our expenses based on certain assumptions about the length and variability of our sales cycle. If our sales cycle becomes longer or more variable, our results may be adversely affected. Our sales cycle generally varies in duration from two to nine months and, in some cases, much longer depending on the size of the potential client. Factors that may influence the length and variability of our sales cycle include among others:

- the need to educate potential clients about the uses and benefits of our products;
- the relatively long duration of the commitment clients make in their agreements with us;
- the discretionary nature of potential clients' purchasing and budget cycles and decisions;
- the competitive nature of potential clients' evaluation and purchasing processes;
- the lengthy purchasing approval processes of potential clients;
- the evolving functionality demands of potential clients;
- fluctuations in the human capital management needs of potential clients; and
- announcements or planned introductions of new products by us or our competitors.

The fluctuations that result from the length and variability of our sales cycle may be magnified by our focus on sales to large and mid-sized organizations. If we are unable to close an expected significant transaction with one or more of these companies in a particular period, or if an expected transaction is delayed until a subsequent period, our operating results, and in particular our billings, for that period, and for any future periods in which revenue from such transaction would otherwise have been recognized, may be adversely affected.

Our financial results may fluctuate due to various business factors, some of which may be beyond our control.

There are a number of other factors that may cause our financial results to fluctuate from period to period, including among others:

- changes in billing cycles and the size of advance payments relative to overall contract value in client agreements;
- the extent to which new clients are attracted to our products to satisfy their human capital management needs;
- the timing and rate at which we sign agreements with new clients;
- our access to service providers and partners when we outsource client service projects and our ability to manage the quality and completion of the related client implementations;
- the timing and duration of our client implementations, which is often outside of our direct control;

- our ability to provide, or partner with effective partners to provide, resources for client implementations and consulting projects;
- the extent to which we retain existing clients and satisfy their requirements;
- the extent to which existing clients renew their subscriptions to our products and the timing of those renewals;
- the extent to which existing clients purchase or discontinue the use of additional products and add or decrease the number of users;
- the extent to which our clients request enhancements to underlying features and functionality of our products and the timing of our delivery of these enhancements to our clients;
- the addition or loss of large clients, including through acquisitions or consolidations;
- the number and size of new clients, as well as the number and size of renewal clients in a particular period;
- the mix of clients among small, mid-sized and large organizations;
- changes in our pricing policies or those of our competitors;
- seasonal factors affecting demand for our products or potential clients' purchasing decisions;
- the financial condition and creditworthiness of our clients;
- the amount and timing of our operating expenses, including those related to the maintenance, expansion and restructuring of our business, operations and infrastructure;
- changes in the operational efficiency of our business;
- the timing and success of our new product and service introductions;
- the timing of expenses of the development of new products and technologies, including enhancements to our products;
- our ability to exploit Big Data to drive increased demand for our products;
- continued strong demand for human capital management in the U.S. and globally;
- our ability to successfully integrate our operations with those of recently acquired privately-held companies;
- the success of current and new competitive products and services by our competitors;
- other changes in the competitive dynamics of our industry, including consolidation among competitors, clients or strategic partners;
- our ability to manage our existing business and future growth, including in terms of additional headcount, additional clients, incremental users and new geographic regions;
- expenses related to our network and data centers and the expansion of such networks and data centers;
- the effects of, and expenses associated with, acquisitions of third-party technologies or businesses and any potential future charges for impairment of goodwill resulting from those acquisitions;
- equity issuances, including as consideration in acquisitions or due to the conversion of our outstanding convertible notes due 2021 and 2018;
- business disruptions, costs and future events related to shareholder activism;
- legal or political changes in local or foreign jurisdictions that decrease demand for, or restrict our ability to sell or provide, our products;
- fluctuations in foreign currency exchange rates, including any fluctuation caused by uncertainties relating to Brexit;
- general economic, industry and market conditions; and
- various factors related to disruptions in our SaaS hosting network infrastructure, defects in our products, privacy and data security and exchange rate fluctuations, each of which is described elsewhere in these risk factors.

In light of the foregoing factors, we believe that our financial results, including our revenue and deferred revenue levels, may vary significantly from period-to-period. As a result, period-to-period comparisons of our operating results may not be meaningful and should not be relied on as an indication of future performance.

The market in which we participate is intensely competitive, and if we do not compete effectively, our operating results could be harmed.

The market for human capital management software is highly competitive, rapidly evolving and fragmented. Many of our competitors and potential competitors are larger and have greater brand name recognition, much longer operating histories, larger marketing budgets and significantly greater resources than we do. In addition, with the introduction of new technologies and market entrants, we expect competition to intensify in the future. If we fail to compete effectively, our business will be harmed. Some of our principal competitors offer their products or services at a lower price, which has resulted in pricing pressures. Similarly, some competitors offer different billing terms, which has resulted in pressures on our billing terms. If we are unable to maintain our pricing levels and billing terms, our operating results could be negatively impacted. In addition, pricing pressures and increased competition generally could result in reduced sales, reduced margins, losses or the failure of our products to achieve or maintain more widespread market acceptance, any of which could harm our business.

We face competition from paper-based processes and desktop software tools. We also face competition from custom-built software that is designed to support the needs of a single organization, as well as from third-party talent and human resource application providers. These software vendors include, without limitation, Halogen Software, Inc., International Business Machines Corporation, Oracle Corporation, Peoplefluent, Inc., Saba Software, Inc., SAP America, Inc., Skillsoft Corp., Talentsoft and Workday, Inc. In addition, some of the parties with which we maintain business alliances offer or may offer products or services that compete with our products or services.

Many of our competitors are able to devote greater resources to the development, promotion and sale of their products and services. In addition, many of our competitors have established marketing relationships, access to larger client bases and major distribution agreements with consultants, system integrators and distributors. Moreover, many software vendors can bundle human resource products or offer such products at a lower price as part of a larger product sale. In addition, some competitors may offer software that addresses one or a limited number of human capital management functions at a lower price point or with greater depth than our products. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or client requirements. Further, some potential clients, particularly large enterprises, may elect to develop their own internal products. For all of these reasons, we may not be able to compete successfully against our current and future competitors.

Existing or future laws and regulations relating to privacy or data security could increase the cost of our products and subject us or our clients to litigation, regulatory investigations and other potential liabilities.

Our human capital management platform enables our clients to collect, manage and store a wide range of data related to every phase of the employee performance and management cycle. The United States and various state governments have adopted or proposed limitations on the collection, distribution and use of personal information. Several foreign jurisdictions, including the European Union ("EU"), and the United Kingdom, Korea, Japan, Singapore, Australia and India, have adopted legislation (including directives or regulations) that increase or change the requirements governing data collection and storage in these jurisdictions. These laws and regulations are complex and change frequently, at times due to differing economic conditions and changes in political climate, with new laws and regulations proposed frequently and existing laws and regulations subject to different and conflicting interpretations. Such changes have the potential to increase costs of compliance, risks of noncompliance and penalties for noncompliance. For example, we maintain a major support center in Tel Aviv, Israel. Israel presently is recognized by the EU as providing an "adequate" level of protection for personal data, causing transfers of personal data to be permitted under EU data protection law, but if EU authorities were to determine that Israel no longer provided an "adequate" level of data protection, our business could be harmed. As an additional example, the EU adopted a general data protection regulation, effective in May 2018, that will supersede current EU data protection legislation, impose more stringent EU data protection requirements and provide for greater penalties for noncompliance. Further, following a referendum on June 23, 2016 on the United Kingdom's membership in the EU, the outcome of which was a vote in favor of leaving the EU, it is expected that the United Kingdom government will shortly commence negotiations in connection with any exit from the EU (often referred to as "Brexit"). The outcome of the referendum has created uncertainty with regard to the regulation of data protection in the United Kingdom. In particular, it is unclear whether the United Kingdom will enact the general data protection regulation and how data transfers to and from the United Kingdom will be regulated. We maintain a data center in the United Kingdom where EU residents' personal data is stored and processed, causing uncertainty with respect to the regulation of data protection in the United Kingdom to create uncertainty among some of our customers in Europe. We are in the process of building data centers in other EU locations that we anticipate will be functional in 2018, but until such data centers are operational and available to be used by our European customers, we may experience reluctance or refusal by our customers in Europe to use our products. Additionally, any delays in completing the data centers or impediments to beginning operations may harm our customer retention and billings in Europe.

We sell our products and operate in many countries. Some of these countries are considering or have passed legislation implementing data protection or privacy requirements that could increase the cost and complexity of selling or delivering our solutions. In addition, changes in the political climate in the United States or other countries may decrease demand for our solutions or make them less competitive to preferred local offerings.

If our privacy or data security measures fail to comply with current or future laws and regulations, we may be subject to litigation, regulatory investigations or other liabilities, as well as negative publicity and a loss of business. Any of these matters could materially adversely affect our business, financial condition or operational results. Moreover, if future laws and regulations limit our clients' ability to use and share employee data or our ability to store, process and share data with our clients over the Internet, demand for our products could decrease, our costs could increase and our operating results and financial condition could be harmed.

In particular, with regard to transfers of personal data, as such term is used in the EU, we historically relied upon adherence to the U.S. Department of Commerce's Safe Harbor Privacy Principles and compliance with the U.S.-EU and U.S.-Swiss Safe Harbor Frameworks. The U.S.-EU Safe Harbor Framework, which, together with the U.S.-Swiss Safe Harbor Framework, established the means for legitimizing the transfer of personal data by U.S. companies from the European Economic Area, or EEA, to the U.S., was invalidated in October 2015 by a decision of the European Court of Justice, or the ECJ Ruling. As a result of the ECJ Ruling, the Swiss data protection regulator has questioned the status of the U.S.-Swiss Safe Harbor Framework. In light of these events, we subsequently have self-certified under the EU-U.S. Privacy Shield, a replacement for the U.S.-EU Safe Harbor Framework. The EU-U.S. Privacy Shield has been challenged by private parties and may face additional challenges by national regulators or additional private parties. We may be unsuccessful in maintaining legitimate means for our transfer of personal data from the EEA, or otherwise responding to the ECJ Ruling, and we may experience reluctance or refusal by current or prospective European customers to use our products. Our response to the ECJ Ruling and any other events with respect to the legal landscape surrounding cross-border transfer of EU residents' personal data may cause us to assume additional liabilities or incur additional expenses for implementing compliance requirements, and any such other events, as well as our response, could adversely affect our billings and lead to regulatory investigations or enforcement actions. The foregoing could have a materially adverse impact upon our business, financial condition and operational results.

Mergers of or other strategic transactions by our competitors could weaken our competitive position or reduce our revenue.

If one or more of our competitors were to merge, acquire or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. For example, in February 2012, SAP America, Inc. acquired SuccessFactors, Inc.; in April 2012, Oracle Corporation acquired Taleo Corporation; in August 2012, International Business Machines Corporation acquired Kenexa, Inc.; in October 2014, Skillsoft Corp. acquired SumTotal Systems, Inc.; and in May 2017, Saba Software, Inc. acquired Halogen Software, Inc. Our competitors may also establish or strengthen cooperative relationships with our current or future strategic distributors, systems integrators, HR outsourcers, payroll services companies, third-party consulting firms or other parties with whom we have relationships, thereby limiting our ability to promote our products and limiting the number of consultants available to implement our products. Disruptions in our business caused by these events could reduce our revenue.

Our business and operations are experiencing growth and organizational change. If we fail to effectively manage such growth and change in a manner that preserves the key aspects of our corporate culture, our business and operating results could be harmed.

We have experienced, and may continue to experience, rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management, operational and financial resources. For example, our headcount has grown from 1,823 employees on December 31, 2016 to 1,891 employees on December 31, 2017 . In addition, we have several international offices, including in Australia, Brazil, France, Germany, Hong Kong, India, Israel, Japan, Netherlands, New Zealand, Spain, Sweden and the United Kingdom. We may continue to expand our international operations into other countries in the future, either organically or through acquisitions. We have also experienced significant growth in the number of users, transactions and data that our SaaS hosting infrastructure supports. Finally, our organizational structure is becoming more complex as we improve our operational, financial and management controls as well as our reporting systems and procedures. We will require significant capital expenditures and the allocation of valuable management resources to grow and change in these areas without undermining our corporate culture of rapid innovation, teamwork and attention to client success that has been central to our growth so far. If we fail to manage our anticipated growth and change in a manner that preserves the key aspects of our corporate culture, the quality of our products may suffer, which could negatively affect our brand and reputation and harm our ability to retain and attract clients.

For a detailed discussion of the risks related to our ability to expand our business internationally, manage growth in our SaaS hosting network infrastructure and expand parts of our organization to implement improved operational, financial and management controls and reporting systems, see the risk factors titled " — *As a public company, we are obligated to maintain proper and effective internal control over financial reporting. If our internal control over financial reporting is ineffective, our financial reporting may not be accurate, complete and timely and our auditors may be unable to attest to its effectiveness when required, thus adversely affecting investor confidence in our company."* and *"—We currently have a number of international offices and are expanding our international operations. Additionally, we do not have substantial experience in all international markets and may not achieve the results that we expect."*

Fluctuations in the exchange rate of foreign currencies could result in foreign currency gains and losses.

We currently have foreign sales denominated in Australian Dollars, Brazilian Reals, Canadian Dollars, Chinese Yuan, Euros, British Pounds, Hong Kong Dollars, Indian Rupees, Japanese Yen, Mexican Pesos, New Zealand Dollars, Singapore Dollars, South African Rand, Swedish Krona and Swiss Franc and may in the future have sales denominated in the currencies of additional countries. In addition, we incur a portion of our operating expenses in British Pounds and Euros and, to a much lesser extent, in Australian Dollars, Brazilian Reals, Canadian Dollars, Chinese Yuan, Hong Kong Dollars, Indian Rupees, Israeli New Shekels, Japanese Yen, Mexican Pesos, New Zealand Dollars, Singapore Dollars and Swedish Krona. Further, our overseas subsidiaries' results are also impacted by exchange rates affecting the carrying value of U.S. Dollar denominated intercompany loans with us. Fluctuations in the exchange rates of these foreign currencies, including any fluctuations caused by uncertainties relating to Brexit, may negatively impact our business, financial condition and operating results. Due to our legal structure, any fluctuations in the exchange rates of the British Pound may be particularly impactful. We have not previously engaged in foreign currency hedging. If we decide to hedge our foreign currency exposure, we may not be able to completely eliminate the impact of fluctuations in the exchange rates.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders or otherwise disrupt our operations and harm our operating results.

In April 2012, we acquired Sonar Limited, a SaaS talent management solution provider serving small businesses, and in November 2014, we acquired Evolv Inc., a machine learning and data science platform provider. In the future, we may seek to acquire or invest in other businesses, products or technologies that we believe could complement or expand our existing platform, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are ultimately consummated.

Other than our acquisitions of Sonar Limited and Evolv Inc., we do not have any experience in acquiring other businesses. We may not be able to successfully integrate the personnel, operations and technologies of any businesses that we have acquired or may acquire in the future or effectively manage the combined business following the acquisition. We may also not achieve the anticipated benefits from other acquired businesses due to a number of factors, including:

- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs;
- diversion of management's attention from other business concerns;
- harm to our existing relationships with distributors and clients as a result of the acquisition;
- the potential loss of key employees;
- exposure to claims and disputes by third parties, including intellectual property claims and disputes;
- the use of resources that are needed in other parts of our business; and
- the use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill, which must be assessed for impairment at least annually, or to intangible assets, which are assessed for impairment upon certain triggering events. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could harm our operating results.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. For example, in our acquisition of Sonar Limited, we issued an aggregate of 46,694 shares of our common stock. In addition, if an acquired business fails to meet our expectations, our operating results, business and financial condition may suffer.

As a public company, we are obligated to maintain proper and effective internal control over financial reporting. If our internal control over financial reporting is ineffective, our financial reporting may not be accurate, complete and timely and our auditors may be unable to attest to its effectiveness when required, thus adversely affecting investor confidence in our company.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. Our auditors also need to audit the effectiveness of our internal control over financial reporting. These assessments need to include disclosure of any material weaknesses in our internal control over financial reporting.

We have incurred and continue to incur significant costs assessing our system of internal control over financial reporting and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may discover, and may not be able to remediate, future significant deficiencies or material weaknesses, or we may be unable to complete our evaluation, testing or any required remediation in a timely fashion. Failure of our internal control over financial reporting to be effective could cause our financial reporting to be inaccurate, incomplete or delayed. Moreover, even if there is no inaccuracy, incompletion or delay of reporting results, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert, and our auditors will be unable to affirm, that our internal control is effective, in which case investors may lose confidence in the accuracy and completeness of our financial reports, which could have a material adverse effect on the price of our common stock.

Our systems collect, access, use and store personal and other client proprietary information. As a result, we are subject to security risks and are required to invest significant resources to prevent or correct problems caused by security breaches. If a security breach occurs, our reputation could be harmed, our business may suffer and we could incur significant liability.

Our human capital management platform involves the storage and transmission of clients' sensitive, proprietary and confidential information over the Internet (including public networks), and security breaches, unauthorized access, unauthorized usage, viruses or similar breaches or disruptions could result in loss of this information, damage to our reputation, early termination of our contracts, litigation, regulatory investigations or other liabilities. In addition, errors in the storage or transmission of such information could compromise the security of that information. If our security measures are breached or are otherwise compromised as a result of third-party action, employee error, malfeasance or otherwise and, as a result, someone obtains unauthorized access to client data, our reputation will be damaged, our business may suffer and we could incur significant liability. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of our security systems and the data stored in these systems. Because there is a time lag associated with developing adequate protections against such new developments and techniques, unauthorized access or sabotage of our systems and the information processed in connection with our business may result. If an actual or perceived security breach occurs, the market perception of our security measures could be harmed and we could lose sales and clients. Any violations of privacy or information security could result in the loss of business, litigation and regulatory investigations and penalties that could damage our reputation and adversely impact our operating results and financial condition, including our ability to make required reporting and disclosures as a public company. Moreover, if a high profile security breach occurs with respect to another SaaS provider, our clients and potential clients may lose trust in the security of the SaaS business model generally, which could adversely impact our ability to retain existing clients or attract new ones.

Any significant disruption in our SaaS hosting network infrastructure could harm our reputation, require us to provide credits or refunds, result in early terminations of client agreements or a loss of clients and adversely affect our business.

Our SaaS hosting network infrastructure is a critical part of our business operations. Our clients access our human capital management platform through a standard web browser and depend on us for fast and reliable access to our products. Our software is proprietary, and we currently rely on two third-party data center hosting facilities, which we lease, and the expertise of members of our engineering and software development teams for the continued performance of our platform. Recently, we began the process of migrating our platform from our leased data center hosting facilities to third-party data center hosting facilities operated by Amazon Web Services ("AWS"). After we complete this migration, we will rely extensively on AWS to provide our clients and their users with fast and reliable access to our products. Any disruption of or interference with our SaaS hosting network infrastructure, including the services and operations of AWS, could harm our reputation, business and results of operations. We have experienced, and may in the future experience, disruptions in our computing and communications infrastructure. Factors that may cause such disruptions that may harm our reputation include:

- human error;
- security breaches;
- telecommunications outages from third-party providers;
- computer viruses;
- acts of terrorism, sabotage or other intentional acts of vandalism, including cyber attacks;

- unforeseen interruption or damages experienced in moving hardware to a new location;
- fire, earthquake, flood and other natural disasters; and
- power loss.

Although we generally back-up our client databases hourly, store our data in more than one geographically distinct location at least weekly and perform real-time mirroring of data to disaster recovery locations, we do not currently offer immediate access to disaster recovery locations in the event of a disaster or major outage. Thus, in the event of any of the factors described above, or certain other failures of our computing infrastructure, clients may not be able to access their data for 24 hours or more and there is a remote chance that client data from recent transactions may be permanently lost or otherwise compromised. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. Moreover, some of our agreements include performance guarantees and service level standards that obligate us to provide credits, refunds or termination rights in the event of a significant disruption in our SaaS hosting network infrastructure or other technical problems that relate to the functionality or design of our platform.

Certain of our operating results and financial metrics are difficult to predict as a result of seasonality.

We have historically experienced seasonality in terms of when we enter into client agreements for our products. We sign a significantly higher percentage of agreements with new clients, and renewal agreements with existing clients, in the fourth quarter of each year and a significant portion of these agreements are signed during the last month, and with respect to each quarter, often the last two weeks of the quarter. This seasonality is reflected to a much lesser extent, and sometimes is not immediately apparent, in our revenue, due to the fact that we generally recognize subscription revenue over the term of the client agreement, which is generally three years. We expect this seasonality to continue, which may cause fluctuations in certain of our operating results and financial metrics, and thus difficulties in predictability.

We rely on third-party computer hardware and software that may be difficult to replace or could cause errors or failures of our service.

In addition to the software we develop, we rely on computer hardware, purchased or leased, and software licensed from third parties in order to deliver our platform. This hardware and software may not continue to be available on commercially reasonable terms, if at all. Any loss of the right to use any of this hardware or software could result in delays in our ability to provide our platform until equivalent technology is either developed by us or, if available, identified, obtained and integrated. In addition, errors or defects in third-party hardware or software used in our platform could result in errors or a failure of our products, which could harm our business.

Defects in our platform could affect our reputation, result in significant costs to us and impair our ability to sell our products and related services.

Defects in our platform could adversely affect our reputation, result in significant costs to us and impair our ability to sell our products in the future. The costs incurred in correcting any product defects may be substantial and could adversely affect our operating results. Although we continually test our products for defects and work with clients through our client support organization to identify and correct errors, defects in our products are likely to occur in the future. Any defects that cause interruptions to the availability of our products could result in:

- lost or delayed market acceptance and sales of our products;
- early termination of client agreements or loss of clients;
- credits or refunds to clients;
- product liability suits against us;
- diversion of development resources;
- injury to our reputation; and
- increased maintenance and warranty costs.

While our client agreements typically contain limitations and disclaimers that purport to limit our liability for damages related to defects in our products, such limitations and disclaimers may not be enforced by a court or other tribunal or otherwise effectively protect us from such claims.

If we fail to manage our SaaS hosting network infrastructure capacity, our existing clients may experience service outages and our new clients may experience delays in the deployment of our human capital management platform.

We have experienced significant growth in the number of users, transactions and data that our hosting infrastructure supports. We seek to maintain sufficient excess capacity in our SaaS hosting network infrastructure to meet the needs of all of our clients. We also seek to maintain excess capacity to facilitate the rapid provision of new client deployments and the expansion of existing client deployments. However, the provision of new hosting infrastructure requires significant lead time. If we do not accurately predict our infrastructure capacity requirements, our existing clients may experience service outages that may subject us to financial penalties, financial liabilities and client losses. If our hosting infrastructure capacity fails to keep pace with increased sales, clients may experience delays as we seek to obtain additional capacity, which could harm our reputation and adversely affect our revenue growth.

Our growth depends in part on the success of our strategic relationships with third parties.

We anticipate that we will continue to depend on various third-party relationships in order to grow our business. In addition to growing our indirect sales channels, we intend to pursue additional relationships with other third parties, such as technology and content providers and implementation consultants. Identifying, negotiating and documenting relationships with third parties require significant time and resources, as does integrating third-party content and technology. Our agreements with distributors and providers of technology, content and consulting services are typically non-exclusive and do not prohibit them from working with our competitors or from offering competing services. Our competitors may be effective in providing incentives to third parties to favor their products or services or to prevent or reduce subscriptions to our products. In addition, these distributors and providers may not perform as expected under our agreements, and we have had and may in the future have, disagreements or disputes with such distributors and providers, which could negatively affect our brand and reputation. A global economic slowdown could also adversely affect the businesses of our distributors and it is possible that they may not be able to devote the resources we expect to our relationships with such distributors.

If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results could suffer. Even if we are successful, we cannot assure you that these relationships will result in improved operating results.

Failure to effectively retain and expand our direct sales teams and develop and expand our indirect sales channel will impede our growth.

We will need to continue to expand our sales and marketing infrastructure in order to grow our client base and our business. We plan to expand our direct sales teams and engage additional third-party distributors, both domestically and internationally. Identifying, recruiting and training these people and entities will require significant time, expense and attention. Our business will be seriously harmed and our financial resources will be wasted if our efforts to expand our direct and indirect sales channels do not generate a corresponding increase in revenue, and we may be required to sacrifice near-term growth and divert management attention in order to restructure our direct sales teams. In particular, if our recent transition to a sales commission model based solely on subscription or recurring revenue and other recent organizational changes hinder our ability to hire, develop and retain talented sales personnel or if our new direct sales personnel are unable to achieve expected productivity levels in a reasonable period of time, we may not be able to significantly increase our revenue and grow our business.

Restructuring activities could adversely affect our ability to execute our business strategy.

In December 2017, we announced that we were implementing a restructuring plan to reduce the headcount of our global service delivery team, as well as the headcount of some of our sales teams, representing a workforce reduction of approximately six percent. In connection with this action, we incurred approximately $1.5 million of expenditures in the quarter ended December 31, 2017 and we estimate we will incur approximately $3.0 million of expenditures, substantially all of which will be severance costs, in the quarter ended March 31, 2018. This restructuring and any future restructurings, should it become necessary for us to continue to restructure our business due to worldwide market conditions or other factors that reduce the demand for our products and services, could adversely affect our ability to execute our business strategy.

If we fail to retain key employees and recruit qualified technical and sales personnel, our business could be harmed.

We believe that our success depends on the continued employment of our senior management and other key employees, such as our chief executive officer. In addition, because our future success is dependent on our ability to continue to enhance and introduce new software and services, we are heavily dependent on our ability to attract and retain qualified engineers with the requisite education, background and industry experience. As we expand our business, our continued success will also depend, in part, on our ability to attract and retain qualified sales, marketing and operational personnel capable of supporting a larger and more diverse client base. The loss of the services of a significant number of our engineers or sales people could be disruptive to our development efforts or business relationships. In addition, if any of our key employees joins a competitor or decides to otherwise compete with us, we may experience a material disruption of our operations and development plans, which may cause us to lose clients or increase operating expenses as the attention of our remaining senior managers is diverted to recruit replacements for the departed key employees.

Changes to U.S. immigration and work authorization laws and regulations can be significantly affected by political forces and levels of economic activity. Our international expansion and our business may be materially adversely affected if legislative or administrative changes to immigration or visa laws and regulations impair our hiring processes or projects involving personnel who are not citizens of the country where the work is to be performed.

Failure to effectively manage client deployments by our third-party service providers could adversely impact our business.

In cases where our third-party service providers are engaged either by us or by a client directly to deploy a product for a client, our third-party service providers need to have a substantial understanding of such client's business so that they can configure the product in a manner that complements its existing business processes and integrates the product into its existing systems. It may be difficult for us to manage the timeliness of these deployments and the allocation of personnel and resources by our clients. Failure to successfully manage client deployments by us or our third-party service providers could harm our reputation and cause us to lose existing clients, face potential client disputes or limit the rate at which new clients purchase our products.

Forecasts of our business growth and profitability may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, we cannot assure you our business will grow at similar rates, or at all.

Our forecasts are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. These assumptions and estimates include the timing and value of agreements with our customers, variability in the service delivery periods for our customers, impact of foreign currency exchange rate fluctuations and expected growth in our market and related costs to support the growth of our business. Our assumptions and estimates related to our business growth and profitability, including the performance of our core business and emerging businesses and the demand for our products in the United States, Europe, Japan and other regions, may prove to be inaccurate. Even if the markets experience the forecasted growth, we may not grow our business at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties.

Even if demand for human capital management products and services increases generally, there is no guarantee that demand for SaaS products like ours will increase to a corresponding degree.

The widespread adoption of our products depends not only on strong demand for human capital management products and services generally, but also for products and services delivered via a SaaS business model in particular. There are still a significant number of organizations that have adopted no human capital management functions at all, and it is unclear whether such organizations will ever adopt such functions and, if they do, whether they will desire a SaaS human capital management platform like ours. As a result, we cannot assure you that our SaaS human capital management platform will achieve and sustain the high level of market acceptance that is critical for the success of our business.

Our business depends substantially on clients renewing their agreements with us, purchasing additional products from us or adding additional users. Any decline in our clients renewing their agreements, purchasing additional products or adding additional users would harm our future operating results.

In order for us to improve our operating results, it is important that our clients renew their agreements with us when the initial contract term expires and also purchase additional products or add additional users. Our clients have no obligation to renew their subscriptions after the initial subscription period, and we cannot assure you that our clients will renew their subscriptions at the same or a higher level of service, if at all. Every year, some of our clients elect not to renew their agreements with us. Moreover, certain of our clients have the right to cancel their agreements for convenience, subject to certain notice requirements and, in some cases, early termination fees. Our client renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction or dissatisfaction with our products, our pricing, the prices of competing products or services, mergers and acquisitions affecting our client base, reduced hiring by our clients or reductions in our clients' spending levels. If our clients do not renew their subscriptions, renew on less favorable terms, fail to purchase additional products or fail to add new users, our revenue may decline and our operating results may be harmed.

Integrated, comprehensive SaaS products such as ours represent a relatively recent approach to addressing organizations' human capital management challenges, and we may be forced to change the prices we charge for our products, or the pricing model upon which they are based, as the market for these types of products evolves.

Providing organizations with applications to address their human capital management challenges through integrated, comprehensive SaaS products is a developing market. The market for these products is therefore still evolving, and competitive dynamics may cause pricing levels, as well as pricing models generally, to change, as the market matures and as existing and new market participants introduce new types of products and different approaches to enable organizations to address their human capital management needs. As a result, we may be forced to reduce the prices we charge for our products or the pricing model on which they are based, and may be unable to renew existing client agreements or enter into new client agreements at the same prices and upon the same terms that we have historically, which could have a material adverse effect on our revenue, gross margin and other operating results.

Evolving regulation of the Internet, changes in the infrastructure underlying the Internet, or interruptions in Internet access may adversely affect our financial condition by increasing our expenditures and causing client dissatisfaction.

As Internet commerce continues to evolve, regulation by federal, state or foreign agencies may increase. We are particularly sensitive to these risks because the Internet is a critical component of our business model. In addition, taxation of services provided over the Internet or other charges for accessing the Internet may be imposed by government agencies or private organizations. Changes in laws or regulations that adversely affect the growth, popularity or use of the Internet, or impact the way that Internet service providers treat Internet traffic, including laws impacting net neutrality, may negatively increase our operating costs or otherwise impact our business. Any regulation imposing greater fees for Internet use or restricting information exchanged over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm our business.

In addition, the rapid and continual growth of traffic on the Internet has resulted at times in slow connection and download speeds among Internet users. Our business expansion may be harmed if the Internet infrastructure cannot handle our clients' demands or if hosting capacity becomes insufficient. If our clients become frustrated with the speed at which they can utilize our products over the Internet, our clients may discontinue the use of our human capital management platform and choose not to renew their contracts with us. Further, the performance of the Internet has also been adversely affected by viruses, worms, hacking, phishing attacks, denial of service attacks and other similar malicious programs, as well as other forms of damage to portions of its infrastructure, which have resulted in a variety of Internet outages, interruptions and other delays. These service interruptions could diminish the overall attractiveness of our products to existing and potential users and could cause demand for our products to suffer.

We currently have a number of international offices and are expanding our international operations. Additionally, we do not have substantial experience in all international markets and may not achieve the results that we expect.

We currently have international offices in several countries, including in Australia, Brazil, France, Germany, Hong Kong, India, Israel, Japan, Netherlands, New Zealand, Spain, Sweden and the United Kingdom, and we may expand our international operations into other countries in the future. International operations involve a variety of risks that may decrease demand for, or restrict our ability to sell or provide, our products, including:

- unexpected changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or other trade restrictions;
- differing labor regulations;
- regulations relating to data security and the unauthorized use of, or access to, commercial and personal information;

- potential penalties or other adverse consequences for violations of anti-corruption, anti-bribery and other similar laws and regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act;
- greater difficulty in supporting and localizing our products;
- unrest and/or changes in a specific country's or region's social, political, legal or economic conditions;
- challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, controls, policies, benefits and compliance programs;
- currency exchange rate fluctuations, including any fluctuations caused by uncertainties relating to Brexit;
- limited or unfavorable intellectual property protection; and
- restrictions on repatriation of earnings.

We have less significant experience in marketing, selling and supporting our products and services abroad than domestically. Our less significant experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake will not be successful. In addition, it may take us longer to build our presence in international markets. If we invest substantial time and resources to expand our international operations and are unable to do so successfully and in a timely manner, our business and operating results will suffer.

Our operations could be materially affected by changes in domestic and foreign economic, political or legal conditions. For example, we are monitoring developments related to Brexit, which could have significant implications for our business. The political and economic instability created by the United Kingdom's vote to leave the EU has caused and may continue to cause significant volatility in global financial markets and the value of the British Pound currency or other currencies, including the Euro. Depending on the terms reached regarding any exit from the EU, it is possible that there may be adverse practical and/or operational implications on our business.

Failure to comply with anti-bribery, anti-corruption and anti-money laundering laws could subject us to penalties and other adverse consequences.

We are subject to the Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act and other anti-corruption, anti-bribery and anti-money laundering laws in various jurisdictions both domestic and abroad. We leverage third parties, including channel partners, to sell subscriptions to our platform and conduct our business abroad. We and our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, representatives, contractors, channel partners and agents, even if we do not explicitly authorize such activities. While we have policies and procedure to address compliance with such laws, we cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Any violation of the FCPA or other applicable anti-bribery, anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from U.S. government contracts, all of which may have an adverse effect on our reputation, business, operating results and prospects.

If we fail to develop our brand cost-effectively, our business may suffer.

We believe that developing and maintaining awareness of the Cornerstone OnDemand brand in a cost-effective manner is critical to achieving widespread acceptance of our existing and future products and is an important element in attracting new clients. Furthermore, we believe that the importance of brand recognition will increase as competition in our market increases. Successful promotion of our brand will depend largely on the effectiveness of our marketing efforts and on our ability to provide reliable and useful services at competitive prices. In the past, our efforts to build our brand have involved significant expenses. Brand promotion activities may not yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incurred in building our brand. In addition, the Cornerstone OnDemand Foundation shares our company name and any negative perceptions of any kind about the Cornerstone OnDemand Foundation could adversely affect our brand and reputation. If we fail to successfully promote and maintain our brand, or incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to attract enough new clients or retain our existing clients to the extent necessary to realize a sufficient return on our brand-building efforts, and our business could suffer.

Our sales to government entities are subject to a number of additional challenges and risks.

We sell to U.S. federal and state and foreign governmental agency customers, and we may increase sales to government entities in the future. For example, in June 2017, we entered into an agreement with the U.S. Postal Service that authorizes, but does not guarantee, the purchase by the U.S. Postal Service of our software and services to support their more than 600,000 employees. The additional risks and challenges associated with doing business with governmental entities include, but are not limited to, the following:

- Selling to governmental entities can be more competitive, expensive and time-consuming than selling to private entities, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale;
- Government certification requirements may change, or we may lose one or more government certifications, such as FedRAMP, and in doing so restrict our ability to sell into the government sector until we have attained revised certificates;
- Governmental entities may have significant leverage in negotiations, thereby enabling such entities to demand contract terms that differ from what we generally agree to in our standard agreements, including, for example, most favored nation clauses and terms allowing contract termination for convenience;
- Government demand and payment for our products may be influenced by public sector budgetary cycles and funding authorizations, with funding reductions or delays having an adverse impact on public sector demand for our products; and
- Government contracts are generally subject to audits and investigations, which we have limited experience with, potentially resulting in termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

To the extent that we become more reliant on contracts with government entities in the future, our exposure to such risks and challenges could increase, which, in turn, could adversely impact our business.

If for any reason we are not able to develop enhancements and new features, keep pace with technological developments or respond to future disruptive technologies, our business will be harmed.

Our future success will depend on our ability to adapt and innovate. To attract new clients and increase revenue from existing clients, we will need to enhance and improve our existing products and introduce new features. The success of any enhancement or new feature depends on several factors, including timely completion, introduction and market acceptance. If we are unable to enhance our existing products to meet client needs or successfully develop or acquire new features or products, or if such new features or products fail to be successful, our business and operating results will be adversely affected.

In addition, because our products are designed to operate on a variety of network, hardware and software platforms using Internet tools and protocols, we will need to continuously modify and enhance our products to keep pace with changes in internet-related hardware, software, communication, browser and database technologies. If we are unable to respond in a timely and cost-effective manner to these rapid technological developments, our products may become less marketable and less competitive or obsolete, and our operating results may be negatively impacted.

Finally, our ability to grow is subject to the risk of future disruptive technologies. If new technologies emerge that are able to deliver a human capital management platform at lower prices, more efficiently or more conveniently, such technologies could adversely impact our ability to compete.

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

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

Further, the indenture governing the convertible notes due 2021 includes a restrictive covenant that, subject to specified exceptions and parameters, limits our ability to incur additional debt. We may be unable to take advantage of strategic or business development opportunities as they arise, or we may not be able to react to market conditions, if we are restricted in our ability to raise debt financing, or we may be required to seek alternative means to generate cash, including by selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive, if available at all.

In addition, in connection with the sale of our convertible notes due 2012, we entered into an investment agreement with Silver Lake providing Silver Lake with the option to purchase all or a portion of any equity securities, or instruments convertible into or exchangeable for any equity securities, in any proposed offerings by us until the earlier of June 2019 or such time as Silver Lake no longer has a representative and no longer has rights to have a representative on our Board. Although Silver Lake's option will not apply to equity securities issued in connection with acquisitions, underwritten public offerings, strategic partnerships or commercial arrangements, or equity compensation plans, Silver Lake's participation rights could impact our ability to raise additional capital.

Servicing our debt will require a significant amount of cash, which could adversely affect our business, financial condition and results of operations.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including our convertible notes due 2021 and 2018, which represent an aggregate principal amount of $553.0 million, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to satisfy our obligations under the notes and any future indebtedness we may incur and to 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 reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance the notes or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on the notes or future indebtedness.

Further, with certain exceptions, upon a change of control, the holders of our convertible notes due 2021 may require that we repurchase all or part of such notes at a purchase price equal to the principal amount plus the total sum of all remaining scheduled interest payments through the remainder of the term of the notes. In addition, with certain exceptions, upon a change of control, the holders of our convertible notes due 2018 may require us to purchase all or a portion of such notes for cash at a price equal to the principal amount of such notes plus any accrued and unpaid interest to, but excluding, the effective date of the change of control. In such event, we may not have enough cash available or be able to obtain financing to repurchase the notes, and our ability to repurchase notes may be limited by law, regulatory authority or agreements governing our other indebtedness.

Because of how we recognize revenue, a significant downturn in our business may not be immediately reflected in our operating results.

Generally, we recognize revenue from subscription agreements monthly over the terms of these agreements, which is typically three years for our human capital management platform. As a result, a significant portion of the revenue we report in each quarter is generated from client agreements entered into during previous periods. Consequently, a decline in new subscriptions in any one quarter may not significantly impact our revenue and financial performance in that quarter, but will negatively affect our revenue, or rate of revenue growth and financial performance in future quarters.

In addition, if subscription agreements expire and are not renewed in the same quarter, our revenue and financial performance in that quarter and subsequent quarters will be negatively affected. However, the revenue impact may not be immediately reflected in our operating results to the extent there is an offsetting increase in revenue from services contracts performed in that same quarter.

Finally, we may be unable to adjust our fixed costs in response to reduced revenue. Accordingly, the effect of significant declines in sales and market acceptance of our products may not be reflected in our short-term operating results.

Because we generally recognize subscription revenue from our clients over the terms of their agreements but incur most costs associated with generating such agreements upfront, rapid growth in our client base may put downward pressure on our operating income in the short term.

The expenses associated with generating client agreements are generally incurred up front but the resulting subscription revenue is generally recognized over the life of the agreements; therefore, increased growth in the number of our clients will result in our recognition of more costs than revenue during the early periods covered by such agreements, even in cases where the agreements are expected to be profitable for us over their full terms.

We have a history of losses, and we cannot be certain that we will achieve or sustain profitability.

We have incurred losses since our inception. We experienced net losses of $61.3 million , $66.8 million and $85.5 million in 2017 , 2016 and 2015 , respectively. At December 31, 2017 , our accumulated deficit was $515.1 million and total stockholders' equity was $22.1 million . We expect to continue to incur operating losses as a result of expenses associated with the continued development and expansion of our business. Our expenses include among others, sales and marketing, research and development, consulting and support services and other costs relating to the development, marketing and sale and service of our products that may not generate revenue until later periods, if at all. Any failure to increase revenue or manage our cost structure as we implement initiatives to grow our business could prevent us from achieving or sustaining profitability. In addition, our ability to achieve profitability is subject to a number of the risks and uncertainties discussed below, many of which are beyond our control. We cannot be certain that we will be able to achieve or sustain profitability on a quarterly or annual basis.

The conversion feature of the convertible notes due 2018 could adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the convertible notes due 2018 is triggered, holders of such notes will be entitled to convert the notes at any time during specified periods at their option. In addition, holders of these notes may convert all or a portion of their notes at any time on and after April 1, 2018. If one or more holders elect to convert their notes, we would be required to settle a portion of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting methods for our convertible debt securities may have a material effect on our reported financial results.

In May 2008, the Financial Accounting Standards Board, or FASB, issued FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement), which has subsequently been codified as Accounting Standards Codification 470-20, Debt with Conversion and Other Options, which we refer to as ASC 470-20. Under ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments (such as the convertible notes due 2018) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the convertible notes due 2018 is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheet, and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the convertible notes due 2018 to their face amount over the term of the notes. We will report lower net income (or greater net loss) in our financial results because ASC 470-20 will require interest to include both the current period's amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, the market price of our common stock and the trading price of the notes.

In addition, convertible debt instruments (such as the convertible notes due 2018) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of the notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. In contrast, our convertible notes due 2021 may be settled upon conversion only in shares of our common stock. As a result, the shares issuable upon conversion of these notes will be included in the calculation of diluted earnings per share assuming the conversion of the notes at the beginning of the reporting period if the impact is dilutive. To the extent that we are required to include shares issuable upon conversion of our convertible debt securities in the calculation of diluted earnings per share, our diluted earnings per share will be adversely affected.

The nature of our business requires the application of complex revenue and expense recognition rules and the current legislative and regulatory environment affecting GAAP is uncertain. Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported operating results.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the FASB, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. In addition, many companies' accounting disclosures are being subjected to heightened scrutiny by regulators and the public. A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

For example, in May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes nearly all existing revenue recognition guidance under GAAP. We will adopt Topic 606 on the effective date of January 1, 2018, using the modified retrospective transition method, and plan to implement changes to our accounting, internal controls and disclosures to support the new standard. Under this guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods and services. The guidance is expected to impact the timing and recognition of costs to obtain contracts with customers, such as commissions, and may result in variability in our revenue recognition from period to period that may cause unexpected variability in our operating results. Any difficulties in implementing this new standard could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline, harm investors' confidence in us, and adversely affect our stock price.

To the extent that our pre-tax income or loss becomes relatively modest, our ability to conclude that a control deficiency is not a material weakness or that an accounting error does not require a restatement could be adversely affected.

Under the Sarbanes-Oxley Act of 2002, our management is required to assess the impact of control deficiencies based upon both quantitative and qualitative factors, and depending upon that analysis, we classify such identified deficiencies as either a control deficiency, significant deficiency or a material weakness. One element of our analysis of the significance of any control deficiency is its actual or potential financial impact. This assessment will vary depending on our level of pre-tax income or loss. For example, a smaller pre-tax income or loss will increase the likelihood of a quantitative assessment of a control deficiency as a significant deficiency or material weakness.

To the extent that our pre-tax income or loss is relatively small, if management or our independent registered public accountants identify an error in our interim or annual financial statements, it is more likely that such an error may be determined to be a material weakness or be considered a material error that could, depending upon the complete quantitative and qualitative analysis, result in our having to restate previously issued financial statements.

If we fail to adequately protect our proprietary rights, our competitive advantage and brand could be impaired and we may lose valuable assets, generate reduced revenue and incur costly litigation to protect our rights.

Our success is dependent, in part, upon protecting our proprietary technology. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws and contractual restrictions to establish and protect our proprietary rights in our products and services. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create products and services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our licensed products may be unenforceable under the laws of certain jurisdictions and foreign countries. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying and use of our products and proprietary information may increase. We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. These agreements may not be effective in controlling access to and distribution of our products and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products. Litigation brought to protect and enforce our intellectual property rights could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. If we fail to secure, protect and enforce our intellectual property rights, we may lose valuable assets, generate reduced revenue and incur costly litigation to protect our rights, which could seriously harm our brand and adversely impact our business.

We may be sued by third parties for alleged infringement of their proprietary rights or may find it necessary to enter into licensing arrangements with third parties to settle or forestall such claims, either of which could have a material adverse effect on our operating results and financial condition.

There is considerable patent and other intellectual property development activity in our industry. Our success depends in part upon our not infringing the intellectual property rights of others. However, our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry or, in some cases, our technology or products. From time to time, such third parties may claim that we are infringing their intellectual property rights, and we may actually be found to be infringing such rights. Moreover, we may be subject to claims of infringement with respect to technology that we acquire or license from third parties. The risk that we could be subject to infringement claims is increasing as the number of products and companies competing with our platform grows. Any claims or litigation could require the commitment of substantial time and resources and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty or licensing payments, indemnify our clients, distributors or other third parties, modify or discontinue the sale of our products, or refund fees, any of which would deplete our resources and adversely impact our business. We have in the past obtained, and may in the future obtain, licenses from third parties to forestall or settle potential claims that our products and technology infringe the intellectual property rights of others. Discussions and negotiations with such third parties, whether successful or unsuccessful, could result in substantial costs and the diversion of management resources, either of which could seriously harm our business.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Our agreements with clients and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons, or other liabilities relating to or arising from our products, services or other contractual obligations. The term of these indemnity provisions generally survives termination or expiration of the applicable agreement. Large indemnity payments could harm our business, operating results and financial condition. From time to time, we are requested by clients to indemnify them for breach of confidentiality with respect to personal data. Although we normally do not agree to, or contractually limit our liability with respect to, such requests, the existence of such a dispute with a client may have adverse effects on our client relationships and reputation.

We use open source software in our products, which could subject us to litigation or other actions.

We use open source software in our products and may use more open source software in the future. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their products. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our products. In addition, if we were to combine our proprietary software products with open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary software products. If we inappropriately use open source software, we may be required to re-engineer our products, discontinue the sale of our products or take other remedial actions.

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

Our products are subject to export controls, including the Commerce Department's Export Administration Regulations and various economic and trade sanctions regulations established by the Treasury Department's Office of Foreign Assets Controls, and exports of our products must be made in compliance with these laws. If we fail to comply with these U.S. export control laws and import laws, including U.S. Customs regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export or import privileges; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers. In addition, if our distributors fail to obtain appropriate import, export or re-export licenses or authorizations, we may also be adversely affected through reputational harm and penalties. Obtaining the necessary authorizations, including any required license, for a particular sale may be time-consuming and is not guaranteed, and may result in the delay or loss of sales opportunities. Furthermore, the U.S. export control laws and economic sanctions laws prohibit the shipment of certain products and services to U.S. embargoed or sanctioned countries, governments and persons. Even though we take precautions to prevent our products from being shipped or provided to U.S. sanctions targets, our products and services could be shipped to those targets or provided by our distributors despite such precautions. Any such shipment could have negative consequences, including government investigations, penalties and reputational harm. In addition, various countries regulate the import of certain encryption technology, including through import permitting or licensing requirements, and have enacted laws that could limit our ability to distribute our products or could limit our clients' ability to implement our products in those countries.

Changes to our products or changes in export and import regulations may create delays in the introduction and sale of our products in international markets, prevent our clients with international operations from deploying our products or, in some cases, prevent the export or import of our products to certain countries, governments or persons altogether. Any change in export or import regulations, economic sanctions or related laws, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our products, or in our decreased ability to export or sell our products to existing or potential clients with international operations. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, financial condition and operating results.

We rely on implementation partners to deliver professional services to our clients, and if these implementation partners fail to deliver these professional services effectively, or if we are unable to incentivize new partners to service our customers, our operating results will be harmed.

We rely on various partners to assist us in the successful implementation of our products and to optimize our clients' use of our products during the terms of their engagements. We provide our implementation partners with specific training and programs to assist them in servicing our clients, but there can be no assurance that these steps will be utilized or effective. If these partners fail to deliver these services to our customers in an effective and timely manner, we may suffer reputational harm and our results of operations may be adversely impacted. We also may not be able to incentivize new partners to service our customers. If we are unable to maintain our existing relationships or enter into new ones, we would have to devote substantially more resources to delivering our professional services. If we fail to effectively manage our implementation partners, our ability to sell our products and subscriptions and our operating results will be harmed.

Our investment portfolio is subject to general credit, liquidity, counterparty, market and interest rate risks, any of which could impair the market value of our investments and harm our financial results.

At December 31, 2017 , we had $393.6 million in cash and cash equivalents and $263.5 million in short-term and long-term investments in marketable securities, consisting of corporate bonds, money market funds backed by United States Treasury Bills, U.S. treasury securities and agency securities. Although we follow an established investment policy and set of guidelines to manage our investment portfolio, our investments are subject to general credit, liquidity, counterparty, market and interest rate risks, which have been exacerbated by the recent financial and credit crisis, rising bankruptcy filings in the United States and the ongoing debt-ceiling debate.

Because the market value of fixed-rate debt securities may be adversely impacted by a rise in interest rates, our future investment income may fall short of expectations if interest rates rise. In addition, we may suffer losses if we are forced to sell securities that have experienced a decline in market value because of changes in interest rates. Currently, we do not use financial derivatives to hedge our interest rate exposure.

The fair value of our investments may change significantly due to events and conditions in the credit and capital markets. Any investment securities that we hold, or the issuers of such securities, could be subject to review for possible downgrade. Any downgrade in these credit ratings may result in an additional decline in the estimated fair value of our investments. Changes in the various assumptions used to value these securities and any increase in the perceived market risk associated with such investments may also result in a decline in estimated fair value.

In the event of adverse conditions in the credit and capital markets, and to the extent we make future investments, our investment portfolio may be impacted, and we could determine that some or all of our investments experienced an other-than-temporary decline in fair value, requiring impairment, which could adversely impact our financial position and operating results.

We may invest in companies for strategic reasons and may not realize a return on our investments .

In November 2013, we launched a strategic initiative created to invest in, advise and collaborate with promising cloud startups building innovative business applications that support the continued expansion of our market reach. We have made, and from time to time may continue to make, strategic investments in privately-held companies. The privately-held companies in which we may invest are considered inherently risky. The technologies and products these companies have under development are typically in the early stages and may never materialize, which could result in a loss of all or a substantial part of our initial investment in these companies. The evaluation of privately-held companies is based on information that we request from these companies, which is not subject to the same disclosure regulations as U.S. publicly traded companies, and as such, the basis for these evaluations is subject to the timing and accuracy of the data received from these companies.

Risks Related to Tax Issues

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

As a multinational organization, we are subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on our liquidity and operating results. In addition, the authorities in these jurisdictions could review our tax returns and impose additional tax, interest and penalties, and the authorities could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could have a material impact on us and our operating results. If we are selected for future examinations that uncover incorrect tax positions, we could be subject to additional taxes, interest and penalties.

Taxing authorities could reallocate our taxable income among our subsidiaries, which could increase our consolidated tax liability.

We conduct operations worldwide through subsidiaries in various tax jurisdictions pursuant to transfer pricing arrangements between our subsidiaries. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arms' length and that contemporaneous documentation is maintained to support the transfer prices. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, our transfer pricing procedures are not binding on applicable tax authorities. If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices, which could result in a higher tax liability to us. In addition, if the country from which the income is reallocated does not agree with the reallocation, both countries could tax the same income, resulting in double taxation. If tax authorities were to allocate income to a higher tax jurisdiction, subject our income to double taxation or assess interest and penalties, it would increase our consolidated tax liability, which could adversely affect our financial condition, operating results and cash flows.

The recently passed comprehensive tax reform bill could adversely affect our business and financial condition.

On December 22, 2017, new legislation was enacted that significantly revises the Internal Revenue Code of 1986, as amended. The newly enacted federal income tax law, among other things, contains significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses), limitations on the deductibility of executive compensation, limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the new federal tax law is uncertain and our business and financial condition could be adversely affected. In addition, it is uncertain if and to what extent various states will conform to the newly enacted federal tax law. The Act's new international rules, including the Global Intangible Low-Taxed Income, the Foreign Derived Intangible Income and the Base Erosion Anti-Avoidance Tax, are highly complex and may affect our financial condition as additional interpretive guidance is issued. The impact of this tax reform on holders of our common stock is also uncertain and could be adverse. We urge our stockholders to consult with their legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our common stock.

Our ability to use net operating loss carryforwards to reduce future tax payments may be subject to limitations.

We have federal and state net operating loss carryforwards that will begin to expire, if not utilized. These net operating loss carryforwards could expire unused and be unavailable to offset future income tax liabilities. Under the newly enacted federal income tax law, federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such federal net operating losses may be limited. It is uncertain if and to what extent various states will conform to the newly enacted federal tax law. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change" (generally defined as a greater than 50% change (by value) in its equity ownership over a three year period), the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes (such as research tax credits) to offset its post-change income may be limited. We may experience ownership changes in the future and subsequent shifts in our stock ownership. As a result, we may be limited in the

portion of net operating loss carryforwards that we can use in the future to offset taxable income for U.S. Federal income tax purposes.

Risks Related to Ownership of Our Common Stock

The trading price of our common stock may be volatile.

The trading price of our common stock has at times been volatile and could continue to be subject to significant fluctuations in response to various factors, some of which are beyond our control. In addition, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies operating in such markets. The market price of our common stock may be similarly volatile, and investors in our common stock may experience a decrease in the value of their shares, including as a result of factors unrelated to our operating performance and prospects. The market price of our common stock could be subject to wide fluctuations in response to a number of factors, including:

- our operating performance and the performance of other similar companies;
- the financial or non-financial metric projections we provide to the public, including the failure of the projections to meet the expectations of securities analysts or investors, and any changes in these projections or our failure to meet or exceed these projections;
- the overall performance of the equity markets;
- developments with respect to intellectual property rights;
- publication of unfavorable research reports about us or our industry or withdrawal of research coverage by securities analysts;
- speculation in the press or investment community;
- the size of our public float;
- natural disasters or terrorist acts;
- announcements by us or our competitors of significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments; and
- global economic, legal and regulatory factors unrelated to our performance.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been initiated against these companies. This litigation, if initiated against us, could result in substantial costs and a diversion of our management's attention and resources.

If securities or industry analysts do not publish research or publish misleading or unfavorable research about our business, the market price of our common stock and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us, our business or our market. If one or more of the analysts who cover us downgrade our common stock or publish incorrect or unfavorable research about our business, the market price of our common stock would likely decline. In addition, if one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our common stock could decrease, which could cause the market price of our stock or trading volume to decline.

The issuance of additional stock in connection with acquisitions, our stock incentive plans or otherwise will dilute all other stockholdings.

Our certificate of incorporation authorizes us to issue up to 1,000,000,000 shares of common stock and up to 50,000,000 shares of preferred stock with such rights and preferences as may be determined by our board of directors. Subject to compliance with applicable rules and regulations, we may issue all of these shares that are not already outstanding without any action or approval by our stockholders. We intend to continue to evaluate strategic acquisitions in the future. We may pay for such acquisitions, partly or in full, through the issuance of additional equity. Any issuance of shares in connection with our acquisitions, the exercise of stock options, the vesting of restricted stock units or otherwise would dilute the percentage ownership held by existing investors.

We cannot guarantee that our recently announced share repurchase program will be fully consummated or that it will enhance shareholder value, and share repurchases could affect the trading price of our common stock.

In November 2017, our board of directors authorized a $100.0 million share repurchase program. Although our board of directors has authorized a share repurchase program, the share repurchase program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. The share repurchase program could affect the price of our common stock, increase volatility and diminish our cash reserves. In addition, it may be suspended or terminated at any time, which may result in a decrease in the price of our common stock.

Conversion of our convertible notes may dilute the ownership interest of existing stockholders, including holders who had previously converted their notes, or may otherwise depress the price of our common stock.

The conversion of some or all of our convertible notes due 2021 and the conversion of all or some of our convertible notes due 2018, to the extent we deliver shares upon conversion of the 2018 notes. will dilute the ownership interests of existing stockholders. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could be used to satisfy short positions, or anticipated conversion of the notes into shares of our common stock could depress the price of our common stock.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors may need to sell all or part of their holdings of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

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

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

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

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

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

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

Item 1B. ***Unresolved Staff Comments***

Not applicable.

Item 2. ***Properties***

Our principal offices are located in Santa Monica, California, where we occupy approximately 108,000 square feet of office space under operating leases that expire in January 2019. We have additional established offices in Amsterdam, Netherlands; Auckland, New Zealand; Bangalore, India; Düsseldorf, Germany; Hong Kong; London, United Kingdom; Madrid, Spain; Mumbai, India; Munich, Germany; New Delhi, India; Paris, France; São Paulo, Brazil; Stockholm, Sweden; Sunnyvale, United States; Sydney, Australia; Tel Aviv, Israel; and Tokyo, Japan to support our international operations. We believe that our facilities are adequate for our current needs and that suitable additional or substitute space will be available as needed to accommodate planned expansion of our operations.

Item 3. ***Legal Proceedings***

From time to time, we are involved in a variety of claims, suits, investigations and proceedings arising from the ordinary course of our business, including actions with respect to intellectual property claims, breach of contract and tort claims, labor and employment claims, tax and other matters. Although claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, we believe that the resolution of our current pending matters will not have a material adverse effect on our business, consolidated financial position, results of operations or cash flow. Regardless of the outcome, litigation can have an adverse impact on us because of defense costs, diversion of management resources and other factors. In addition, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially and adversely affect our financial position, results of operations or cash flows in a particular period.

Item 4. ***Mine Safety Disclosure***

Not applicable.

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

Market for Our Common Stock and Related Stockholder Matters

Our common stock has been traded on the Nasdaq Global Select Market under the symbol "CSOD" since March 17, 2011. Prior to that time, there was no public market for our common stock. The following table sets forth for the periods indicated the high and low closing sale prices for our common stock as reported on the Nasdaq Global Select Market.

	Fiscal 2017		Fiscal 2016	
	High	Low	High	Low
First quarter	$ 43.75	$ 38.36	$ 34.15	$ 24.38
Second quarter	39.51	35.31	43.08	32.92
Third quarter	41.14	33.82	47.17	37.88
Fourth quarter	40.90	34.17	45.88	31.55

Holders of Record

As of January 31, 2018 there were 19 holders of record of our common stock. Because many of our shares of common stock are held of record by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by such record holders.

Dividend Policy

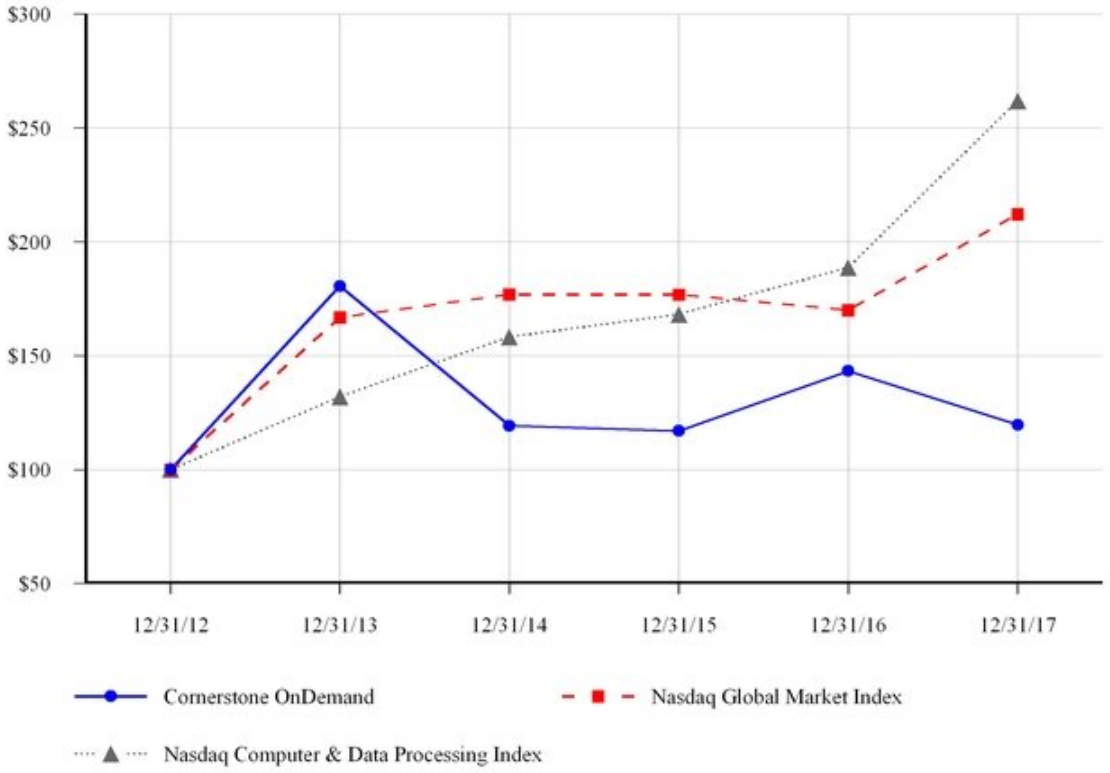
We have never declared or paid, and do not anticipate declaring or paying, any cash dividends on our common stock. Any future determination as to the declaration and payment of dividends will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial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

STOCK PRICE PERFORMANCE GRAPH

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

The following graph compares (i) the cumulative total stockholder return on our common stock from December 31, 2012 through December 31, 2017 with (ii) the cumulative total return of the Nasdaq Global Market Index and (iii) the Nasdaq Computer & Data Processing Index over the same period, assuming the investment of $100 in our common stock and in both of the other indices on December 31, 2012 and the reinvestment of all dividends. As discussed above, we have never declared or paid a cash dividend on our common stock and do not anticipate declaring or paying a cash dividend in the foreseeable future.

COMPARISON OF CUMULATIVE TOTAL RETURN OF CORNERSTONE ONDEMAND



	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Cornerstone OnDemand	$ 100.00	$ 180.53	$ 119.20	$ 116.93	$ 143.28	$ 119.64
Nasdaq Global Market Index	$ 100.00	$ 166.85	$ 176.88	$ 176.86	$ 170.04	$ 212.17
Nasdaq Computer & Data Processing Index	$ 100.00	$ 131.95	$ 158.17	$ 168.05	$ 188.67	$ 261.81

The comparisons shown in the graph and table above are based upon historical data. We caution that the stock price performance shown in the graph above is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock. See the disclosure in Part I, Item 1A. “Risk Factors.”

Equity Compensation Plan Information

The information required by this item will be included in our Proxy Statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2017 , and is incorporated herein by reference.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The following table summarizes stock repurchases during the year ended December 31, 2017 (in thousands, expect per share amounts):

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan or Programs (1)
November 2017	100	$ 36.46	100	$ 96,370
December 2017	536	$ 35.38	536	$ 77,400
	636	$ 35.55	636	

(1) In November 2017, our board of directors authorized a $100.0 million share repurchase program of our common stock. We may repurchase our common stock for cash in the open market in accordance with applicable securities laws. The timing and amount of any stock repurchase will depend on share price, corporate and regulatory requirements, economic and market conditions, and other factors. The stock repurchase authorization will expire in November 2019 and shares repurchased will be immediately retired.

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

The statements of operations data for the three years ended December 31, 2017 , 2016 and 2015 and the balance sheet data at December 31, 2017 and 2016 , respectively, are derived from, and qualified by reference to, our audited financial statements included elsewhere in this Annual Report on Form 10-K. The statements of operations data for the two years ended December 31, 2014 and 2013 and the balance sheet data at December 31, 2015, 2014 and 2013, respectively, are derived from our audited financial statements not included in this Annual Report on Form 10-K.

The selected consolidated financial data below are not necessarily indicative of future performance and should be read in conjunction with Item 7, " *Management's Discussion and Analysis of Financial Condition and Results of Operations* " and the consolidated financial statements and related notes thereto included in Item 8 of this Annual Report on Form 10-K.

	Years Ended December 31,				
	2017	2016	2015	2014	2013
	(in thousands)				
Consolidated statements of operations data:					
Revenue	$ 481,985	$ 423,124	$ 339,651	$ 263,568	$ 185,129
Cost of revenue	142,867	135,752	109,864	77,684	53,548
Gross profit	339,118	287,372	229,787	185,884	131,581
Operating expenses:					
Sales and marketing	240,271	225,631	207,026	162,552	109,737
Research and development	61,975	46,977	40,991	30,618	21,260
General and administrative	84,589	70,956	49,877	41,802	33,572
Restructuring	1,539	—	—	—	—
Amortization of certain acquired intangible assets	—	150	600	828	1,004
Total operating expenses	388,374	343,714	298,494	235,800	165,573
Loss from operations	(49,256)	(56,342)	(68,707)	(49,916)	(33,992)
Other income (expense):					
Interest income (expense) and other income (expense), net	(10,333)	(9,288)	(15,628)	(14,128)	(6,562)
Loss before provision for income taxes	(59,589)	(65,630)	(84,335)	(64,044)	(40,554)
Income tax (provision) benefit	(1,746)	(1,207)	(1,181)	(855)	128
Net loss	$ (61,335)	$ (66,837)	$ (85,516)	$ (64,899)	$ (40,426)
Net loss per share, basic and diluted	$ (1.07)	$ (1.20)	$ (1.58)	$ (1.22)	$ (0.79)
Weighted average common shares outstanding, basic and diluted	57,262	55,595	54,171	53,267	51,427

	At December 31,				
	2017	2016	2015	2014	2013
	(in thousands)				
Consolidated balance sheet data:					
Cash and cash equivalents	$ 393,576	$ 83,300	$ 107,691	$ 166,557	$ 109,583
Short-term and long-term investments	266,500	259,837	201,088	170,044	199,925
Property and equipment, net	20,817	23,962	27,021	21,424	14,436
Working capital, excluding deferred revenue, current portion [1]	449,874	419,408	334,664	356,553	369,499
Total assets	967,190	623,629	561,545	505,655	451,355
Deferred revenue, current and non-current portion	326,163	282,332	252,139	191,336	138,822
Debt, current portion and non-current portion	533,193	238,432	232,583	225,445	218,876
Capital lease obligations, current portion and non-current portion	—	—	33	236	1,123
Total stockholders' equity	22,120	26,963	7,822	35,502	52,895

[1] Working capital is defined as total current assets minus total current liabilities.

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

The following discussion of our financial condition and results of operations should be read together with the financial statements and the related notes set forth in Item 8. "Financial Statements and Supplementary Data." The following discussion also contains forward-looking statements that involve a number of risks and uncertainties. See Part I, "Special Note Regarding Forward-Looking Statements" for a discussion of the forward-looking statements contained below and Part I, Item 1A. "Risk Factors" for a discussion of certain risks that could cause our actual results to differ materially from the results anticipated in such forward-looking statements.

Overview

Cornerstone is a leading global provider of learning and human capital management software, delivered as Software-as-a-Service ("SaaS"). We are one of the world's largest cloud computing companies with approximately 35.3 million users across 3,250 clients in 192 countries and 43 different languages. We help organizations around the globe recruit, train and manage their employees.

Following a strategic review process undertaken by our board of directors during 2017, the board determined that the optimal way to maximize shareholder value is to execute a plan to transform our operations and support that plan with a capital infusion and new strategic partnerships. As a result, we entered into an agreement with Silver Lake, one of the world's leading technology private equity investors, and LinkedIn, under which Silver Lake and LinkedIn invested $300.0 million in Cornerstone in the form of convertible senior notes. In November 2017, we announced our strategic plan with the objective of better positioning us for long-term growth and increasing shareholder value. In connection with the plan, we will (i) sharpen our focus on recurring revenue growth; (ii) drive operating margin and free cash flow improvement; (iii) develop new recurring revenue streams, including e-learning content subscriptions; (iv) bolster our leadership team; and (v) strengthen our governance to help us best execute on this strategic transformation.

Our human capital management platform combines the world's leading unified talent management solutions with state-of-the-art analytics and HR administration solutions to enable organizations to manage the entire employee lifecycle. Our focus on continuous learning and development helps organizations to empower employees to realize their potential and drive success.

We work with clients across all geographies, verticals and market segments. Our clients include multi-national corporations, large domestic and foreign-based enterprises, mid-market companies, public sector organizations, healthcare providers, higher education institutions, non-profit organizations and small businesses. We sell our platform domestically and internationally through both direct and indirect channels, including direct sales teams throughout North and South America, Europe and Asia-Pacific and distributor relationships with payroll companies, human resource consultancies and global system integrators.

Our enterprise human capital management platform is composed of four product suites:

- Our Recruiting suite helps organizations to source and attract candidates, assess and select applicants, onboard new hires and manage the entire recruiting process;
- Our Learning suite enables clients to manage training and development programs, knowledge sharing and collaboration among employees, track compliance requirements and support career development for employees. Our content offering delivers fresh, modern content, fueling employee curiosity and inspiring growth;
- Our Performance suite provides tools to manage goal setting, performance reviews, competency assessments, development plans, continuous feedback, compensation management and succession planning; and
- Our HR Administration suite supports employee records administration, organizational management, employee and manager self-service, workforce planning and compliance reporting.

Our clients can supplement the product suites with our state-of-the-art analytics capabilities to make more-informed decisions using data from across the platform for talent mobility, engagement and development so that HR and leadership can focus on strategic initiatives to help their organization succeed.

In addition to our enterprise human capital management platform, we offer Cornerstone PiiQ, formerly known as Cornerstone Growth Edition, which is a cloud-based talent management solution with performance and learning products targeted to organizations with 500 or fewer employees. We currently do not include the number of clients and users of our Cornerstone for Salesforce and Cornerstone PiiQ products in our client and user count metrics as they are not significant and we believe the client and user count metrics for our human capital management platform give a better indication of our overall performance.

Our Client Success team supports our clients' ongoing optimization of their talent processes and use of our platform. In addition, our Cornerstone Edge solutions allow our clients and partners to more easily integrate with a growing marketplace of service providers. After the initial purchase of our platform, we continue to market and sell to our existing clients, who may renew their subscriptions, add additional products, broaden the deployment of the platform across their organizations and increase usage of the platform over time.

We generate most of our revenue from the sale of our products pursuant to multi-year client agreements. Client agreements for our human capital management platform typically have terms of three years. Our sales processes are typically competitive, and sales cycles generally vary in duration from two to nine months depending on the size of the potential client. We generally price our human capital management platform based on the number of products purchased and the permitted number of users with access to each product.

We sell our products through our direct sales teams and, to a lesser extent, indirectly through our distributors. We intend to continue to invest in our direct sales and distribution activities to address our market opportunity.

We generally recognize revenue from subscriptions ratably over the term of the client agreement and revenue from professional services as the services are performed. In certain instances, our clients request enhancements to the underlying features and functionality of our human capital management platform, and in these instances, revenue from subscriptions is recognized over the remaining term of the agreement once the additional features are delivered to the client. We generally invoice our clients upfront for annual subscription fees for multi-year subscriptions and upfront for professional services. We record amounts invoiced for annual subscription periods that have not occurred or services that have not been performed as deferred revenue on our balance sheet. With the growth in the number of clients, our revenue grew to $482.0 million for the year ended December 31, 2017 from $423.1 million for the same period in 2016 .

We have historically experienced seasonality in terms of when we enter into client agreements. We usually sign a significantly higher percentage of agreements with new clients, as well as renewal agreements with existing clients, in the fourth quarter of each year. In addition, within a given quarter, we typically sign a large portion of these agreements during the last month, and often the last two weeks, of that quarter. We believe this seasonality is driven by several factors, most notably the tendency of procurement departments at our enterprise clients to purchase technology at the end of a quarter or calendar year, possibly in order to use up their available quarterly or annual funding allocations. As the terms of most of our client agreements are full year increments, agreements initially entered into the fourth quarter or last month of any quarter will generally come up for renewal at that same time in subsequent years. This seasonality is reflected to a much lesser extent, and sometimes is not immediately apparent, in our revenue, due to the fact that we recognize subscription revenue over the term of the client agreement, which is generally three years. In addition, this seasonality is reflected in changes in our deferred revenue balance, which generally is impacted by the timing of when we enter into agreements with new clients, invoice new clients, invoice existing clients for annual subscription periods and recognize revenue. We expect this seasonality to continue, which may cause fluctuations in certain of our operating results and financial metrics, and thus limit our ability to predict future results.

We believe the market for human capital management remains large and underpenetrated, providing us with significant growth opportunities. We expect businesses and other organizations to continue to increase their spending on human capital management platforms in order to maximize the productivity of their employees, manage changing workforce demographics and ensure compliance with global regulatory requirements. Historically, many of these software solutions have been human resource applications running on hardware located on organizations' premises. We have seen many of these organizations increasingly choose SaaS for their human capital management platform and we anticipate that trend will continue.

We have focused on growing our business to pursue what we believe is a significant market opportunity, and we plan to continue to invest in building for growth. As a result, we expect our cost of revenue and operating expenses to increase in future periods. Over time, we expect our sales and marketing expenses to increase, as we continue to expand our direct sales teams, increase our marketing activities and grow our international operations; however, we are focused on optimizing our investment in sales and marketing and expect to obtain operating leverage into future years similar to what we have achieved over the last couple of years. Research and development expenses are expected to increase as we continue to improve the existing functionality for our products. We also believe that we must invest in maintaining a high degree of client service and support that is critical for our continued success. We plan to continue our policy of implementing best practices across our organization, expanding our technical operations and investing in our network infrastructure and service capabilities in order to support continued future growth. While we expect to increase our level of investment in the business, we also expect that these increased levels of spending will drive improved profitability over time, such that we should obtain incremental leverage in categories like general and administrative expenses.

Our operating results have fluctuated in the past and may continue to fluctuate in the future based on a number of factors, many of which are beyond our control, including those described in the " *Risk Factors* " section of this Annual Report on Form 10-K. One or more of these factors may cause our operating results to vary widely. As such, we believe that our results of operations may vary significantly in the future and that period-to-period comparisons of our operating results may not be meaningful and should not be relied upon as an indication of future performance.

Metrics

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

- *Revenue.* We generally recognize subscription revenue over the contract period, and as a result of our revenue recognition policy and the seasonality of when we enter into new client agreements, revenue from client agreements signed in the current period may not be fully reflected in the current period.
- *Subscription revenue.* Revenue as defined above on a recurring basis.
- *Annual recurring revenue.* In order to assess our business performance with a metric that reflects a subscription-based business model, we track annual recurring revenue, which is a non-GAAP financial measure we define as the annualized recurring value of all active contracts at the end of a reporting period.
- *Billings* . Under our revenue recognition policy, we generally recognize subscription revenue from our client agreements ratably over the terms of those agreements. For this reason, the major portion of our revenue for a period will be from client agreements signed in prior periods rather than from new business activity during the current period. In order to assess our business performance with a metric that more fully reflects current period business activity, we track billings, which is a non-GAAP financial measure we define as the sum of revenue and the change in the deferred revenue balance for the period. We include changes in the deferred revenue balance to calculate billings so it better reflects new business activity in the period as evidenced by payments under our billing policies arising from the acquisition of new clients, sales of additional products to existing clients, the addition of incremental users by existing clients and client renewals. Beginning in the first quarter of 2018, due to the implementation of our renewed strategic plan and specifically the migration of professional services to our partners, we will no longer consider billings a key metric and will stop reporting on it. Factors that may cause our billings results to vary from period to period include the following:
    - *Billings terms.* Any changes in those billing terms may shift billings between periods.
    - *Seasonality* . Due to the seasonality of our sales, billings growth is inconsistent from quarter to quarter throughout a calendar year.
    - *Foreign currency exchange rates.* While most of our billings have historically been in U.S. Dollars, an increasing percentage of our billings in recent periods has been in foreign currencies, particularly the British Pound.

  For a reconciliation of billings to revenue, please see " *Results of Operations – Revenue and Metrics* ."
- *Unlevered Free cash flow.* We define unlevered free cash flow, a non-GAAP financial measure, as cash provided by operating activities minus capital expenditures and capitalized software costs plus cash paid for interest. We present this metric because it is a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic opportunities, including investing in our business and strengthening our balance sheet.
- *Annual dollar retention rate* . We define annual dollar retention rate as the implied monthly recurring revenue under client agreements at the end of a fiscal year, divided by the implied monthly recurring revenue, for that same client base, at the beginning of the fiscal year and includes incremental sales up to but not exceeding the original renewal amount to the existing client base. This ratio does not reflect implied monthly recurring revenue for new clients added between the end of the prior fiscal year and the end of the current fiscal year. We define implied monthly recurring revenue as the total amount of minimum recurring revenue to which we have a contractual right under each of our client agreements over the entire term of the agreement, but excluding non-recurring support, consulting and maintenance fees, divided by the number of months in the term of the agreement. Implied monthly recurring revenue is substantially comprised of subscriptions to our enterprise human capital management platform. This ratio excludes the implied monthly recurring revenue from clients of our Cornerstone for Salesforce and Cornerstone PiiQ products. We believe that our annual dollar retention rate is an important metric to measure the long-term value of client agreements and our ability to retain our clients.

- *Constant currency results* . We present constant currency information, a non-GAAP financial measure, to provide a framework for assessing how our underlying business performed excluding the effect of foreign currency fluctuations. Due to our legal and operating structure, our international revenues are favorably impacted as the U.S. Dollar weakens relative to the British pound, and unfavorably impacted as the U.S. Dollar strengthens relative to the British pound. We believe the presentation of results on a constant currency basis in addition to reported results helps improve the ability to understand our performance because they exclude the effects of foreign currency volatility that are not indicative of our core operating results. To present this information, current period results for entities reporting in British pounds are translated into U.S. Dollars at the prior period exchange rates as opposed to the actual exchange rates in effect for the current period. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not a measure of performance presented in accordance with GAAP.
- *Number of clients* . We believe that our ability to expand our client base is an indicator of our market penetration and the growth of our business as we continue to invest in our direct sales teams and distributors. Our client count includes contracted clients for our enterprise human capital management platform as of the end of the period and excludes clients of our Cornerstone for Salesforce and Cornerstone PiiQ products.
- *Number of users.* Since our clients generally pay fees based on the number of users of our products within their organizations, we believe the total number of users is an indicator of the growth of our business. Our user count includes active users for our enterprise human capital management platform and excludes users of our Cornerstone for Salesforce and Cornerstone PiiQ products.

Key Components of Our Results of Operations

Sources of Revenue and Revenue Recognition

Our platform is designed to enable organizations to meet the challenges they face in maximizing the productivity of their human capital. We generate revenue from the following sources:

- *Subscriptions to Our Products and Other Offerings on a Recurring Basis.* Clients pay subscription fees for access to our enterprise human capital management platform, other products and support on a recurring basis. Fees are based on a number of factors, including the number of products purchased, which may include e-learning content, and the number of users having access to a product. We generally recognize revenue from subscriptions ratably over the term of the agreements.
- *Professional Services and Other.* We offer our clients assistance in implementing our products and optimizing their use. Professional services include application configuration, system integration, business process re-engineering, change management and training services. Services are generally billed on a fixed-fee basis and to a lesser degree on a time-and-material basis. These services are generally purchased as part of a subscription arrangement and are typically performed within the first several months of the arrangement. Clients may also purchase professional services at any other time. We generally recognize revenue from fixed fee professional services using the proportional performance method over the period the services are performed and as time is incurred for time-and-material arrangements.

Our client agreements generally include both subscription to access our products and related professional services. Our agreements generally do not contain any cancellation or refund provisions other than in the event of our default.

Cost of Revenue

Cost of revenue consists primarily of costs related to hosting our products; personnel and related expenses, including stock-based compensation, for network infrastructure, IT support, delivery of contracted professional services and on-going client support; payments to external service providers contracted to perform implementation services; depreciation of data centers; amortization of capitalized software costs; amortization of developed technology and software license rights; content and licensing fees; and referral fees. In addition, we allocate a portion of overhead, such as rent, IT costs, depreciation and amortization and employee benefits costs, to cost of revenue based on headcount. The costs associated with providing professional services are significantly higher, as a percentage of revenue, than the costs associated with providing access to our products due to the labor costs to provide the consulting services. We expect gross margin to increase over time as we optimize the efficiency of our operations and continue to scale our business.

Operating Expenses

Our operating expenses are as follows:

- *Sales and Marketing.* Sales and marketing expenses consist primarily of personnel and related expenses for our sales and marketing staff, including salaries, benefits, bonuses, stock-based compensation and commissions; costs of marketing and promotional events, corporate communications, online marketing, product marketing and other brand-building activities; and allocated overhead.

  We intend to continue to invest in sales and marketing strategically to expand our business both domestically and internationally. We expect over time sales and marketing expenses, as a percentage of revenue, to decrease.
- *Research and Development.* Research and development expenses consist primarily of personnel and related expenses for our research and development staff, including salaries, benefits, bonuses and stock-based compensation; the cost of certain third-party service providers; and allocated overhead. Research and development costs, other than software development costs qualifying for capitalization, are expensed as incurred.

  We have focused our research and development efforts on continuously improving our products. We believe that our research and development activities are efficient because we benefit from maintaining a single software code base for each of our products. We expect research and development expenses to increase proportionately with our business.
- *General and Administrative.* General and administrative expenses consist primarily of personnel and related expenses for administrative, legal, finance and human resource staff, including salaries, benefits, bonuses and stock-based compensation; professional fees; insurance premiums; other corporate expenses; and allocated overhead. We expect our general and administrative expenses to increase in absolute dollars but decrease as a percentage of revenue.
- *Restructuring.* Restructuring consists of payroll-related costs, such as severance, outplacement costs and continuing healthcare coverage, associated with employee terminations.
- *Amortization of Certain Acquired Intangible Assets.* Amortization of certain acquired intangible assets consists of amortization of acquisition-related intangibles for customer relationships.

Other Income (Expense)

- *Interest Income* . Interest income consists primarily of interest income from investment securities partially offset by amortization of investment premiums. We expect interest income to vary depending on the level of our investments in marketable securities, which include corporate bonds, agency bonds, U.S. treasury securities and commercial paper.
- *Interest Expense.* Interest expense consists primarily of interest expense from our convertible notes, accretion of debt discount and amortization of debt issuance costs.
- *Other, Net.* Other, net consists of income and expense associated with fluctuations in foreign currency exchange rates, fair value adjustments to strategic investments and other non-operating expenses. We expect other income (expense) to vary depending on the movement in foreign currency exchange rates and the related impact on our foreign exchange gain (loss).

Income Tax (Provision) Benefit

The income tax provision is related to foreign income, state income and withholding taxes. Given our historical losses, we have not recorded a provision, except for state minimum taxes and withholding taxes, for United States, United Kingdom, New Zealand, Hong Kong and Brazil income taxes as we have recorded a full valuation allowance against the net deferred tax assets for each of these countries. Other foreign subsidiaries and branches provide intercompany services and are compensated on a cost-plus basis, and therefore, have incurred liabilities for foreign income taxes in their respective jurisdictions.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, provision for income taxes and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Changes in accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. We evaluate our estimates and assumptions on an

ongoing basis. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We believe that the following critical accounting policies involve a greater degree of judgment or complexity than our other accounting policies. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition and Deferred Revenue

We recognize revenue when: (i) persuasive evidence of an arrangement for the sale of our products or professional services exists, (ii) our products have been made available or delivered, or our services have been performed, (iii) the sales price is fixed or determinable and (iv) collectability is reasonably assured. The timing and amount we recognize as revenue is determined based on the facts and circumstances of each client arrangement. Evidence of an arrangement consists of a signed client agreement. We consider that delivery of our software has commenced once we provide the client with log-in information to access and use our products. If non-standard acceptance periods or non-standard performance criteria exist, revenue recognition commences upon the satisfaction of the acceptance or performance criteria, as applicable. Our fees are fixed based on stated rates specified in each client agreement. We assess collectability based in part on an analysis of the creditworthiness of each client, as well as other relevant economic or financial factors. If we do not consider collection reasonably assured, we defer the revenue until the fees are actually collected. We record amounts that have been invoiced to our clients in accounts receivable and as either deferred revenue on our balance sheet or revenue on our statement of operations, depending on whether the revenue recognition criteria have been met.

The majority of our client arrangements include multiple deliverables, such as subscriptions to our products accompanied by professional services. Therefore, we recognize revenue in accordance with the guidance for arrangements with multiple deliverables under Accounting Standards Update 2009-13 " *Revenue Recognition (Topic 605)—Multiple-Deliverable Revenue Arrangements—a Consensus of the Emerging Issues Task Force* ," or ASU 2009-13. As our clients do not have the right to the underlying software code of our products, our revenue arrangements are outside the scope of software revenue recognition guidance.

For such arrangements, we first assess whether each deliverable has value to the client on a standalone basis. Our products have standalone value because once we give a client access, they are fully functional and do not require any additional development, modification or customization. Our professional services have standalone value because third-party service providers, distributors or our clients themselves can perform these services without our involvement. The professional services we provide are to assist clients with the configuration and integration of our products. The performance of these services does not require highly specialized individuals.

Based on the standalone value of our deliverables, and since clients generally do not have a right of return with respect to the included professional services, we allocate revenue among the separate deliverables under the relative selling price method using the selling price hierarchy established in ASU 2009-13. This hierarchy requires the selling price of each deliverable in a multiple deliverables arrangement to be based on, in descending order of preference, (i) vendor-specific objective evidence of fair value, or VSOE, (ii) third-party evidence of fair value, or TPE, or (iii) management's best estimate of the selling price, or BESP.

We are not generally able to determine VSOE or TPE for our deliverables because we sell them separately and within a sufficiently narrow price range only infrequently, and because we have determined that there are no third-party offerings reasonably comparable to our products. Accordingly, we determine the selling prices of subscriptions to our products, professional services and e-learning content based on BESP. In determining BESP for subscriptions to our products, we consider the size of client arrangements, as measured by number of users; whether the sales are made by our direct sales team or distributors; and whether the sales are to a domestic or an international client. We group sales of our products into multiple categories based on these criteria. We then compute an average selling price for each group. This average selling price represents our BESP for that type of client arrangement. For professional services, we analyze both bundled arrangements that include subscriptions to our products and professional services, as well as standalone purchases of different types of professional services made subsequent to the original subscription. For these professional services arrangements, we then examine the actual rate per hour we charge or, for fixed fee arrangements, the implied average rate per hour based on the fixed fee divided by the estimated hours to complete the service. The BESP is then the product of this average rate per hour and our estimate of the hours needed to complete the services. The amount we allocate to professional services generally does not exceed its contractual value, as the revenue for subscription to our products is delivered over a longer period of time and represents contingent consideration. This can result in higher allocations of the contractual value to subscriptions to our products over and above the relative fair value allocation based on this limitation. For e-learning content, we estimate BESP by reviewing fees for content in order to establish an average

annual fee per user that reflects the cost we incur to acquire the related content from third-party providers. Additionally, we estimate BESP by reviewing fees for content-hosting by reviewing the selling price of gigabytes sold in order to establish a fee on a per user or bandwidth basis.

The determination of BESP for our deliverables as described above requires us to make significant estimates and judgments, including the comparability of different subscription arrangements and professional services and estimates of the hours required to complete various types of services. In addition, we consider other factors including:

- *Nature of the deliverables.* For example, in categorizing our subscriptions into meaningful groupings for determining BESP, we consider the number and type of products the client purchased. For professional services, we consider the type of professional service and the estimated hours required to complete the service or average selling price for fixed fee services based on our historical experience.
- *Location of our clients.* Our pricing is different for domestic and international clients, and therefore in determining BESP of subscriptions to our products, we evaluate domestic arrangements separately from international arrangements.
- *Market conditions and competitive landscape for the sale.* Our pricing and discounting varies based on the economic environment and competition. We consider these factors in determining the grouping of comparable services and the periods over which we compare arrangements to compute the BESP.
- *Internal costs.* Our pricing for professional services and e-learning content considers our internal costs to provide the professional services and the third-party purchase costs of e-learning content.
- *Size of the arrangement.* Discounting generally increases as the relative size of an arrangement increases, and we take this into consideration in the grouping of our clients to determine BESP. Our discounting for multiple-deliverable arrangements varies based on the extent and type of the professional services and content included with the subscriptions in the arrangement.

We update our estimates of BESP on an ongoing basis through internal periodic reviews and as events and circumstances require, and we update our determination to use BESP on a periodic basis, including assessing whether we can determine VSOE or TPE.

After we determine the fair value of revenue allocable to each deliverable based on the relative selling price method, we recognize the revenue for each based on the type of deliverable. For subscriptions to our products, we recognize the revenue on a straight-line basis over the term of the client agreement, which is typically three years. For professional services, we generally recognize revenue using the proportional performance method over the period the services are performed.

In a limited number of cases, the client's intended use of a product requires enhancements to its underlying features and functionality. In some of these cases, revenue is recognized as one unit of accounting on a straight-line basis from the point at which the enhancements have been made to the product through the remaining term of the agreement. In other cases where the enhancement is not required for the client's intended use, revenue is recognized separately for the enhancement and the product. The enhancement revenue is recognized based on the allocated value on a straight-line basis once the enhancement has been made to the product.

For arrangements in which we resell third-party e-learning content to our clients or host client or third-party e-learning content provided by the client, we recognize revenue in accordance with accounting guidance as to when to report gross revenue as a principal and when to report net revenue as an agent. We recognize e-learning content revenue in the gross amount that we invoice our client when: (i) we are the primary obligor, (ii) we have latitude to establish the price charged and (iii) we bear the credit risk in the transaction. For arrangements involving our sale of e-learning content, we charge our clients for the content based on pay-per-use or a fixed rate for a specified number of users and recognize the gross amount invoiced as revenue as the content is delivered. For arrangements where clients purchase e-learning content directly from a third-party, or provide it themselves, and we integrate the content into our products, we charge a hosting fee. In such cases, we recognize the amount invoiced for hosting as the content is delivered, excluding any portion we invoice that is attributable to fees the third-party charges for the content.

Commission Expense

We defer commissions paid to our sales force because these amounts are recoverable from future revenue due to the non-cancelable client agreements that give rise to the commissions. We defer expense recognition upon payment and amortize expense to sales and marketing expenses over the term of the client agreement in proportion to the revenue that is recognized. Commissions are direct and incremental costs of our client agreements and we generally commence payment of commissions within 45 to 75 days after the execution of client agreements.

Stock-based Compensation

We account for stock-based awards granted to employees and directors by recording compensation expense based on the awards' estimated fair values. We grant stock options and restricted stock units that vest over time based on the continuing employment of the employee, as well as restricted stock units that vest based on meeting certain performance targets. We expect that our expense related to stock-based compensation will increase over time.

We estimate the fair value of our restricted stock units based on the closing price of our common stock as of the date of grant. We estimate the fair value of our stock options as of the date of grant using the Black-Scholes option-pricing model. Determining the fair value of stock options under this model requires judgment, including estimating (i) the value per share of our common stock, (ii) volatility, (iii) the term of the awards, (iv) the dividend yield and (v) the risk-free interest rate. The assumptions used in calculating the fair value of stock-based awards represent our best estimates, based on management's judgment and subjective future expectations. These estimates involve inherent uncertainties. If any of the assumptions used in the model change significantly, stock-based compensation recorded for future awards may differ materially from that recorded for awards granted previously.

Beginning in 2017, we began estimating expected volatility based solely on our historical volatility as a public company. In previous years, we estimated this using the average volatility of similar publicly traded companies as sufficient trading history of our stock was not available. For purposes of determining the expected term of the awards in the absence of sufficient historical data relating to stock option exercises for our company, we apply a simplified approach in which the expected term of an award is presumed to be the mid-point between the vesting date and the expiration date of the award. The risk-free interest rate for periods within the expected life of an award, as applicable, is based on the United States Treasury yield curve in effect during the period the award was granted. Our estimated dividend yield is zero, as we have not declared dividends in the past and do not currently intend to declare dividends in the foreseeable future.

The following information represents the weighted average of the assumptions used in the Black-Scholes option-pricing model for stock options granted within each of the last three years:

	For the Years Ended December 31,		
	2017	**2016**	**2015**
Risk-free interest rate	n/a	1.4%	1.8%
Expected term (in years)	n/a	5.8	6.0
Estimated dividend yield	n/a	—%	—%
Estimated volatility	n/a	48.8%	41.8%

Once we have determined the estimated fair value of our stock-based awards, we recognize the portion of that value that corresponds to the portion of the award that is ultimately expected to vest, taking estimated forfeitures into account. This amount is recognized as an expense over the vesting period of the award using the straight-line method for awards which contain only service conditions, and using the graded vesting method based upon the probability of the performance condition being met for awards which contain performance conditions. We estimate forfeitures based upon our historical experience and, for each period, we review the estimated forfeiture rate and make changes as factors affecting the forfeiture rate calculations and assumptions change.

In addition, we have issued performance-based restricted stock units that vest based upon continued service through the vesting term and achievement of certain market conditions and performance goals, and others that vest based upon continued service through the vesting term and achievement of certain market conditions or performance goals, established by the board of directors, for a predetermined period. The fair value of the performance-based awards containing a market condition are determined using a Monte-Carlo simulation model that factors in the probability of the award vesting. The fair value of the performance-based awards containing only a service and performance condition are determined based upon the closing price of our common stock on the date of the grant. For performance-based awards, the fair value is not determined until all of the terms and conditions of the award are established.

As of December 31, 2017 , we had approximately $5.4 million of unrecognized employee related stock-based compensation, net of estimated forfeitures, relating to stock options that we expect to recognize over a weighted-average period of approximately 1.0 year . Unrecognized compensation expense related to nonvested restricted stock units was $105.7 million at December 31, 2017 , which is expected to be recognized as expense over the weighted-average period of 2.7 years. Additionally, during 2017, 2016 and 2014, we granted certain performance-based restricted stock units. There was no unrecognized compensation expense related to performance-based restricted stock units at December 31, 2017 . The amount of compensation cost relating to performance awards may change in future periods to the extent that another target level becomes probable of achievement.

Stock-based compensation expense is expected to increase in 2018 compared to 2017 as a result of our existing unrecognized stock-based compensation and as we issue additional stock-based awards to continue to attract and retain employees.

Allowance for Doubtful Accounts

On a quarterly basis we evaluate the need to establish an allowance for doubtful accounts, by analyzing our clients' creditworthiness. Our evaluation and analysis includes specific identification and review of all outstanding accounts receivable balances, review of our historical collection experience with each client and consideration of overall economic conditions, as well as of any specific facts and circumstances that may indicate that a specific client receivable is not collectible. We make judgments as to our ability to collect outstanding receivables and establish an allowance when collection becomes doubtful. At December 31, 2017 and 2016 , our allowance for doubtful accounts was $7.5 million and $3.5 million , respectively, based on our evaluation and analysis. If our future actual collections are lower than expected, our cash flows and future results of operations could be negatively impacted.

Capitalized Software Costs

We capitalize the costs associated with software developed or obtained for internal use, including costs incurred in connection with the development of our products, when the preliminary project stage is completed, management has decided to make the project a part of a future offering and the software will be used to perform the function intended. These capitalized costs include external direct costs of materials and services consumed in developing or obtaining internal-use software, personnel and related expenses for employees who are directly associated with, and who devote time to, internal-use software projects and, when material, interest costs incurred during the development. Capitalization of these costs ceases once the project is substantially complete and the software is ready for its intended purpose. Costs incurred for upgrades and enhancements to our products are also capitalized. Post-configuration training and maintenance costs are expensed as incurred. Capitalized software costs are amortized to cost of revenue using the straight-line method over the estimated useful life of the software of typically three years, commencing when the software is ready for its intended use.

Goodwill

Goodwill is not amortized, but instead is required to be tested for impairment annually and under certain circumstances. We perform such testing of goodwill in the fourth quarter of each year, or as events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner we use the acquired assets or the strategy we have for our overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

As part of the annual impairment test, we may conduct an assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we elect not to perform the qualitative assessment or we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we then conduct the first step of a two-step impairment test. The first step of the test for goodwill impairment compares the fair value of the applicable reporting unit with its carrying value. Fair value was determined using a market approach, which includes consideration of the Company's own market capitalization.

If the fair value of a reporting unit is less than the reporting unit's carrying value, we perform the second step of the test for impairment of goodwill. During the second step, we compare the implied fair value of the reporting unit's goodwill with the carrying value of that goodwill. The estimate of implied fair value of goodwill may require valuations of certain internally generated and unrecognized intangible assets and other assets and liabilities. If the carrying value of the goodwill exceeds the calculated implied fair value, the excess amount will be recognized as an impairment loss.

Consistent with our impairment analysis at December 31, 2016 , we had one reporting unit for purposes of the impairment analysis as of December 31, 2017 . Based on the results of the annual impairment test, the fair value of the reporting unit exceeded its carrying value by a significant amount, and therefore no impairment of goodwill existed at December 31, 2017 .

Intangible Assets

Identifiable intangible assets primarily consist of trade names and intellectual property and acquisition-related intangibles, including developed technology, customer relationships, non-compete agreements, patents, trade names and trademarks. We determine the appropriate useful life of our intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized over their estimated useful lives ranging from two to ten years, generally using the straight-line method, which approximates the pattern in which the economic benefits are consumed.

We evaluate the recoverability of our long-lived assets with finite useful lives, including intangible assets for impairment, whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Such triggering events or changes in circumstances may include: a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used, a significant adverse change in legal factors or in the business climate, the impact of competition or other factors that could affect the value of a long-lived asset, a significant adverse deterioration in the amount of revenue or cash flows expected to be generated from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. We perform impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based upon estimated discounted future cash flows. There were no impairment charges related to the identified intangible assets in the years ended December 31, 2017 and 2016 .

Investments in Marketable Securities

Our available-for-sale investments in marketable securities are recorded at fair value, with any unrealized gains and losses, net of taxes, reported as a component of stockholders' equity until realized or until a determination is made that an other-than-temporary decline in market value has occurred. If we determine that an other-than-temporary decline has occurred for debt securities that we do not then currently intend to sell, we recognize the credit loss component of an other-than-temporary impairment in other income (expense) and the remaining portion in other comprehensive income (loss). The credit loss component is identified as the amount of the present value of cash flows not expected to be received over the remaining term of the security, based on cash flow projections. In determining whether an other-than-temporary impairment exists, we consider: (i) the length of time and the extent to which the fair value has been less than cost; (ii) the financial condition and near-term prospects of the issuer of the securities; and (iii) our intent and ability to retain the security for a period of time sufficient to allow for any anticipated recovery in fair value. The cost of marketable securities sold is determined based on the specific identification method and any realized gains or losses on the sale of investments are reflected as a component of interest income or expense. In addition, we classify marketable securities as current or non-current based upon the maturity dates of the securities. At December 31, 2017 , we had $263.5 million of investments in marketable securities.

Convertible Notes

In June 2013, we issued 1.5% convertible notes due July 1, 2018 with a principal amount of $253.0 million (the "2018 Notes"). In December 2017, we issued 5.75% senior convertible notes due July 1, 2021 with a principal amount of $300.0 million (the "2021 Notes"). In accounting for the 2018 Notes at issuance, we separated the 2018 Notes into debt and equity components pursuant to the accounting standards for convertible debt instruments that may be fully or partially settled in cash upon conversion. The fair value of the debt component was estimated using an interest rate, with terms similar to the 2018 Notes, excluding the conversion feature. The carrying amount of the liability component was calculated by measuring the fair value of similar liabilities that do not have an associated convertible feature. The excess of the principal amount of the 2018 Notes over the fair value of the debt component was recorded as a debt discount and a corresponding increase in additional paid-in capital. The debt discount is accreted to interest expense over the term of the 2018 Notes using the interest method. The equity component of the 2018 Notes was recorded to additional paid-in capital

is not to be remeasured as long as it continues to meet the conditions for equity classification. The 2021 Notes were recorded based on the fair value of the proceeds, net of discounts and issuance costs, that will be accreted to face value over the term of the 2021 Notes.

Income Taxes

We use the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities, using tax rates expected to be in effect during the years in which the bases differences are expected to reverse. We record a valuation allowance when it is more likely than not that some of our net deferred tax assets will not be realized. In determining the need for valuation allowances, we consider our projected future taxable income and the availability of tax planning strategies. We have recorded a full valuation allowance to reduce our United States, United Kingdom, New Zealand, Hong Kong and Brazil net deferred tax assets to zero, because we have determined that it is not more likely than not that any of our United States, United Kingdom, New Zealand, Hong Kong and Brazil net deferred tax assets will be realized. If in the future we determine that we will be able to realize any of our United States, United Kingdom, New Zealand, Hong Kong and Brazil net deferred tax assets, we will make an adjustment to the allowance, which would increase our income in the period that the determination is made. Certain foreign subsidiaries and branches of the Company provide intercompany services and are compensated on a cost-plus basis, and therefore, have incurred liabilities for foreign income taxes in their respective jurisdictions.

We have assessed our income tax positions and recorded tax benefits for all years subject to examination, based upon our evaluation of the facts, circumstances and information available at each period end. For those tax positions where we have determined there is a greater than 50% likelihood that a tax benefit will be sustained, we have recorded the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where we have determined there is a less than 50% likelihood that a tax benefit will be sustained, no tax benefit has been recognized in our financial statements.

Recent Accounting Pronouncements

In May 2014, the FASB issued a new ASU that provides guidance for recognizing revenue from contracts with customers. Under the new standard, we are required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration that we expect to be entitled to in exchange for those goods or services. The standard permits the use of the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. We have evaluated the transition methods and elected to use the modified retrospective method and will adopt this standard beginning January 1, 2018.

During fiscal year 2017, we evaluated the accounting and disclosure requirements of the standard and implemented the appropriate changes to its business processes, systems and internal controls to enable the preparation of its financial information on adoption. We are in the process of finalizing our assessment of the standard as our analysis of costs that represent incremental costs to obtain a contract is ongoing. We believe that we will finalize this analysis in connection with the preparation of our financial statements as of and for the quarter ended March 31, 2018. Costs that represent incremental costs to obtain a contract will be amortized over the expected product life. We have finalized our assessment of how we recognize revenue for subscriptions to our products and other offerings on a recurring basis and revenue for professional services. Upon adoption, revenue for professional services will be based on the relative standalone selling price without limitation to its contractual value. Prior to adoption, such allocation was limited by its contractual value. This change is expected to result in a material increase in the aggregate amount allocated to professional services when allocating total contract values on a relative standalone selling price basis under the new standard. We expect to adjust the following balance sheet line items in fiscal year 2018 to reflect the adoption of the new ASU: deferred commissions; other assets, net; accrued expenses; deferred revenue, current portion; other non-current liabilities; deferred revenue, net of current portion; and accumulated deficit.

For additional information regarding recent accounting pronouncements, refer to Note 2 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Results of Operations

The following table sets forth our results of operations for each of the periods indicated (in thousands). The period-to-period comparison of financial results is not necessarily indicative of future results.

	Year Ended December 31,		
	2017	2016	2015
Revenue	$ 481,985	$ 423,124	$ 339,651
Cost of revenue	142,867	135,752	109,864
Gross profit	339,118	287,372	229,787
Operating expenses:			
Sales and marketing	240,271	225,631	207,026
Research and development	61,975	46,977	40,991
General and administrative	84,589	70,956	49,877
Restructuring	1,539	—	—
Amortization of certain acquired intangibles	—	150	600
Total operating expenses	388,374	343,714	298,494
Loss from operations	(49,256)	(56,342)	(68,707)
Other income (expense):			
Interest income	2,951	1,702	894
Interest expense	(14,762)	(12,924)	(12,506)
Other, net	1,478	1,934	(4,016)
Other income (expense), net	(10,333)	(9,288)	(15,628)
Loss before income tax provision	(59,589)	(65,630)	(84,335)
Income tax provision	(1,746)	(1,207)	(1,181)
Net loss	$ (61,335)	$ (66,837)	$ (85,516)

The following table sets forth our results of operations as a percentage of total revenue for each of the periods indicated.

	Year Ended December 31,		
	2017	2016	2015
Revenue	100.0 %	100.0 %	100.0 %
Cost of revenue	29.6 %	32.1 %	32.3 %
Gross profit	70.4 %	67.9 %	67.7 %
Operating expenses:			
Sales and marketing	49.9 %	53.3 %	61.0 %
Research and development	12.9 %	11.1 %	12.1 %
General and administrative	17.6 %	16.8 %	14.7 %
Restructuring	0.3 %	— %	— %
Amortization of certain acquired intangibles	— %	— %	0.2 %
Total operating expenses	80.6 %	81.2 %	87.9 %
Loss from operations	(10.2)%	(13.3)%	(20.2)%
Other income (expense):			
Interest income	0.6 %	0.4 %	0.3 %
Interest expense	(3.1)%	(3.1)%	(3.7)%
Other, net	0.3 %	0.5 %	(1.2)%
Loss before income tax provision	(12.4)%	(15.5)%	(24.8)%
Income tax provision	(0.4)%	(0.3)%	(0.3)%
Net loss	(12.7)%	(15.8)%	(25.2)%

The following table sets forth our revenue and key metrics that we use to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions:

Metrics

	At or For Year Ended December 31,		
	2017	2016	2015
Revenue (in thousands)	$ 481,985	$ 423,124	$ 339,651
Subscription revenue (in thousands)	$ 396,764	$ 339,756	$ 270,093
Annual recurring revenue (in thousands)	$ 439,000	n/a	n/a
Billings (in thousands)	$ 525,816	$ 453,317	$ 400,454
Unlevered free cash flow (in thousands)	$ 43,680	$ 16,411	$ 16,795
Annual dollar retention rate	93.5%	95.1%	95.4%
Number of clients	3,250	2,918	2,595
Number of users (in millions)	35.3	29.9	23.8

Revenue increased $58.9 million , or 14% , in 2017 when compared to 2016 . Revenue growth on a constant currency basis increased 15% in 2017 when compared to 2016 . Revenue increased $83.5 million, or 25%, in 2016 when compared to 2015 . Revenue growth on a constant currency basis increased 29% in 2016 when compared to 2015 . The rate of our revenue increase can be impacted by the mix and timing of new client agreements signed, the mix of subscription and professional services revenue, the timing of delivery of our professional services revenue, fluctuations in foreign exchange rates, as well as the growth rate of our emerging markets.

The rate at which revenue increased year over year declined in 2017 , from 25% in 2016 to 14% in 2017 . Our growth rate can depend on a variety of factors, such as new clients, the size, volume and complexity of our agreements with our customers, foreign currency movements, our ability to work with our customers to implement and deliver our products, our ability to upsell and renew our existing customers, the success of our alliance and partnership arrangements and the expansion of our business through emerging markets.

The following table sets forth our sources of revenue for each of the periods indicated (dollars in thousands):

	At or For Year Ended December 31,		
	2017	2016	2015
Subscription revenue	$ 396,764	$ 339,756	$ 270,093
Percentage of subscription revenue to total revenue	82.3%	80.3%	79.5%
Professional services revenue	$ 85,221	$ 83,368	$ 69,558
Percentage of professional services to total revenue	17.7%	19.7%	20.5%
	$ 481,985	$ 423,124	$ 339,651

Subscription revenue increased by $57.0 million in 2017 . The increase was attributable to new business, which includes new clients, upsells and renewals from existing clients. Professional services revenue increased by $1.9 million in 2017 . The timing of the recognition of professional services revenue can depend on a variety of factors, such as the size, volume and complexity of our agreements with our customers and our ability to work with our customers to implement and deliver our solutions.

Revenue by geography is generally based on the address of the customer as defined in our master subscription agreement with each customer. The following table sets forth our revenue by geographic area for each of the periods indicated (dollars in thousands):

	At or For Year Ended December 31,		
	2017	2016	2015
Revenue for United States	$ 313,729	$ 284,657	$ 228,724
Percentage of total revenue for United States	65.1%	67.3%	67.3%
Revenue for all other countries	$ 168,256	$ 138,467	$ 110,927
Percentage of total revenue for all other countries	34.9%	32.7%	32.7%
	$ 481,985	$ 423,124	$ 339,651

Annual recurring revenue for the year ended December 31, 2017 was $439.0 million . In order to assess our business performance with a metric that reflects our transition to an even more subscription-based (or recurring revenue) business model, we track annual recurring revenue, which is a non-GAAP financial measure we define as the annualized recurring value of all active contracts at the end of a reporting period. Management believes this metric is useful to investors, in evaluating our ongoing operational performance and trends, and in comparing our financial measures with other companies in the same industry. However, it is important to note that other companies, including companies in our industry, may calculate annual recurring revenue differently or not at all, which may reduce its usefulness as a comparative measure.

Billings increased $72.5 million , or 16% in 2017 , reflecting the increase in revenue for the period, plus an increase in deferred revenue compared to the same period in 2016 . Billings growth on a constant currency basis increased 12% in 2017 . Billings increased $52.9 million, or 13% in 2016 , reflecting the increase in revenue for the period, plus an increase in deferred revenue compared to the same period in 2015 . Billings growth on a constant currency basis increased 20% in 2016 . The growth rates for revenue and billings are not correlated with each other in a given period due to the seasonality of when we enter into client agreements, fluctuations in foreign exchange rates, the varied timing of billings, the recognition of subscription revenue generally on a straight-line basis over the term of each client agreement and the recognition of professional services revenue generally on a proportional performance basis over the period the services are performed.

As discussed above under the section titled " *Metrics* ," billings is a non-GAAP financial measure, which we define as the sum of revenue and the change in the deferred revenue balance for the period. Management has historically used billings in analyzing its financial results and believes it is useful to investors, as a supplement to the corresponding GAAP measure, in evaluating our ongoing operational performance and trends, and in comparing our financial measures with other companies in the same industry. However, it is important to note that other companies, including companies in our industry, may calculate billings differently or not at all, which may reduce its usefulness as a comparative measure. Due to the implementation of our renewed strategic plan and specifically the migration of professional services to our partners, we will no longer consider billings a key metric and will stop reporting on it beginning in the first quarter of 2018.

The following table presents a reconciliation of revenue to billings for each of the periods presented (in thousands):

	Deferred Revenue Balance	Year Ended December 31, 2017
Revenue		$ 481,985
Deferred revenue at December 31, 2016	$ 282,332	
Deferred revenue at December 31, 2017	326,163	
Change in deferred revenue		43,831
Billings		$ 525,816

	Deferred Revenue Balance	Year Ended December 31, 2016
Revenue		$ 423,124
Deferred revenue at December 31, 2015	$ 252,139	
Deferred revenue at December 31, 2016	282,332	
Change in deferred revenue		30,193
Billings		$ 453,317

	Deferred Revenue Balance	Year Ended December 31, 2015
Revenue		$ 339,651
Deferred revenue at December 31, 2014	$ 191,336	
Deferred revenue at December 31, 2015	252,139	
Change in deferred revenue		60,803
Billings		$ 400,454

Unlevered free cash flow for the year ended December 31, 2017 was $43.7 million . We define unlevered free cash flow, a non-GAAP financial measure, as net cash provided by operating activities minus capital expenditures and capitalized software costs plus cash paid for interest. We present this metric because it is a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic opportunities, including investing in our business and strengthening our balance sheet.

In 2017 , our number of clients grew 11% and our number of users increased 18% .

Cost of Revenue, Gross Profit and Gross Margin

	Year Ended December 31,		
	2017	2016	2015
	(dollars in thousands)		
Cost of revenue	$ 142,867	$ 135,752	$ 109,864
Gross profit	$ 339,118	$ 287,372	$ 229,787
Gross margin	70.4%	67.9%	67.7%

Cost of revenue increased $7.1 million , or 5% , in 2017 as compared to 2016 . The increase in cost of revenue was primarily due to $4.4 million in increased amortization of capitalized software, $1.9 million in increased employee-related costs due to higher headcount and $1.9 million in increased third-party content costs. These increased costs were offset by $2.2 million in decreased costs related to outsourced consulting services. These costs were incurred to service our existing clients and support our continued growth. The improvement in gross margin was primarily due to a higher mix of subscription revenue, which carry a higher gross margin. Aside from the improvement in gross margin from the higher mix of subscription revenue, we expect gross margin to increase over time as we optimize the efficiency of our operations and continue to scale our business.

Cost of revenue increased $25.9 million, or 24%, in 2016 . as compared to 2015 . The increase in cost of revenue was consistent with the increase in revenue. The increase in cost of revenue was primarily due to $12.1 million in increased costs related to outsourced consulting services, $4.1 million in increased amortization of capitalized software, $3.8 million in increased employee-related costs due to higher headcount, $1.5 million in increased third-party content costs and $1.1 million in increased reseller and referral fees. These costs were incurred to service our existing clients and support our continued growth. The remaining increase relates to various other costs associated with generating revenue from our clients

Sales and Marketing

	Year Ended December 31,		
	2017	2016	2015
	(dollars in thousands)		
Sales and marketing	$ 240,271	$ 225,631	$ 207,026
Percent of revenue	49.9%	53.3%	61.0%

Sales and marketing expenses increased $14.6 million , or 6% , in 2017 as compared to 2016 . As a percentage of revenue, sales and marketing expense decreased by approximately three percentage points, primarily resulting from a combination of increased cost efficiency and leverage realized from changes to our sales commission plans, as we continued our efforts to strategically scale our sales teams and improve their productivity.

Sales and marketing expenses increased $18.6 million, or 9%, in 2016 as compared to 2015 . As a percentage of revenue, sales and marketing expense decreased by approximately eight percentage points, primarily resulting from a combination of increased cost efficiency and leverage realized from changes to our sales commission plans, as we continued our efforts to strategically scale our sales teams and improve their productivity.

We assess our investments in new and existing markets strategically and we believe we have gained leverage through our operational excellence initiatives. We expect over time sales and marketing expense, as a percentage of revenue, to continue to decrease as we gain efficiency throughout the various sales teams.

Research and Development

	Year Ended December 31,		
	2017	2016	2015
	(dollars in thousands)		
Research and development	$ 61,975	$ 46,977	$ 40,991
Percent of revenue	12.9%	11.1%	12.1%

Research and development expenses increased $15.0 million , or 32% , in 2017 as compared to 2016 . The increase was principally due to an increase in research and development headcount to maintain and improve the functionality of our products. As a result, we incurred increased employee-related costs of $10.4 million. In addition, we determined that previously capitalized software costs were impaired resulting in the write-off of $1.3 million .

Research and development expenses increased $6.0 million, or 15%, in 2016 as compared to 2015 . The increase was principally due to an increase in research and development headcount to maintain and improve the functionality of our products. As a result, we incurred increased employee-related costs of $4.3 million.

We continue to develop and release new products and new features within existing products and as a result, we expect research and development expense to increase proportionately with revenue.

We capitalize a portion of our software development costs related to the development and enhancements of our products, which are then amortized to cost of revenue. The timing of our capitalizable development and enhancement projects may affect the amount of development costs expensed in any given period. We capitalized $24.3 million , $20.9 million and $16.5 million of software development costs and amortized $17.6 million , $13.2 million and $9.1 million in 2017 , 2016 and 2015 , respectively.

General and Administrative

	Year Ended December 31,		
	2017	2016	2015
	(dollars in thousands)		
General and administrative	$ 84,589	$ 70,956	$ 49,877
Percent of revenue	17.6%	16.8%	14.7%

General and administrative expenses increased $13.6 million , or 19% , in 2017 as compared to 2016 . The increase was largely driven by higher costs to support our growing business and incremental spend to support our operational excellence initiatives, which we expect to result in future margin improvements. We incurred increased employee-related costs of $9.8 million as a result of increased headcount and stock-based compensation awards.

General and administrative expenses increased $21.1 million, or 42%, in 2016 as compared to 2015 . The increase was largely driven by higher costs to support our growing business, reallocation of resources to this cost category and incremental spend to support our operational excellence initiatives, which we expect to result in future margin improvements. We incurred increased employee-related costs of $16.8 million as a result of increased headcount and stock-based compensation awards.

We expect over time our general and administrative expense to increase in absolute dollars but decrease as a percentage of revenue.

Restructuring

	Year Ended December 31,		
	2017	2016	2015
	(dollars in thousands)		
Restructuring	$ 1,539	$ —	$ —
Percent of revenue	0.3%	—%	—%

Restructuring expenses of $1.5 million were recorded in 2017, which consisted primarily of payroll-related costs, such as severance, outplacement costs and continuing healthcare coverage, associated with employee terminations.

Amortization of certain acquired intangible assets

	Year Ended December 31,		
	2017	2016	2015
	(dollars in thousands)		
Amortization of certain acquired intangible assets	$ —	$ 150	$ 600

Amortization of certain acquired intangible assets decreased $0.2 million in 2017 due to the acquired intangible assets being fully amortized.

Other Income (Expense)

	Year Ended December 31,		
	2017	2016	2015
	(in thousands)		
Interest income	$ 2,951	$ 1,702	$ 894
Interest expense	(14,762)	(12,924)	(12,506)
Other, net	1,478	1,934	(4,016)
Other income (expense), net	$ (10,333)	$ (9,288)	$ (15,628)

Interest income in 2017 increased by $1.2 million due to the increase in interest income earned on the purchase of investment securities, net of purchased premium amortization.

Interest expense in 2017 increased $1.8 million due to an increase in interest expense for our convertible notes. Refer to the section titled *"Liquidity and Capital Resources"* below for additional information on the convertible notes.

Other, net is primarily comprised of foreign exchange gains and losses related to transactions denominated in foreign currencies and foreign exchange gains and losses related to our intercompany loans and certain cash accounts. Foreign exchange gains and losses for the years ended December 31, 2017 , 2016 and 2015 , respectively, were primarily driven by fluctuations in the Euro and U.S. Dollar in relation to the British Pound.

Income Tax Provision

	Year Ended December 31,		
	2017	2016	2015
	(in thousands)		
Income tax provision	$ (1,746)	$ (1,207)	$ (1,181)

We have recorded a full valuation allowance against our United States, United Kingdom and New Zealand net deferred tax assets and therefore have not recorded a provision or benefit for income taxes for any of the years presented, other than provisions for certain foreign and state current income taxes.

Liquidity and Capital Resources

At December 31, 2017 , our principal sources of liquidity were $393.6 million of cash and cash equivalents, investments in marketable securities of $263.5 million and $154.4 million of accounts receivable. In June 2013, we issued $253 million of 1.5% convertible notes due July 1, 2018 (the "2018 Notes") and concurrently entered into convertible note hedges and separate warrant transactions. The 2018 Notes mature on July 1, 2018, unless earlier converted.

In November 2017, we entered into certain agreements to issue $300.0 million principal amount of 5.75% senior convertible notes due July 1, 2021 (the "2021 Notes") for a purchase price equal to 98% of the principal amount, to certain entities affiliated with Silver Lake and LinkedIn. Holders of the 2021 Notes may convert their 2021 Notes at any time prior to the close of business on the scheduled trading day immediately preceding the maturity date.

We intend to use our cash for general corporate purposes, including the payment of 2018 Notes when due, potential future acquisitions or other transactions. Depending on certain growth opportunities, we may choose to accelerate investments in sales and marketing, research and development, technology and services, which may require the use of proceeds for such additional expansion and expenditures. Based on our current level of operations and anticipated growth, we believe our future cash flows from operating activities and existing cash and cash equivalents will provide adequate funds for our ongoing operations and general corporate purposes for at least the next twelve months. Our future capital requirements will depend on many factors, including our rate of revenue growth, billings growth and collections, the level of our sales and marketing efforts, the timing and extent of spending to support product development efforts and expansion into new territories, the timing of introductions of new services and enhancements to existing services, the timing of general and administrative expenses as we grow our administrative infrastructure and the continuing market acceptance of our products. To the extent that existing cash and cash from operations are not sufficient to fund our future activities, we may need to raise additional funds. In addition, we may enter into agreements or letters of intent with respect to potential investments in, or acquisitions of, complementary businesses, services or technologies in the future, which could also require us to seek additional financing or utilize our cash resources.

The following table sets forth a summary of our cash flows for the periods indicated (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Net cash provided by operating activities	$ 67,510	$ 35,252	$ 43,796
Net cash used in investing activities	(36,666)	(81,638)	(110,939)
Net cash provided by financing activities	276,852	23,515	11,005

Our cash flows from operating activities are significantly influenced by our growth, ability to maintain our contractual billing and collection terms and our investments in headcount and infrastructure to support anticipated growth. Given the seasonality and continued growth of our business, our cash flows from operations will vary from period to period.

Cash provided by operating activities was $67.5 million in 2017, compared to $35.3 million in 2016. The increase in operating cash flow was primarily due to working capital changes in 2017 when compared to 2016 and improved profitability.

Our primary investing activities have consisted of investments, capital expenditures to develop our capitalized software as well as to purchase software, computer equipment, leasehold improvements and furniture and fixtures in support of expanding our infrastructure and workforce.

Cash used in investing activities was $36.7 million in 2017, compared to $81.6 million in 2016. The decrease in cash used for investing activities was primarily due to the timing of maturities and purchases of our investments. As we generate cash flow from operations, we look to invest any excess cash that will not be required to fund our operations in the near future.

Cash provided by financing activities was $276.9 million in 2017, compared to $23.5 million in 2016. The increase in financing cash flows was primarily due to proceeds from the issuance of the 2021 Notes.

Share Repurchase Program

In November 2017, our board of directors authorized a $100.0 million share repurchase program of our common stock. We may repurchase our common stock for cash in the open market in accordance with applicable securities laws. The timing and amount of any stock repurchase will depend on share price, corporate and regulatory requirements, economic and market conditions, and other factors. The repurchase authorization will expire in November 2019.

During the year ended December 31, 2017 , we repurchased 0.6 million shares of our common stock at an average cost of $35.55 per share for a total expenditure of $22.6 million . At December 31, 2017 , $77.4 million remained available under the share repurchase program. Subsequent to December 31, 2017 and as of February 9, 2018, we repurchased 0.3 million shares of our common stock at an average cost of $37.03 per share for a total expenditure of $9.9 million .

Contractual Obligations

Our principal commitments consist of obligations for outstanding debt, leases for our office space, a sponsorship agreement with a professional sports franchise, contractual commitments for professional service projects and third-party consulting firms. The following table summarizes our contractual obligations at December 31, 2017 (in thousands):

		Payments Due by Period			
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt obligations including interest	$ 618,272	$ 266,522	$ 34,500	$ 317,250	$ —
Operating lease obligations	9,229	8,247	909	73	—
Software subscription obligations	14,254	8,448	5,806	—	—
Sponsorship agreements	1,425	700	725	—	—
Other contractual obligations [1]	19,136	12,011	7,125	—	—
	$ 662,316	$ 295,928	$ 49,065	$ 317,323	$ —

(1) Other contractual obligations include agreements with various third-party service providers whereby we have committed to assign certain dollar amounts or hours of professional service projects related to implementation and other services for our clients.

At December 31, 2017 , liabilities for unrecognized tax benefits of $1.3 million , which are attributable to foreign income taxes and interest and penalties, are not included in the table above because, due to their nature, there is a high degree of uncertainty regarding the timing of future cash outflows and other events that extinguish these liabilities.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not have any relationships with other entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We are therefore not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships.

During 2015, we amended a standby letter of credit in association with a building lease. In addition, we maintain standby letters of credit in association with other contractual arrangements. The total amount outstanding under these standby letters of credit is $1.4 million at December 31, 2017 .

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

We have operations in the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate, foreign exchange, inflation and counterparty risks, as well as risks relating to changes in the general economic conditions in the countries where we conduct business. To reduce certain of these risks, we monitor the financial condition of our large clients and limit credit exposure by principally collecting in advance and setting credit limits as we deem appropriate. In addition, our investment strategy has been to invest in financial instruments, including corporate bonds, U.S. treasury securities, agency securities, commercial paper and money market funds backed by United States Treasury Bills within the guidelines established under our investment policy. We also make strategic investments in privately-held companies in the development stage. To date, we have not used derivative instruments to mitigate the impact of our market risk exposures. We have also not used, nor do we intend to use, derivatives for trading or speculative purposes.

Interest Rate Risk

At December 31, 2017 , we had cash and cash equivalents of $393.6 million and investments of $263.5 million , which primarily consisted of corporate bonds, U.S. treasury securities, agency securities, commercial paper, money market funds backed by United States Treasury Bills and other debt securities. The carrying amount of our cash equivalents reasonably approximates fair value due to the short maturities of these instruments.

The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs and the fiduciary control of cash and investments. We do not enter into investments for trading or speculative purposes. Our investments are exposed to market risk due to fluctuations in interest rates, which may affect the fair market value of our investments. An increase of 50-basis points in interest rates would have resulted in a $0.7 million reduction on the fair market value of our portfolio as of December 31, 2017 . We therefore do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates.

We do not believe our cash equivalents, corporate bonds, U.S. treasury securities, agency securities and commercial paper have significant risk of default or illiquidity. While we believe these cash investments do not contain excessive risk, we cannot provide assurance that in the future our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits. We cannot provide assurance that we will not experience losses on these deposits.

Foreign Currency Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. Dollar, primarily Euros and British Pounds. To a lesser extent, we also have revenue denominated in Australian Dollars, Brazilian Reals, Canadian Dollars, Chinese Yuan, Hong Kong Dollars, Indian Rupees, Japanese Yen, Mexican Pesos, New Zealand Dollars, Singapore Dollars, South African Rand, Swedish Krona, Swiss Franc and other foreign currencies, and operating expenses denominated in Australian Dollars, Brazilian Reals, Canadian Dollars Chinese Yuan, Hong Kong Dollars, Indian Rupees, Israeli Shekels, Japanese Yen, Mexican Pesos, New Zealand Dollars, Singapore Dollars, and Swedish Krona. Increases and decreases in our foreign-denominated revenue from movements in foreign exchange rates are often partially offset by the corresponding decreases or increases in our foreign-denominated operating expenses. Due to our legal structure,

revenue and operating expenses denominated in currencies other than the U.S. Dollar primarily flow through subsidiaries with functional currencies of the British Pound and Euro. Our other income (expense) is also impacted by the remeasurement of U.S. Dollar denominated intercompany loans, cash accounts held by our overseas subsidiaries, accounts receivable denominated in foreign currencies and accounts payable denominated in foreign currencies.

As our international operations grow, our risks associated with fluctuation in currency rates will become greater, and we will continue to reassess our approach to managing this risk. In addition, currency fluctuations or a weakening U.S. Dollar can increase the costs of our international expansion. To date, we have not entered into any foreign currency hedging contracts although we may do so in the future. The effect of an immediate 10% adverse change in foreign exchange rates on foreign-denominated accounts at December 31, 2017 , including our intercompany loans with our subsidiaries, would result in a foreign currency loss of approximately $6.9 million.

Inflation Risk

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

Counterparty Risk

Our financial statements are subject to counterparty credit risk, which we consider as part of the overall fair value measurement. We attempt to mitigate this risk through credit monitoring procedures.

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

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Cornerstone OnDemand, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Cornerstone OnDemand, Inc. and its subsidiaries as of December 31, 2017 and 2016 and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
February 27, 2018

We have served as the Company's auditor since 2001.

CORNERSTONE ONDEMAND, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par values)

	December 31, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 393,576	$ 83,300
Short-term investments	169,551	218,791
Accounts receivable, net	154,428	136,657
Deferred commissions	42,806	36,298
Prepaid expenses and other current assets	21,754	18,467
Total current assets	782,115	493,513
Capitalized software development costs, net	37,431	30,683
Property and equipment, net	20,817	23,962
Long-term investments	96,949	41,046
Intangible assets, net	—	7,421
Goodwill	25,894	25,894
Other assets, net	3,984	1,110
Total Assets	$ 967,190	$ 623,629
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	$ 17,637	$ 24,392
Accrued expenses	57,528	47,619
Deferred revenue, current portion	311,997	272,206
Convertible notes, net	248,025	—
Other liabilities	9,051	2,094
Total current liabilities	644,238	346,311
Convertible notes, net	285,168	238,435
Other liabilities, non-current	1,498	1,794
Deferred revenue, net of current portion	14,166	10,126
Total liabilities	945,070	596,666
Commitments and contingencies (Note 15)		
Stockholders' Equity:		
Common stock, $0.0001 par value; 1,000,000 shares authorized, 57,512 and 56,516 shares issued and outstanding at December 31, 2017 and 2016, respectively	6	6
Additional paid-in capital	536,951	476,230
Accumulated deficit	(515,054)	(453,719)
Accumulated other comprehensive income	217	4,446
Total stockholders' equity	22,120	26,963
Total Liabilities and Stockholders' Equity	$ 967,190	$ 623,629

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CORNERSTONE ONDEMAND, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Years Ended December 31,		
	2017	**2016**	**2015**
Revenue	$ 481,985	$ 423,124	$ 339,651
Cost of revenue	142,867	135,752	109,864
Gross profit	339,118	287,372	229,787
Operating expenses:			
Sales and marketing	240,271	225,631	207,026
Research and development	61,975	46,977	40,991
General and administrative	84,589	70,956	49,877
Restructuring	1,539	—	—
Amortization of certain acquired intangible assets	—	150	600
Total operating expenses	388,374	343,714	298,494
Loss from operations	(49,256)	(56,342)	(68,707)
Other income (expense):			
Interest income	2,951	1,702	894
Interest expense	(14,762)	(12,924)	(12,506)
Other, net	1,478	1,934	(4,016)
Other income (expense), net	(10,333)	(9,288)	(15,628)
Loss before income tax provision	(59,589)	(65,630)	(84,335)
Income tax provision	(1,746)	(1,207)	(1,181)
Net loss	$ (61,335)	$ (66,837)	$ (85,516)
Net loss per share, basic and diluted	$ (1.07)	$ (1.20)	$ (1.58)
Weighted average common shares outstanding, basic and diluted	57,262	55,595	54,171

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Years Ended December 31,		
	2017	**2016**	**2015**
Net loss	$ (61,335)	$ (66,837)	$ (85,516)
Other comprehensive income, net of tax:			
Foreign currency translation adjustment	(3,795)	3,748	686
Net change in unrealized (losses) gains on investments	(434)	88	(247)
Other comprehensive (loss) income, net of tax	(4,229)	3,836	439
Total comprehensive loss	$ (65,564)	$ (63,001)	$ (85,077)

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Common Stock		Additional Paid-In Capital (Deficit)	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Par Value				
Balance as of December 31, 2014	**53,826**	**$ 5**	**$ 336,692**	**$ (301,366)**	**$ 171**	**$ 35,502**
Issuance of common stock upon the exercise of options	565	—	8,448	—	—	8,448
Vesting of restricted stock units	200	—	—	—	—	—
Shares issued under employee stock purchase plan	113	—	3,035	—	—	3,035
Stock-based compensation	—	—	45,914	—	—	45,914
Net loss	—	—	—	(85,516)	—	(85,516)
Other comprehensive income, net of tax	—	—	—	—	439	439
Balance as of December 31, 2015	**54,704**	**$ 5**	**$ 394,089**	**$ (386,882)**	**$ 610**	**$ 7,822**
Issuance of common stock upon the exercise of options	978	1	18,904	—	—	18,905
Vesting of restricted stock units	699	—	—	—	—	—
Shares issued under employee stock purchase plan	135	—	4,286	—	—	4,286
Stock-based compensation	—	—	58,951	—	—	58,951
Net loss	—	—	—	(66,837)	—	(66,837)
Other comprehensive income, net of tax	—	—	—	—	3,836	3,836
Balance as of December 31, 2016	**56,516**	**$ 6**	**$ 476,230**	**$ (453,719)**	**$ 4,446**	**$ 26,963**
Issuance of common stock upon the exercise of options	414	—	6,777	—	—	6,777
Vesting of restricted stock units	1,035	—	—	—	—	—
Shares issued under employee stock purchase plan	182	—	5,621	—	—	5,621
Repurchase of common stock	(635)	—	(22,599)	—	—	(22,599)
Stock-based compensation	—	—	70,922	—	—	70,922
Net loss	—	—	—	(61,335)	—	(61,335)
Other comprehensive loss, net of tax	—	—	—	—	(4,229)	(4,229)
Balance as of December 31, 2017	**57,512**	**$ 6**	**$ 536,951**	**$ (515,054)**	**$ 217**	**$ 22,120**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Years Ended December 31,		
	2017	**2016**	**2015**
Cash flows from operating activities:			
Net loss	$ (61,335)	$ (66,837)	$ (85,516)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	35,377	32,392	27,512
Accretion of debt discount and amortization of debt issuance costs	9,833	9,130	8,691
Purchased investment premium, net of amortization	1,135	240	262
Net foreign currency (gain) loss	(2,461)	(7)	1,584
Stock-based compensation expense	65,924	54,699	43,081
Write-off of capitalized software	1,339	—	—
Deferred income taxes	52	(736)	(105)
Changes in operating assets and liabilities:			
Accounts receivable	(14,317)	(38,092)	(21,837)
Deferred commissions	(5,249)	(2,543)	(10,296)
Prepaid expenses and other assets	(2,704)	(3,623)	(2,575)
Accounts payable	(6,820)	5,939	4,444
Accrued expenses	8,530	3,727	14,724
Deferred revenue	35,829	43,379	64,774
Other liabilities	2,377	(2,416)	(947)
Net cash provided by operating activities	67,510	35,252	43,796
Cash flows from investing activities:			
Purchases of investments	(323,413)	(210,534)	(220,383)
Maturities of investments	314,418	151,533	138,360
Capital expenditures	(7,100)	(6,228)	(15,633)
Capitalized software costs	(20,571)	(16,409)	(13,283)
Net cash used in provided by investing activities	(36,666)	(81,638)	(110,939)
Cash flows from financing activities:			
Proceeds from issuance of convertible notes, net	285,077	—	—
Repayment of debt	—	—	(352)
Principal payments under capital lease obligations	—	(33)	(202)
Proceeds from employee stock plans	12,509	23,548	11,559
Repurchases of common stock	(20,734)	—	—
Net cash provided by financing activities	276,852	23,515	11,005
Effect of exchange rate changes on cash and cash equivalents	2,580	(1,520)	(2,728)
Net increase (decrease) in cash and cash equivalents	310,276	(24,391)	(58,866)
Cash and cash equivalents at beginning of period	83,300	107,691	166,557
Cash and cash equivalents at end of period	$ 393,576	$ 83,300	$ 107,691
Supplemental cash flow information:			
Cash paid for interest	$ 3,841	$ 3,796	$ 1,915
Cash paid for income taxes	2,243	2,334	1,520
Proceeds from employee stock plans received in advance of stock issuance	575	489	193
Non-cash investing and financing activities:			
Assets acquired under capital leases and other financing arrangements	$ 3,467	$ —	$ —
Capitalized assets financed by accounts payable and accrued expenses	1,829	2,080	705
Capitalized stock-based compensation	4,998	4,252	2,833
Deferred debt issuance costs included in accrued expenses	152	—	—
Unsettled share repurchase in other liabilities	1,866	—	—

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1. ORGANIZATION

Company Overview

Cornerstone OnDemand, Inc. ("Cornerstone" or the "Company") was incorporated on May 24, 1999 in the state of Delaware and began its principal operations in November 1999 .

The Company is a leading global provider of learning and human capital management software, delivered as Software-as-a-Service ("SaaS"). The Company helps organizations around the globe recruit, train and manage their employees. It is one of the world's largest cloud computing companies. The Company's human capital management platform combines the world's leading unified talent management solutions with state-of-the-art analytics and HR administration solutions to enable organizations to manage the entire employee lifecycle. Its focus on continuous learning and development helps organizations to empower employees to realize their potential and drive success.

The Company works with clients across all geographies, verticals and market segments. Its Recruiting, Learning, Performance and HR Administration suites help with sourcing, recruiting and onboarding new hires; managing training and development requirements; nurturing knowledge sharing and collaboration among employees; goal setting reviews, competency management and continuous feedback; linking compensation to performance; identifying development plans based on performance gaps; streamlining employee data management, self-service and compliance reporting; and then utilizing state-of-the-art analytics capabilities to make smarter, more-informed decisions using data from across the platform for talent mobility, engagement and development so that HR and leadership can focus on strategic initiatives to help their organization succeed.

The Company's management has determined that the Company operates in one segment as it only reports financial information on an aggregate and consolidated basis to the Company's chief executive officer, who is the Company's chief operating decision maker.

Office Locations

The Company is headquartered in Santa Monica, California and has offices in Amsterdam, Netherlands; Auckland, New Zealand; Bangalore, India; Düsseldorf, Germany; Hong Kong; London, United Kingdom; Madrid, Spain; Mumbai, India; Munich, Germany; New Delhi, India; Paris, France; São Paulo, Brazil; Stockholm, Sweden; Sunnyvale, United States; Sydney, Australia; Tel Aviv, Israel; and Tokyo, Japan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements are presented in accordance with accounting standards generally accepted in the United States of America ("GAAP"), and include the accounts of Cornerstone OnDemand, Inc. and its wholly owned subsidiaries. All significant inter-company transactions and balances have been eliminated in consolidation.

Use of Estimates

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

On an on-going basis, management evaluates its estimates, including among others those related to: (i) the realization of tax assets and estimates of tax liabilities and reserves, (ii) the recognition and disclosure of contingent liabilities, (iii) the collectability of accounts receivable, (iv) the evaluation of revenue recognition criteria, including the determination of standalone value and estimates of the selling price of multiple-deliverables in the Company's revenue arrangements, (v) fair values of investments in marketable securities and strategic investments carried at fair value, (vi) the fair values of acquired assets and assumed liabilities in business combinations, (vii) the useful lives of property and equipment, capitalized software and intangible assets, (viii) impairment of long-lived assets, including goodwill, (ix) the amount and period of amortization of the commission payments to record to expense in proportion to the revenue that is recognized, (x) assumptions used in the Black-Scholes option pricing model to determine the fair value of stock options and (xi) assumptions used in the valuation of various types of performance-based awards. These estimates are based on historical data and experience, as well as various

other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company engages third-party valuation specialists to assist with the allocation of the purchase price in business combinations. Such estimates required the selection of appropriate valuation methodologies and models and significant judgment in evaluating ranges of assumptions and financial inputs.

Business Combinations

The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

The Company performs valuations of assets acquired and liabilities assumed for an acquisition and allocates the purchase price to its respective net tangible and intangible assets. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates and selection of comparable companies. The Company engages the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of assets acquired and liabilities assumed in a business combination.

Transaction costs associated with business combinations are expensed as incurred, and are included in general and administrative expenses in the consolidated statement of operations. There were no transaction costs for the years ended December 31, 2017 , 2016 and 2015.

Revenue Recognition

The Company derives its revenue from the following sources:

- ***Subscriptions to the Company's products and other offerings on a recurring basis*** —Clients pay subscription fees for access to the Company's enterprise human capital management platform, other products and support on a recurring basis. Fees are based on a number of factors, including the number of products purchased, which may include e-learning content, and the number of users having access to a product. The Company generally recognizes revenue from subscriptions ratably over the term of the agreements.
- ***Professional services and other*** —The Company offers its clients assistance in implementing its products and optimizing their use. Professional services include application configuration, system integration, business process re-engineering, change management and training services. Services are generally billed on a fixed fee basis and to a lessor degree on a time-and-material basis. These services are generally purchased as part of a subscription arrangement and are typically performed within the first several months of the arrangement. Clients may also purchase professional services at any other time. The Company generally recognizes revenue from fixed fee professional services using the proportional performance method over the period the services are performed and as time is incurred for time-and-material arrangements.

The Company recognizes revenue when: (i) persuasive evidence of an arrangement for the sale of the Company's products or professional services exists, (ii) the products have been made available or delivered, or services have been performed, (iii) the sales price is fixed or determinable and (iv) collectability is reasonably assured. The timing and amount the Company recognizes as revenue is determined based on the facts and circumstances of each client arrangement. Evidence of an arrangement consists of a signed client agreement. The Company considers that delivery of a product has commenced once it provides the client with log-in information to access and use the product. If non-standard acceptance periods or non-standard performance criteria exist, revenue recognition commences upon the satisfaction of the non-standard acceptance or performance criteria, as applicable. Standard acceptance or performance clauses relate to the Company's products meeting certain perfunctory operating thresholds. Fees are fixed based on stated rates specified in the client agreement. If collectability is not considered reasonably assured, revenue is deferred until the fees are collected. The majority of client arrangements include multiple deliverables, such as subscriptions to the Company's software products and professional services. The Company therefore recognizes revenue in accordance with the guidance for arrangements with multiple deliverables under Accounting Standards Update ("ASU") 2009-13 " *Revenue Recognition (Topic 605)—Multiple-Deliverable Revenue Arrangements—a Consensus of the Emerging Issues Task Force* ," or ASU 2009-13. As clients do not have the right to the underlying software code for the products, the Company's revenue arrangements are outside the scope of software revenue recognition guidance. The Company's agreements generally do not contain any cancellation or refund provisions other than in the event of the Company's default.

For multiple-deliverable revenue arrangements, the Company first assesses whether each deliverable has value to the client on a standalone basis. The Company has determined that the products have standalone value, because, once access is given to a client, the products are fully functional and do not require any additional development, modification or customization. Professional services have standalone value because third-party service providers, distributors or clients themselves can perform these services without the Company's involvement. The professional services assist clients with the configuration and integration of the Company's products. The performance of these services generally does not require highly specialized or skilled individuals and are not essential to the functionality of the products.

Based on the standalone value of the deliverables, and since clients do not have a general right of return relative to the included professional services, the Company allocates revenue among the separate deliverables in an arrangement under the relative selling price method using the selling price hierarchy established in ASU 2009-13. This hierarchy requires the selling price of each deliverable in a multiple deliverable arrangement to be based on, in descending order: (i) vendor-specific objective evidence of fair value ("VSOE"), (ii) third-party evidence of fair value ("TPE") or (iii) management's best estimate of the selling price ("BESP").

The Company is generally not able to determine VSOE or TPE for its deliverables, because the deliverables are sold separately and within a sufficiently narrow price range only infrequently, and because management has determined that there are no third-party offerings reasonably comparable to the Company's products. Accordingly, total contract values are allocated to subscriptions to the products and professional services based on BESP. However, the amounts allocated to professional services generally do not exceed the contractually stated values of the professional services, as the revenue for subscriptions to the Company's products is delivered over a longer period of time and is contingent upon delivery. This can result in higher allocations of the total contract value to subscriptions to the Company's products over and above the relative selling price allocation based on this contingent revenue limitation. The determination of BESP requires the Company to make significant estimates and judgments. The Company considers numerous factors, including the nature of the deliverables themselves; the geography, market conditions and competitive landscape for the sale; internal costs; and pricing and discounting practices. The Company updates its estimates of BESP on an ongoing basis through internal periodic reviews and as events or circumstances may require.

After the contract value is allocated to each deliverable in a multiple deliverable arrangement based on the relative selling price method, revenue is recognized for each deliverable based on the pattern in which the revenue is earned. For subscriptions to the products, revenue is recognized on a straight-line basis over the subscription term, which is typically three years. For professional services, revenue is recognized using the proportional performance method over the period the services are performed. For e-learning content and hosting, revenue is recognized ratably over the period the content is delivered or hosting service is provided.

In a limited number of cases, the client's intended use of a product requires enhancements to its underlying features and functionality. In some of these cases, revenue is recognized as one unit of accounting on a straight-line basis from the point at which the enhancements have been made to the product, through the remaining term of the agreement. In other cases where the enhancement is not required for the client's intended use, revenue is recognized separately for the enhancement and the product. The enhancement revenue is recognized based on the allocated value on a straight-line basis once the enhancement has been made to the product, through the remaining term of the agreement.

For arrangements in which the Company resells third-party e-learning training content to clients or hosts client or third-party e-learning training content provided by the client, revenue is recognized in accordance with accounting guidance as to when to report gross revenue as a principal or report net revenue as an agent. The Company recognizes third-party content revenue at the gross amount invoiced to clients when (i) the Company is the primary obligor, (ii) the Company has latitude to establish the price charged and (iii) the Company bears the credit risk in the transaction. For arrangements involving the sale of third-party content, clients are charged for the content based on pay-per-use or a fixed rate for a specified number of users, and revenue is recognized at the gross amount invoiced as the content is delivered. For arrangements where clients purchase third-party content directly from a third-party vendor, or provide it themselves, and the Company integrates the content into a product, the Company charges a fee per user or fee based on estimated bandwidth. In such cases, the fees are recognized at the net amount charged by the Company for hosting services as the content is delivered.

The Company records amounts that have been invoiced to its clients in accounts receivable and in either deferred revenue or revenue depending on whether the revenue recognition criteria described above have been met. Deferred revenue that will be recognized during the succeeding twelve month period from the respective balance sheet date is recorded as current deferred revenue and the remaining portion is recorded as noncurrent.

Cost of Revenue

Cost of revenue consists primarily of costs related to hosting the Company's products; personnel and related expenses, including stock-based compensation, and related expenses for network infrastructure, IT support, delivery of contracted professional services and on-going client support staff; payments to external service providers contracted to perform implementation services; depreciation of data centers; amortization of capitalized software costs; amortization of developed technology software license rights; content and licensing fees; and referral fees. In addition, the Company allocates a portion of overhead, such as rent, IT costs, depreciation and amortization and employee benefits costs, to cost of revenue based on headcount. Costs associated with providing professional services are recognized as incurred when the services are performed. Out-of-pocket travel costs related to the delivery of professional services are typically reimbursed by the client and are accounted for as both revenue and expense in the period in which the cost is incurred.

Commission Payments

The Company defers commissions paid to its sales force and related payroll taxes because these amounts are recoverable from the future revenue due to the non-cancelable client agreements that gave rise to the commissions. Commissions are deferred on the balance sheet and are recognized as sales and marketing expense over the term of the client agreement in proportion to the revenue that is recognized. Commissions are considered direct and incremental costs to client agreements and the Company generally commences payment of commissions within 45 to 75 days after execution of client agreements.

During the years ended December 31, 2017 , 2016 and 2015 , the Company deferred $48.2 million , $33.3 million and $42.0 million , respectively, of commissions on the balance sheet. During the years ended December 31, 2017 , 2016 and 2015 , the Company recognized $41.7 million , $33.0 million and $32.3 million in commissions expense to sales and marketing expense, respectively. As of December 31, 2017 and 2016 , deferred commissions on the Company's consolidated balance sheets totaled $42.8 million and $36.3 million , respectively.

Research and Development

Research and development expenses consist primarily of personnel and related expenses for the Company's research and development staff, including salaries, benefits, bonuses and stock-based compensation; the cost of certain third-party service providers; and allocated overhead. Research and development expenses, other than software development costs qualifying for capitalization, are expensed as incurred. The Company's research and development expenses were $62.0 million in 2017 , $47.0 million in 2016 and $41.0 million in 2015 .

Advertising

Advertising expenses for 2017 , 2016 and 2015 were $9.0 million , $6.6 million and $5.4 million , respectively, and are expensed as incurred.

Stock-Based Compensation

The Company accounts for stock-based awards granted to employees and directors by recording compensation expense based on the awards' estimated fair values. The Company grants stock options and restricted stock units that vest over time based on the continuing employment of the employee, as well as restricted stock units that vest based on meeting certain performance targets.

The Company estimates the fair value of its restricted stock units based on the closing price of its common stock as of the date of grant. The Company estimates the fair value of its stock options as of the date of grant using the Black-Scholes option-pricing model. Determining the fair value of stock options under this model requires judgment, including estimating (i) the value per share of our common stock, (ii) volatility, (iii) the term of the awards, (iv) the dividend yield and (v) the risk-free interest rate. The assumptions used in calculating the fair value of stock based awards represent the Company's best estimates, based on management's judgment and subjective future expectations. These estimates involve inherent uncertainties. If any of the assumptions used in the model change significantly, stock-based compensation recorded for future awards may differ materially from that recorded for awards granted previously.

Beginning in 2017, the Company began estimating expected volatility based solely on its historical volatility as a public company. In previous years, the Company estimated this using the average volatility of similar publicly traded companies as sufficient trading history of the Company's stock was not available. For purposes of determining the expected term of the awards in the absence of sufficient historical data relating to stock option exercises for the Company, it applies a simplified approach in which the expected term of an award is presumed to be the mid-point between the vesting date and the expiration date of the award. The risk-free interest rate for periods within the expected life of an award, as applicable, is based on the United States Treasury yield curve in effect during the period the award was granted. The estimated dividend yield is zero, as the Company has not declared dividends in the past and does not currently intend to declare dividends in the foreseeable future.

The following information represents the weighted average of the assumptions used in the Black-Scholes option-pricing model for stock options granted during each of the last three years:

	For the Years Ended December 31,		
	2017	2016	2015
Risk-free interest rate	n/a	1.4%	1.8%
Expected term (in years)	n/a	5.8	6.0
Estimated dividend yield	n/a	—%	—%
Estimated volatility	n/a	48.8%	41.8%

Once the Company has determined the estimated fair value of its stock-based awards, it recognizes the portion of that value that corresponds to the portion of the award that is ultimately expected to vest, taking estimated forfeitures into account. This amount is recognized as an expense over the vesting period of the award using the straight-line method for awards which contain only service conditions, and using the graded vesting method based upon the probability of the performance condition being met for awards which contain performance conditions. The Company estimates forfeitures based upon its historical experience and for each period, the Company reviews the estimated forfeiture rate and makes changes as factors affecting the forfeiture rate calculations and assumptions change.

In addition, the Company has issued performance-based restricted stock units that vest based upon continued service over the vesting term and achievement of certain market conditions and performance goals, and others that vest based upon continued service over the vesting term and achievement of certain market conditions or performance goals, established by the Board of Directors, for a predetermined period. The fair value of the performance-based awards containing a market condition are determined using a Monte-Carlo simulation model that factors in the probability of the award vesting. The Company recognizes the fair value of stock-based compensation for awards which contain market-based conditions using the graded vesting method regardless of whether the market based condition is met. The fair value of the performance-based awards containing only a service and performance condition are determined based upon the closing price of the Company's common stock on the date of the grant and the Company recognizes the fair value of awards containing a performance condition only if it is probable the performance condition will be met. For all performance-based awards, the fair value is not determined until all of the terms and conditions of the award are established.

Due to the full valuation allowance provided on its net deferred tax assets, the Company has not recorded any significant tax benefit attributable to stock-based compensation expense as of December 31, 2017 and 2016 .

Capitalized Software Costs

The Company capitalizes the costs associated with software developed or obtained for internal use, including costs incurred in connection with the development of its products, when the preliminary project stage is completed, management has decided to make the project a part of its future offering and the software will be used to perform the function intended. These capitalized costs include external direct costs of materials and services consumed in developing or obtaining internal-use software, personnel and related expenses for employees who are directly associated with and who devote time to internal-use software projects and, when material, interest costs incurred during the development. Capitalization of these costs ceases once the project is substantially complete and the software is ready for its intended purpose. Costs incurred for upgrades and enhancements to the products are also capitalized. Post-configuration training and maintenance costs are expensed as incurred. Capitalized software costs are amortized to cost of revenue using the straight-line method over an estimated useful life of the software, which is typically three years , commencing when the software is ready for its intended use. The Company does not transfer ownership of or lease its software to its clients.

During the years ended December 31, 2017 , 2016 and 2015 , the Company capitalized $24.3 million , $20.9 million and $16.5 million , respectively, of software development costs to the balance sheet. During the years ended December 31, 2017 , 2016 and 2015 , the Company amortized $17.6 million , $13.2 million and $9.1 million to cost of revenue, respectively. Based on the Company's capitalized software costs at December 31, 2017 , estimated amortization expense of $19.1 million , $12.5 million , $5.7 million and $0.1 million is expected to be recognized in 2018 , 2019 , 2020 and 2021 , respectively.

Comprehensive Loss

Comprehensive loss encompasses all changes in equity other than those arising from transactions with stockholders, and consists of net loss, currency translation adjustments and unrealized gains or losses on investments. For the years ended December 31, 2017 , 2016 and 2015 , accumulated other comprehensive income (loss) comprised a cumulative translation adjustment and also included net unrealized gains (losses) on investments.

Income Taxes

The Company uses the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities, using tax rates expected to be in effect during the years in which the bases differences are expected to reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. In determining the need for valuation allowances, the Company considers projected future taxable income and the availability of tax planning strategies. The Company has recorded a full valuation allowance to reduce its United States, United Kingdom, New Zealand, Hong Kong and Brazil net deferred tax assets to zero, as it has determined that it is not more likely than not that these deferred tax assets will be realized.

The Company has assessed its income tax positions and recorded tax benefits for all years subject to examination, based upon its evaluation of the facts, circumstances and information available at each period end. For those tax positions where the Company has determined there is a greater than 50% likelihood that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is determined there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit has been recognized.

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value, including investments with original or remaining maturities from the date of purchase of three months or less. At December 31, 2017 and 2016 , cash and cash equivalents consisted of cash balances of $24.7 million and $35.2 million , respectively, money market funds backed by U.S. treasury securities of $358.9 million and $48.1 million , respectively, and certificates of deposit of $10.0 million and no ne, respectively.

Investments in Marketable Securities

The Company's available-for-sale investments in marketable securities are recorded at fair value, with any unrealized gains and losses, net of taxes, reported as a component of stockholders' equity until realized or until a determination is made that an other-than-temporary decline in market value has occurred. If the Company determines that an other-than-temporary decline has occurred for debt securities that the Company does not then currently intend to sell, the Company recognizes the credit loss component of an other-than-temporary impairment in other income (expense) and the remaining portion in other comprehensive income (loss). The credit loss component is identified as the amount of the present value of cash flows not expected to be received over the remaining term of the security, based on cash flow projections. In determining whether an other-than-temporary impairment exists, the Company considers: (i) the length of time and the extent to which the fair value has been less than cost; (ii) the financial condition and near-term prospects of the issuer of the securities; and (iii) the Company's intent and ability to retain the security for a period of time sufficient to allow for any anticipated recovery in fair value. The cost of marketable securities sold is determined based on the specific identification method and any realized gains or losses on the sale of investments are reflected as a component of interest income or expense. In addition, the Company classifies marketable securities as current or non-current based upon the maturity dates of the securities. At December 31, 2017 and 2016 , the Company had $263.5 million and $257.8 million , respectively, of investments in marketable securities.

Strategic Investments

Since 2014, the Company has invested in equity securities of multiple privately-held companies. The Company accounted for each of these investment using the cost method of accounting, as we do not have significant influence or a controlling financial interest over these entities. These investments are subject to periodic impairment reviews and are considered to be impaired when a decline in fair value is judged to be other-than-temporary. These investments are included in long-term investments on the Consolidated Balance Sheets.

Allowance for Doubtful Accounts

The Company bases its allowance for doubtful accounts on its historical collection experience and a review in each period of the status of the then-outstanding accounts receivable.

A reconciliation of the beginning and ending amount of allowance for doubtful accounts for the years ended December 31, 2017 , 2016 and 2015 , is as follows (in thousands):

	2017	2016	2015
Beginning balance, January 1	$ 3,532	$ 2,578	$ 2,177
Additions and adjustments	7,680	3,165	1,368
Write-offs	(3,734)	(2,211)	(967)
Ending balance, December 31	$ 7,478	$ 3,532	$ 2,578

The Company recognized bad debt expense of $1.4 million , $0.8 million and $0.7 million for the years ended December 31, 2017 , 2016 and 2015 , respectively.

Property and Equipment, Net

Property and equipment are recorded at historical cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets, generally two to seven years (See Note 6).

The Company leases equipment under capital lease arrangements. The assets and liabilities under capital lease are recorded at the lesser of the present value of aggregate future minimum lease payments, including estimated bargain purchase options, or the fair value of the asset under lease. Assets under capital lease are depreciated using the straight-line method over the lesser of the estimated useful life of the asset or the term of the lease.

Leasehold improvements are depreciated on a straight-line basis over the shorter of their estimated useful lives or lease terms. Repair and maintenance costs are charged to expense as incurred, while renewals and improvements are capitalized.

Impairment of Long Lived Assets

The Company evaluates the recoverability of its long-lived assets with finite useful lives, including intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Such triggering events or changes in circumstances may include: a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used, a significant adverse change in legal factors or in the business climate, the impact of competition or other factors that could affect the value of a long-lived asset, a significant adverse deterioration in the amount of revenue or cash flows expected to be generated from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset’s carrying value over its fair value is recorded. Fair value is determined based upon estimated undiscounted future cash flows. During the year ended December 31, 2017 , the Company determined that previously capitalized software costs were impaired resulting in the write-off of $1.3 million , which was recorded in research and development expense in the accompanying Consolidated Statement of Operations. There were no impairment charges related to identifiable long lived assets in the year ended December 31, 2016 .

Intangible Assets

Identifiable intangible assets primarily consist of trade names and intellectual property and acquisition-related intangibles, including developed technology, customer relationships, non-compete agreements, patents, trade names and trademarks. The Company determines the appropriate useful life of its intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized over their estimated useful lives ranging from two to ten years, generally using the straight line method which approximates the pattern in which the economic benefits are consumed.

Goodwill

Goodwill is not amortized, but instead is required to be tested for impairment annually and under certain circumstances. The Company performs such testing of goodwill in the fourth quarter of each year, or as events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of the Company's use of the acquired assets or the strategy for the Company's overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

As part of the annual impairment test, the Company may conduct an assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company elects not to perform the qualitative assessment or it determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, it then conducts the first step of a two-step impairment test. The first step of the test for goodwill impairment compares the fair value of the applicable reporting unit with its carrying value. Fair value was determined using a market approach, which includes consideration of the Company's own market capitalization.

If the fair value of a reporting unit is less than the reporting unit's carrying value, the Company performs the second step of the test for impairment of goodwill in which the Company compares the implied fair value of the reporting unit's goodwill with the carrying value of that goodwill. The estimate of implied fair value of goodwill may require valuations of certain internally generated and unrecognized intangible assets and other assets and liabilities. If the carrying value of the goodwill exceeds the calculated implied fair value, the excess amount will be recognized as an impairment loss. Based on the results of the annual impairment test, no impairment of goodwill existed at December 31, 2017 or 2016.

Convertible Notes

In June 2013, the Company issued 1.50% convertible notes due July 1, 2018 with a principal amount of $253.0 million (the "2018 Notes"). In December 2017, the Company issued 5.75% senior convertible notes due July 1, 2021 with a principal amount of $300.0 million (the "2021 Notes"). In accounting for the 2018 Notes at issuance, the Company separated the 2018 Notes into debt and equity components pursuant to the accounting standards for convertible debt instruments that may be fully or partially settled in cash upon conversion. The fair value of the debt component was estimated using an interest rate, with terms similar to the 2018 Notes, excluding the conversion feature. The carrying amount of the liability component was calculated by measuring the fair value of similar liabilities that do not have an associated convertible feature. The excess of the principal amount of the 2018 Notes over the fair value of the debt component was recorded as a debt discount and a corresponding increase in additional paid-in capital. The debt discount is accreted to interest expense over the term of the 2018 Notes using the interest method. The equity component of the 2018 Notes recorded to additional paid-in capital is not to be remeasured as long as it continues to meet the conditions for equity classification. The 2021 Notes were recorded based on the fair value of the proceeds, net of discounts and issuance costs, and will be accreted to face value over the term of the 2021 Notes.

Fair Value of Financial Instruments

Fair value represents the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on the following three levels of inputs, of which the first two are considered observable and the last one is considered unobservable:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that management has the ability to access at the measurement date.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3—Unobservable inputs.

Observable inputs are based on market data obtained from independent sources.

Concentration of Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash, cash equivalents, restricted cash and accounts receivable. The Company's cash and cash equivalents are deposited with several financial institutions and, at times, may exceed federally insured limits, as applicable. The Company performs ongoing credit evaluations of its clients.

For the years ended December 31, 2017 , 2016 and 2015 , no single client comprised more than 10% of the Company's revenue. No single client had an accounts receivable balance greater than 10% of total accounts receivable at December 31, 2017 or 2016 .

Foreign Currency Transactions and Translation

Transactions in foreign currencies are translated into U.S. Dollars at the rates of exchange in effect at the date of the transaction. Unrealized transaction (losses) gains were approximately $(3.1) million , $20 thousand and $(0.9) million for the years ended December 31, 2017 , 2016 and 2015 , respectively, and are included in other, net within other income (expense), net, in the accompanying consolidated statements of operations.

The Company has entities in various countries. For entities where the local currency is different than the functional currency, the local currency financial statements have been remeasured from the local currency into the functional currency using the current exchange rate for monetary accounts and historical exchange rates for nonmonetary accounts, with exchange differences on remeasurement included in other income (loss). To the extent that the functional currency of our subsidiaries is different than the U.S Dollar, the financial statements have then been translated into U.S. Dollars using period-end exchanges rates for assets and liabilities and average exchanges rates for the results of operations. Foreign currency translation gains and losses are included as a component of Accumulated other comprehensive income or loss in the Consolidated Balance Sheets.

Recently Adopted Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued a new accounting standards update ("ASU") which amends the reporting requirement in regard to new accounting pronouncements or existing pronouncements that have not yet been adopted. The guidance requires registrants to disclose the effect that recently issued accounting standards will have on their financial statements when adopted in a future period. The Company implemented this requirement as of the beginning of the first quarter of 2017.

In March 2016, the FASB issued a new ASU to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. The Company adopted this ASU as of the beginning of the first quarter of 2017 and has elected to continue to estimate expected forfeitures over the course of a vesting period. Further, the ASU eliminates the requirement to delay the recognition of excess tax benefits until they reduce current taxes payable. Upon adoption on January 1, 2017, the Company recorded a $39.4 million U.S. deferred tax asset for the previously unrecognized excess tax benefits, however, this had no impact on our accumulated deficit balance as the deferred tax assets were fully offset by a valuation allowance. The adoption did not have any other material impacts on the Company's financial statements.

Recent Accounting Pronouncements

In May 2017, the FASB issued a new ASU, which amends the scope of modification accounting for share-based payment arrangements. It provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. This guidance is effective for the Company's interim and annual reporting periods beginning January 1, 2018. The Company does not expect the adoption of this ASU to have a material impact on its financial statements.

In August 2016, the FASB issued a new ASU to clarify how companies present and classify certain cash receipts and cash payments in the statement of cash flows. This guidance is effective for our interim and annual reporting periods beginning January 1, 2018. The Company does not expect the adoption of this ASU to have a material impact on its financial statements.

In February 2016, the FASB issued a new ASU, which amends a number of aspects of lease accounting, including requiring lessees to recognize operating leases with a term greater than one year on their balance sheet as a right-of-use asset and corresponding lease liability, measured at the present value of the lease payments. This guidance is effective for the Company's interim and annual reporting periods beginning January 1, 2019. Upon adoption, the Company expects additional lease liability to be recognized on the consolidated balance sheets.

In January 2016, the FASB issued a new ASU that provides guidance for the recognition, measurement, presentation and disclosure of financial assets and liabilities. This guidance is effective for the Company's interim and annual reporting periods beginning January 1, 2018. The Company does not expect the adoption of this ASU to have a material impact on its financial statements.

In May 2014, the FASB issued a new ASU that provides guidance for recognizing revenue from contracts with customers. Under the new standard, the Company is required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration that the Company expects to be entitled to in exchange for those goods or services. The standard permits the use of the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The Company has evaluated the transition methods and elected to use the modified retrospective method and will adopt this standard beginning January 1, 2018.

During fiscal year 2017, the Company evaluated the accounting and disclosure requirements of the standard and implemented the appropriate changes to its business processes, systems and internal controls to enable the preparation of its financial information on adoption. The Company is in the process of finalizing its assessment of the standard as the Company's analysis of costs that represent incremental costs to obtain a contract is ongoing. The Company believes it will finalize this analysis in connection with the preparation of its financial statements as of and for the quarter ended March 31, 2018. Costs that represent incremental costs to obtain a contract will be amortized over the expected product life. The Company has finalized its assessment of how it recognizes revenue for subscriptions to the Company's products and other offerings on a recurring basis and revenue for professional services. Upon adoption, revenue for professional services will be based on the relative standalone selling price without limitation to its contractual value. Prior to adoption, such allocation was limited by its contractual value. This change is expected to result in a material increase in the aggregate amount allocated to professional services when allocating total contract values on a relative standalone selling price basis under the new standard. The Company expects to adjust the following balance sheet line items in fiscal year 2018 to reflect the adoption of the new ASU: deferred commissions; other assets, net; accrued expenses; deferred revenue, current portion; other non-current liabilities; deferred revenue, net of current portion; and accumulated deficit.

3. NET LOSS PER SHARE

The following table presents the Company's basic and diluted net loss per share (in thousands, except per share amounts):

	For the Years Ended December 31,		
	2017	2016	2015
Net loss	$ (61,335)	$ (66,837)	$ (85,516)
Weighted-average shares of common stock outstanding	57,262	55,595	54,171
Net loss per share — basic and diluted	$ (1.07)	$ (1.20)	$ (1.58)

At December 31, 2017 , 2016 and 2015 , the following potential shares were excluded from the computation of diluted net loss per share because their effect would have been anti-dilutive (in thousands):

	December 31,		
	2017	2016	2015
Options to purchase common stock, restricted stock units and performance-based restricted stock units	10,143	10,635	10,860
Shares issuable pursuant to employee stock purchase plan	114	89	77
Convertible notes	11,825	4,682	4,682
Common stock warrants	4,682	4,682	4,682
Total shares excluded from net loss per share	26,764	20,088	20,301

Under the treasury stock method, the convertible notes and common stock warrants will have a dilutive impact on net earnings per share when the average stock price for the period exceeds the respective conversion prices and the Company has net income. The Company also entered into note hedge transactions ("Note Hedges") in connection with the convertible notes with respect to its common stock to minimize the impact of potential economic dilution upon conversion of the convertible notes. The Note Hedges were outstanding as of December 31, 2017 . Since the beneficial impact of the Note Hedges is anti-dilutive, they are excluded from the calculation of diluted net income (loss) per share. See Note 8 of the Notes to Consolidated Financial Statements.

4. INVESTMENTS

Investments in Marketable Securities

The Company's investments in available-for-sale marketable securities are made pursuant to its investment policy, which has established guidelines relative to the diversification of the Company's investments and their maturities, with the principal objective of capital preservation and maintaining liquidity that is sufficient to meet cash flow requirements.

The following is a summary of investments in marketable securities, including those that meet the definition of a cash equivalent, as of December 31, 2017 (in thousands):

	December 31, 2017					
	Amortized Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash Equivalent	Investments
Money market funds	$ 358,859	$ —	$ —	$ 358,859	$ 358,859	$ —
Certificate of deposit	10,000	—	—	10,000	10,000	—
Corporate bonds	74,868	—	(220)	74,648	—	74,648
U.S. treasury securities	189,310	—	(430)	188,880	—	188,880
	$ 633,037	$ —	$ (650)	$ 632,387	$ 368,859	$ 263,528

The following is a summary of investments in marketable securities, including those that meet the definition of a cash equivalent, as of December 31, 2016 (in thousands):

	December 31, 2016					
	Amortized Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash Equivalent	Investments
Money market funds	$ 48,136	$ —	$ —	$ 48,136	$ 48,136	$ —
Corporate bonds	60,725	1	(50)	60,676	—	60,676
Agency bonds	28,954	2	(26)	28,930	—	28,930
U.S. treasury securities	157,829	17	(160)	157,686	—	157,686
Commercial paper	10,473	—	—	10,473	—	10,473
	$ 306,117	$ 20	$ (236)	$ 305,901	$ 48,136	$ 257,765

As of December 31, 2017 , the Company's investment in corporate bonds, agency bonds and U.S. treasury securities had a weighted-average maturity date of approximately nine months . Unrealized gains and losses on investments were not significant, and the Company does not believe the unrealized losses represent other-than-temporary impairments as of December 31, 2017 . No marketable securities held have been in a continuous unrealized loss position for more than 12 months as of December 31, 2017 .

Strategic Investments

During the year ended December 31, 2017 , the Company made $1.5 million in strategic investments. As of December 31, 2017 , the Company had aggregate strategic investments of $3.0 million . During the year ended December 31, 2016 , the Company made $0.6 million in strategic investments. As of December 31, 2016 , the Company had aggregate strategic investments of $2.1 million . The Company accounted for each of these investments using the cost method of accounting, as the Company does not have significant influence or a controlling financial interest over these entities.

These investments are subject to periodic impairment reviews and are considered to be impaired when a decline in fair value is judged to be other-than-temporary. During the year ended December 31, 2017 , the Company recognized $0.6 million of impairment losses recorded in Other, net in the accompanying Consolidated Statement of Operations. During the year ended December 31, 2016 , the Company did no t recognize any impairment losses.

5. GOODWILL AND INTANGIBLE ASSETS

Finite-lived Intangibles

The Company has finite-lived intangible assets, which are amortized over their estimated useful lives on a straight-line basis. The following table presents the gross carrying amount and accumulated amortization of finite-lived intangible assets as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017			December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	$ 29,984	$ (29,984)	$ —	$ 29,984	$ (22,711)	$ 7,273
Software license rights	1,654	(1,654)	—	1,654	(1,506)	148
Total	$ 31,638	$ (31,638)	$ —	$ 31,638	$ (24,217)	$ 7,421

Total amortization expense from finite-lived intangible assets was $7.4 million , $9.3 million and $10.6 million for the years ended December 31, 2017 , 2016 and 2015 , respectively. The amortization expense recognized was related to developed technology and software license rights and was recorded in cost of revenue except for $0.2 million and $0.6 million for the years ended December 31, 2016 and 2015 , respectively, which was recorded in “Amortization of certain acquired intangible assets” in the accompanying Consolidated Statements of Operations.

The Company evaluates the recoverability of its long-lived assets with finite useful lives, including intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. There were no impairment charges related to identifiable intangible assets in the years ended December 31, 2017 , 2016 and 2015 .

Goodwill

There was no change in the carrying amount of goodwill for the years ended December 31, 2017 and 2016 .

6. OTHER BALANCE SHEET AMOUNTS

The balance of property and equipment, net is as follows (in thousands):

		December 31,	
	Useful Life	2017	2016
Computer equipment and software	3 – 5 years	$ 38,838	$ 32,926
Furniture and fixtures	7 years	3,855	3,837
Leasehold improvements	2 – 6 years	10,046	9,878
Renovation in progress	n/a	58	58
		52,797	46,699
Less: accumulated depreciation and amortization		(31,980)	(22,737)
Total property and equipment, net		$ 20,817	$ 23,962

Depreciation expense for the years ended December 31, 2017 , 2016 and 2015 was $10.3 million , $9.9 million , $7.6 million , respectively.

The balance of accrued expenses is as follows (in thousands):

	December 31,	
	2017	2016
Accrued bonuses	$ 13,557	$ 13,371
Accrued commissions	12,401	10,616
Other accrued expenses	31,570	23,632
Total accrued expenses	$ 57,528	$ 47,619

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities measured at fair value on a recurring basis included the following as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017				December 31, 2016			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$ 368,859	$ 358,859	$ 10,000	$ —	$ 48,136	$ 48,136	$ —	$ —
Corporate bonds	74,648	—	74,648	—	60,676	—	60,676	—
Agency bonds	—	—	—	—	28,930	—	28,930	—
U.S. treasury securities	188,880	—	188,880	—	157,686	—	157,686	—
Commercial paper	—	—	—	—	10,473	—	10,473	—
	$ 632,387	$ 358,859	$ 273,528	$ —	$ 305,901	$ 48,136	$ 257,765	$ —

At December 31, 2017 and 2016 , cash equivalents of $358.9 million and $48.1 million , respectively, consisted of money market funds with original maturity dates of three months or less backed by U.S. Treasury bills. At December 31, 2017 , cash equivalents of $10.0 million consisted of certificate of deposits with original maturity dates of three months or less.

As of December 31, 2017 , corporate bonds, agency bonds, U.S. treasury securities and commercial paper were classified within Level 2 of the fair value hierarchy. The bonds were valued using information obtained from pricing services, which obtained quoted market prices from a variety of industry data providers, security master files from large financial institutions, and other third-party sources. The Company performed supplemental analysis to validate information obtained from its pricing services. As of December 31, 2017 , no adjustments were made to such pricing information.

Convertible Notes

The Company's convertible notes, including the 2018 Notes and the 2021 Notes described below, are shown in the accompanying Consolidated Balance Sheets at their original issuance value, net of unamortized discount and debt issuance costs, and are not remeasured to fair value each period. The approximate fair value of the Company's convertible notes as of December 31, 2017 was $552.0 million . The fair value of the 2018 Notes was estimated on the basis of quoted market prices, which, due to limited trading activity, are considered Level 2 in the fair value hierarchy. The fair value of the 2021 Notes were estimated as the principal amount of the 2021 Notes, due to the lack of trading activity as of December 31, 2017.

8. DEBT AND OTHER FINANCING ARRANGEMENTS

2018 Convertible Notes

In 2013, the Company issued convertible notes (the "2018 Notes") raising gross proceeds of $253.0 million .

The 2018 Notes are governed by an Indenture, dated June 17, 2013, between the Company and U.S. Bank National Association, as trustee (the "2013 Indenture"). The 2018 Notes mature on July 1, 2018, unless earlier repurchased or converted, and bear interest at a rate of 1.50% per year payable semi-annually in arrears on January 1 and July 1 of each year, commencing January 1, 2014.

The 2018 Notes are convertible at an initial conversion rate of 18.5046 shares of the Company's common stock per $1,000 principal amount of the 2018 Notes, which represents an initial conversion price of approximately $54.04 per share, subject to adjustment for anti-dilutive issuances, voluntary increases in the conversion rate and make-whole adjustments upon a fundamental change. A fundamental change includes a change in control, delisting of the Company's common stock and a liquidation of the Company. Upon conversion, the Company will deliver cash for the principal amount, and the Company has the right to settle any amounts in excess of the principal in cash or shares.

Prior to April 1, 2018, the 2018 Notes are only convertible upon satisfaction of certain conditions as follows:

- during any calendar quarter after September 30, 2013, if the last reported sale price of common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

- during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of the 2018 Notes for each trading day of that five consecutive trading day period was less than 98% of the product of the last reported sale price of common stock and the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events as defined in the 2013 Indenture.

Holders of the 2018 Notes may convert their 2018 Notes at any time on or after April 1, 2018, until the close of business on the second scheduled trading day immediately preceding the maturity date.

The holders of the 2018 Notes may require the Company to repurchase all or a portion of their 2018 Notes at a cash repurchase price equal to 100% of the principal amount of the 2018 Notes being repurchased, plus accrued and unpaid interest, upon a fundamental change and events of default, including non-payment of interest or principal and other obligations under the 2013 Indenture.

In accounting for the 2018 Notes at issuance, the Company separated the 2018 Notes into debt and equity components pursuant to the accounting standards for convertible debt instruments that may be fully or partially settled in cash upon conversion. The fair value of the debt component was estimated using an interest rate for nonconvertible debt, with terms similar to the 2018 Notes, excluding the conversion feature. The excess of the principal amount of the 2018 Notes over the fair value of the debt component was recorded as a debt discount and a corresponding increase in additional paid-in capital. The debt discount is accreted to interest expense over the term of the 2018 Notes using the interest method. The amount recorded to additional paid-in capital is not to be remeasured as long as it continues to meet the conditions for equity classification. Upon issuance of the $253.0 million of 2018 Notes, the Company recorded $214.3 million to debt and $38.7 million to additional paid-in capital for the debt discount.

The Company incurred transaction costs of approximately $7.3 million related to the issuance of the 2018 Notes. In accounting for these costs, the Company allocated the costs to the debt and equity components in proportion to the allocation of proceeds from the issuance of the 2018 Notes to such components. Transaction costs allocated to the debt component of $6.2 million are deferred and amortized to interest expense over the term of the 2018 Notes. The transaction costs allocated to the equity component of $1.1 million were recorded to additional paid-in capital.

2021 Senior Convertible Notes

In December 2017, the Company issued $300.0 million principal amount of 5.75% senior convertible notes (the "2021 Notes") for a purchase price equal to 98% of the principal amount, raising net proceeds of $294.0 million .

The 2021 Notes are governed by an Indenture, dated December 8, 2017 between the Company and U.S. Bank National Association, as trustee (the "2017 Indenture"). The 2021 Notes mature on July 1, 2021, unless earlier repurchased or converted, and bear interest at a rate of 5.75% per year payable semi-annually in arrears on January 1 and July 1 of each year, commencing January 1, 2018.

The 2021 Notes are convertible at an initial conversion rate of 23.8095 shares of the Company's common stock per $1,000 principal amount of the 2021 Notes, which represents an initial conversion price of $42.00 per share, subject to adjustment for anti-dilutive issuances, voluntary increases in the conversion rate and make-whole adjustments upon a fundamental change. A fundamental change includes a change in control, delisting of the Company's common stock and a liquidation of the Company. Upon conversion, the Company will deliver the applicable number of the Company's common stock and cash in lieu of any fractional shares. Holders of the 2021 Notes may convert their 2021 Notes at any time prior to the close of business on the scheduled trading day immediately preceding the maturity date, subject to a restricted period through December 2018.

The holders of the 2021 Notes may require the Company to repurchase all or a portion of their 2021 Notes at a cash repurchase price equal to 100% of the principal amount of the Notes being repurchased, plus the remaining scheduled interest through and including the maturity date, upon a fundamental change and events of default, including non-payment of interest or principal and other obligations under the 2017 Indenture.

The 2021 Notes were issued at a two percent discount and was accounted for as debt upon issuance. The Company recorded $300.0 million of debt and $6.0 million for the debt discount. The debt discount is accreted to interest expense over the term of the 2021 Notes using the interest method.

The Company incurred debt issuance costs of $9.1 million that were deferred and will be amortized to interest expense over the term of the 2021 Notes.

2018 Notes and 2021 Notes

The net carrying amounts of the liability components of the 2018 and 2021 Notes as of December 31, 2017 and 2016 consists of the following (in thousands):

	December 31, 2017	December 31, 2016
Principal amount	$ 553,000	$ 253,000
Unamortized debt discount	(10,190)	(12,550)
Net carrying amount before unamortized debt issuance costs	542,810	240,450
Unamortized debt issuance costs	(9,617)	(2,015)
Net carrying value	$ 533,193	$ 238,435

The effective interest rate of the liability component is 5.4% and 6.4% for the 2018 Notes and the 2021 Notes, respectively. The interest rate for the 2018 Notes was based on the interest rates of similar liabilities at the time of issuance that did not have associated convertible features.

The following table presents the interest expense recognized related to the 2018 Notes and the 2021 Notes for years ended December 31, 2017 , 2016 and 2015 (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Contractual interest expense at 1.50% and 5.75% per annum	$ 4,897	$ 3,795	$ 3,795
Amortization of debt issuance costs	1,472	1,263	1,202
Accretion of debt discount	8,360	7,867	7,489
Total	$ 14,729	$ 12,925	$ 12,486

Net proceeds of approximately $246.0 million and $285.1 million from the 2018 Notes and the 2021 Notes, respectively, were received after payment of the initial purchasers' offering expenses. The Company used approximately $49.5 million of the net proceeds of the 2018 Notes offering to pay the cost of the Note Hedges described below, which was partially offset by $23.2 million of the proceeds from the Company's sale of the Warrants also described below.

Note Hedges

Concurrent with the 2018 Notes that were issued in 2013, the Company entered into note hedges (the "Note Hedges") with certain bank counterparties, with respect to its common stock. The Company paid $49.5 million for the Note Hedges. The Note Hedges cover approximately 4.7 million shares of the Company's common stock at a strike price of $54.04 per share, and are exercisable by the Company upon conversion of the 2018 Notes. The Note Hedges will expire upon the maturity of the 2018 Notes. The Note Hedges are intended to reduce the potential economic dilution upon conversion of the 2018 Notes in the event that the fair value per share of the Company's common stock at the time of exercise is greater than the conversion price of the 2018 Notes.

Warrants

Separately and concurrently with the entry by the Company into the Note Hedges in 2013, the Company entered into warrant transactions, whereby it sold warrants to the same bank counterparties as the Note Hedges to acquire up to 4.7 million shares of the Company's common stock at a strike price of $80.06 per share (the "Warrants"), subject to anti-dilution adjustments. The Company received proceeds of $23.2 million from the sale of the Warrants. The Warrants expire at various dates during 2018 and 2019. If the fair value per share of the Company's common stock exceeds the strike price of the Warrants, the Warrants will reduce diluted earnings per share to the extent that the calculation does not have an anti-dilutive effect.

The amounts paid and received for the Note Hedges and the Warrants have been recorded in additional paid-in capital. The fair value of the Note Hedges and the Warrants are not remeasured through earnings each reporting period.

9. STOCKHOLDERS ' EQUITY

Capitalization

As of December 31, 2017 , the Company's authorized stock consists of 1,000,000,000 shares of common stock, par value of $0.0001 per share, and 50,000,000 shares of preferred stock, par value of $0.0001 per share. No shares of preferred stock were issued or outstanding at December 31, 2017 and 2016.

Share Repurchase Program

In November 2017, the Company's board of directors authorized a $100.0 million share repurchase program of its common stock. The Company may repurchase its common stock for cash in the open market in accordance with applicable securities laws. The timing and amount of any stock repurchase will depend on share price, corporate and regulatory requirements, economic and market conditions, and other factors. The stock repurchase authorization will expire in November 2019 and shares repurchased will be immediately retired.

During the year ended December 31, 2017 , the Company repurchased 0.6 million shares of its common stock at an average cost of $35.55 per share for a total expenditure of $22.6 million . At December 31, 2017 , $77.4 million remained available under the share repurchase program.

10. STOCK-BASED AWARDS

1999 and 2009 Plans

In November 1999, the Company adopted the 1999 Stock Plan ("1999 Plan") as amended. In January 2009, the Company adopted the 2009 Plan ("2009 Plan") as amended. Stock options granted under the 1999 and 2009 Plans may be incentive stock options or non-statutory stock options. At December 31, 2017 , no shares are issuable under the 1999 and 2009 Plans.

2010 Plan

In March 2011, upon the completion of the Company's IPO, the Company adopted the 2010 Plan and determined that it will no longer grant any additional awards under the 1999 Plan and the 2009 Plan. However, the 1999 Plan and the 2009 Plan continue to govern the terms and conditions of the outstanding awards previously granted under each respective plan. Upon the adoption of the 2010 Plan, the maximum aggregate number of shares issuable thereunder was 3,680,480 shares, plus (i) any shares subject to stock options or similar awards granted under the 1999 Plan or 2009 Plan prior to March 16, 2011 that expire or otherwise terminate without having been exercised in full and (ii) shares issued pursuant to awards granted under the 1999 Plan and 2009 Plan that are forfeited to or repurchased by the Company after March 16, 2011, with the maximum number of shares to be added to the 2010 Plan from the 1999 Plan and 2009 Plan equal to 5,614,369 shares of common stock. In addition, the number of shares available for issuance under the 2010 Plan will be annually increased on the first day of each fiscal year beginning with 2012, by an amount equal to the lesser of 5,500,000 shares, 4.5% of the outstanding shares of the Company's common stock as of the last day of the immediately preceding fiscal year, or such other amount as the Company's Board of Directors determines.

Shares issued pursuant to awards under the 2010 Plan that are repurchased by the Company or that expire or are forfeited, as well as shares used to pay the exercise price of an award or to satisfy the minimum tax withholding obligations related to an award, will become available for future grant or sale under the 2010 Plan. In addition, to the extent that an award is paid out in cash rather than shares, such cash payment will not reduce the number of shares available for issuance under the 2010 Plan.

The 2010 Plan permits the grant of incentive stock options to employees and the grant of non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares to the Company's employees, directors and consultants.

Under the 2010 Plan, 4,128,903 shares remained available for issuance, at December 31, 2017 .

Stock Options

The exercise price of stock options granted under the 2010 Plan must equal at least the fair market value of the Company's common stock on the date of grant. The term of an incentive stock option may not exceed ten years ; provided, however, that an incentive stock option held by a participant who owns more than 10% of the total combined voting power of all classes of the Company's stock, may not have a term in excess of five years and must have an exercise price of at least 110% of the fair market value of the Company's common stock on the grant date.

Restricted Stock Units

The Company may also grant restricted stock units under the 2010 Plan. The fair value of each restricted stock unit granted is equal to the grant date fair market value of the Company's common stock. The payment of restricted stock units may be in the form of cash, shares, or in a combination thereof, as determined by the Board of Directors. During 2017 , the Company granted 1,937,900 restricted stock units under the 2010 Plan, containing service conditions.

Performance Units/Performance Shares

The Company may also grant performance units and performance shares under the 2010 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals for a predetermined period, established by the Board of Directors, are achieved or the awards otherwise vest. The fair value of each performance unit and performance share awarded is equal to the grant date fair value of the Company's common stock when the performance goals are defined solely by reference to the Company's own operations. The fair value of each performance unit and performance award that contain performance goals tied to performance of the Company's common stock is estimated using a Monte-Carlo simulation. The payment of performance units and performance shares may be in the form of cash, shares, or a combination thereof, as determined by the Board of Directors.

Employee Stock Purchase Plan

Under the Company's 2010 Employee Stock Purchase Plan ("ESPP") eligible employees are granted the right to purchase shares at the lower of 85% of the fair value of the stock at the time of grant or 85% of the fair value at the time of exercise. The right to purchase shares is granted twice yearly for six month offering periods in June and December and exercisable on or about the succeeding December and June, respectively, on each year. Under the ESPP, 3,045,181 shares remained available for issuance, at December 31, 2017 . The Company recognized compensation expense related to the ESPP of $1.6 million , $1.4 million and $0.9 million for the years ended December 31, 2017 , 2016 and 2015, respectively.

Stock Options

The Company has granted stock options, which vest upon meeting service conditions. The following table summarizes the stock option activity which contain only service conditions, under the Company's 1999, 2009 and 2010 Plans (in thousands, except per share and term information):

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (1)
Outstanding, December 31, 2016	6,041	$ 32.01	6.2	$ 74,989
Granted	—	—		
Exercised	(413)	16.38		
Forfeited	(334)	35.71		
Outstanding, December 31, 2017	5,294	32.99	5.3	40,122

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (1)
Exercisable at December 31, 2017	4,934	$ 32.60	5.2	$ 39,951
Vested and expected to vest at December 31, 2017	5,280	32.98	5.3	40,113

(1) Based on the Company's closing stock price of $35.33 on December 31, 2017 and $42.31 on December 31, 2016.

The following table summarizes information about stock options, which contain only service conditions, under the Company's equity incentive plans at December 31, 2017 (in thousands except term information):

	Options Outstanding at December 31, 2017		Options Exercisable at December 31, 2017	
	Number of Options	Weighted Average Remaining Contractual Term (in years)	Number of Options	Weighted Average Remaining Contractual Term (in years)
Range of Exercise Prices				
$0.34 to $1.65	92	1.9	92	1.9
$5.93 to $8.88	677	2.9	677	2.9
$12.54 to $15.41	132	3.7	132	3.7
$16.24 to $18.82	305	4.0	305	4.0
$20.85 to $23.94	552	4.4	552	4.4
$27.55 to $31.44	207	5.6	193	5.5
$31.64 to $36.15	835	6.8	633	6.6
$38.03 to $45.76	1,093	6.1	1,036	6.0
$46.20 to $56.05	1,401	6.1	1,314	6.1
	5,294	5.3	4,934	5.2

The total intrinsic value of options exercised during the years ended December 31, 2017 , 2016 and 2015 was $9.2 million , $18.2 million and $11.4 million , respectively. The total grant date fair value of stock options vested during the years ended December 31, 2017 , 2016 and 2015 was $15.4 million , $24.3 million and $32.3 million , respectively. The Company recognized compensation expense related to stock options of $14.0 million , $23.0 million and $28.0 million for the years ended December 31, 2017 , 2016 and 2015 , respectively.

Unrecognized compensation expense relating to stock options was $5.4 million at December 31, 2017 which is expected to be recognized over a weighted-average period of 1.0 years.

The aggregate grant date fair value of stock options granted for the years ended December 31, 2016 and 2015 was $1.8 million and $8.4 million , respectively.

Restricted Stock Units

Restricted stock unit activity for the year ended December 31, 2017 under the Company's equity incentive plans is summarized as follows (shares in thousands):

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2016	3,254	$ 36.35
Granted	1,938	37.99
Forfeited	(367)	36.04
Vested	(1,035)	36.34
Outstanding at December 31, 2017	3,790	$ 37.22

The Company recognized compensation expense related to restricted stock units of $44.1 million , $31.9 million and $15.0 million for the years ended December 31, 2017 , 2016 and 2015 , respectively. Unrecognized compensation expense related to unissued shares of the Company's common stock subject to unvested restricted stock units was $105.7 million at December 31, 2017 , which is expected to be recognized as expense over the weighted-average period of 2.7 years.

Performance-Based Restricted Stock Units

In July 2014, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") approved the issuance of performance-based restricted stock units to an executive officer of the Company. The number of shares of the Company's common stock issuable upon the vesting of this performance-based restricted stock award is based upon (a) the performance of the Company's stock price relative to a certain independent market index and (b) the recipient continuing to provide service through the end of the three -year term of the award. Achievement of the target performance level would result in the issuance of 40,600 shares and achievement at the maximum performance level would result in the issuance of 60,900 shares. The Company used a Monte Carlo simulation to estimate the fair value of this award which factors in the probability of the award vesting. The grant date fair value of the award was $1.8 million , which was recognized ratably over the three -year term of the award. In July 2017, based on the performance of the Company's stock price relative to a certain independent market index, the Company determined it had not achieved the required performance level, which resulted in none of the shares being issued.

In December 2014, the Compensation Committee approved the issuance of a special award of performance-based restricted stock units to certain executives of the Company. The number of shares of the Company's common stock issuable upon the vesting of these performance-based restricted stock unit awards is based upon (a) the performance of the Company's stock price relative to a certain independent market index, (b) the achievement of the Company's revenue guidance for each of fiscal year 2015 and 2016 and (c) the recipient continuing to provide services to the Company through the end of the three -year term of the award. The Company finalizes its revenue guidance in February of each year, thus a grant date was established in February 2015 and February 2016 for each of the two tranches of the award related to that year's revenue guidance. Each tranche is treated as a separate grant and recognized from the date the revenue guidance is determined over the remaining portion of the original three -year term of the award. Achievement of the target performance level would result in the issuance of 535,000 shares and achievement at the maximum performance level would result in the issuance of an aggregate of 1,070,000 shares.

The Company used a Monte Carlo simulation to estimate the fair value of each tranche of the awards for which a grant date has been established. The valuation factors in the probability of achieving the performance of the Company's stock price relative to the market index. In the first quarter of 2015, the aggregate grant date fair value of the first half of the above awards was $9.9 million . As of December 31, 2017 , the aggregate fair value of the first half of the awards was $4.8 million based on the Company's performance in relation to the revenue guidance for fiscal year 2015. In the first quarter of 2016, the aggregate grant date fair value of the second half of the awards was $3.6 million . In the first quarter of 2017, the Compensation Committee provided clarification on the use of constant currency adjustments to the Company's performance in relation to the revenue guidance for fiscal year 2016. As a result, during the year ended December 31, 2017 , the Company determined that the aggregate fair value of the awards was $9.8 million , which was recognized over the remaining vesting period of the awards. In December 2017, based on the performance of the Company's stock price relative to a certain independent market index, the Company determined it had not achieved the required performance level, which resulted in none of the shares being issued.

Beginning in 2016, the Compensation Committee designed an annual equity compensation structure to further align the compensation levels of certain executives to the performance of the Company through the issuance of performance-based restricted stock units. The number of shares of the Company's common stock issuable upon the vesting of these performance-based restricted stock unit awards is based upon the Company meeting composite revenue and cash flow growth targets determined at the time of the grant. The total amount of compensation expense recognized is based on the number of shares that the Company determines are probable of vesting. The estimate will be made each reporting period and determined by the Company's actual and projected revenue and cash flow performance and the compensation expense will be recognized over the vesting term of the awards.

The following table summarizes the Company's issuances of awards under the new compensation award structure:

Grant Date	Performance Measures	Vesting Term	Performance Period	# of Shares at Target	# of Shares at Maximum	Grant Date Fair Value per share
July 2016	(a) the Company meeting certain revenue and cash flow targets through December 31, 2018 and (b) the recipient continuing to provide services to the Company through the end of June 2019	Three years	Fiscal years 2016, 2017 and 2018	166,600	499,800	$ 38.67
March 2017	(a) the Company meeting certain revenue and cash flow targets through December 31, 2019 and (b) the recipient continuing to provide services to the Company through the end of March 2020	Three years	Fiscal years 2017, 2018 and 2019	185,270	555,810	$ 41.73

The Company recognized compensation expense related to all performance-based awards in the aggregate amount of $11.2 million , $2.6 million and $1.9 million for the years ended December 31, 2017 , 2016 and 2015 , respectively. There was no unrecognized compensation expense related to unvested performance-based restricted stock units at December 31, 2017 .

Stock-Based Compensation

Stock-based compensation expense related to stock options, restricted stock units, the ESPP and performance-based restricted stock units is included in the following line items in the accompanying Consolidated Statements of Operations for the years ended December 31, 2017 , 2016 and 2015 (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Cost of revenue	$ 4,904	$ 4,732	$ 3,887
Sales and marketing	28,427	25,642	23,604
Research and development	9,630	7,586	6,010
General and administrative	22,869	16,739	9,580
Total	$ 65,830	$ 54,699	$ 43,081

In certain instances the Company is responsible for payroll taxes related to stock options exercised or the underlying shares sold by its employees. The Company accrues its obligations at the time of the exercise of the stock options or the sale of the underlying shares.

11. INCOME TAXES

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law making significant changes to the Internal Revenue Code of 1986, as amended. Changes include, but are not limited to, a corporate tax rate decrease from 34% to 21% effective for tax years beginning after December 31, 2017, further limitation on deductibility of interest expense, the transition of U.S international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. Consistent with the guidance under ASC 740, we will record any impacts from enactment of the Tax Act in the fourth quarter of 2017 subject to Staff Accounting Bulletin ("SAB") 118 which provides for a measurement period to complete the accounting for certain elements of the tax reform.

We have calculated our best estimate of the impact of the Tax Act in our year end income tax provision in accordance with our understanding of the Tax Act and guidance available as of the date of this filing. The Tax Act did not result in any material tax expense during fourth quarter of 2017, the period in which the legislation was enacted. The Company remeasured the net deferred tax assets and corresponding valuation allowance at the 21% rate. Further, the impact of the one-time transition tax on the mandatory deemed repatriation of foreign earnings was immaterial due to an aggregate foreign earnings deficit.

The changes included in the Tax Act are broad and complex. The final transition impacts of the Tax Act may differ from the above estimate, possibly materially, due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, any changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates or changes to estimates the company has utilized to calculate the transition impacts, including impacts from changes to current year earnings estimates and foreign exchange rates of foreign subsidiaries. The Securities Exchange Commission has issued rules that would allow for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts.

The components of the Company's loss before provision (benefit) for income taxes are as follows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
United States	$ (32,853)	$ (39,107)	$ (59,797)
Foreign	(26,736)	(26,523)	(24,538)
Loss before provision for income taxes	$ (59,589)	$ (65,630)	$ (84,335)

The components of the provision (benefit) for income taxes attributable to continuing operations are as follows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Current income tax provision:			
Federal	$ —	$ —	$ —
State	114	105	147
Foreign	1,580	1,838	1,139
Total current income tax provision	1,694	1,943	1,286
Deferred income tax benefit:			
Federal	—	—	—
State	—	—	—
Foreign	52	(736)	(105)
Total deferred income tax benefit	52	(736)	(105)
Total income tax provision (benefit)	$ 1,746	$ 1,207	$ 1,181

On a consolidated basis, the Company has incurred operating losses and has recorded a full valuation allowance against its United States, United Kingdom, New Zealand, Hong Kong and Brazil deferred tax assets for all periods to date and, accordingly, has not recorded a provision (benefit) for income taxes for any of the periods presented other than a provision (benefit) for certain foreign and state income taxes. Certain foreign subsidiaries and branches of the Company provide intercompany services and are compensated on a cost-plus basis, and therefore, have incurred liabilities for foreign income taxes in their respective jurisdictions.

The differences in the total provision for income taxes that would result from applying the 34% federal statutory rate to loss before provision for income taxes and the reported provision for income taxes are as follows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
U.S. Federal tax benefit at statutory rates	$ (20,260)	$ (22,310)	$ (28,681)
State income taxes, net of federal tax benefit	(806)	(855)	(1,632)
Foreign rate differential	5,220	3,711	3,964
Stock based compensation	3,182	4,467	4,673
Other permanent differences	(494)	(750)	(99)
Deferred adjustments / U.S. rate change	7,811	—	—
Other	262	1,494	536
Valuation allowance	6,831	15,450	22,420
Total income tax (benefit) provision	$ 1,746	$ 1,207	$ 1,181

Major components of the Company's deferred tax assets (liabilities) at December 31, 2017 and 2016 are as follows (in thousands):

	December 31,	
	2017	2016
Deferred tax assets:		
Accrued expenses	$ 2,371	$ 3,037
Long-lived intangible assets and fixed assets — basis difference	19,884	22,146
Net operating loss carryforwards	80,615	68,356
Stock-based compensation	16,886	19,515
Deferred revenue	2,739	4,060
Convertible note hedge	1,467	6,387
Other	2,721	2,276
Total deferred tax assets	126,683	125,777
Valuation allowance	(118,606)	(111,775)
Deferred tax assets, net of valuation allowance	8,077	14,002
Deferred tax liabilities:		
Prepaid expenses and deferred commissions	(5,672)	(7,718)
Convertible note discount	(1,074)	(4,721)
Other	(410)	(591)
Total deferred tax liabilities	(7,156)	(13,030)
Net deferred tax assets (liabilities)	$ 921	$ 972

At December 31, 2017 , the Company had federal, state and foreign net operating losses of approximately $250.7 million , $257.9 million and $86.0 million , respectively. The federal net operating loss carryforward will begin expiring in 2022, the state net operating loss carryforward began expiring in 2017, and the foreign net operating loss has an unlimited carryforward period. The Internal Revenue Code of 1986, as amended, imposes substantial restrictions on the utilization of net operating losses in the event of an "ownership change" of a corporation. Accordingly, a company's ability to use net operating losses may be limited as prescribed under Internal Revenue Code Section 382 ("IRC Section 382"). Events which may cause limitations in the amount of the net operating losses that the Company may use in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period. Due to the effects of historical equity issuances, the Company has determined that the future utilization of a portion of its net operating losses is limited annually pursuant to IRC Section 382. The Company has determined that none of its net operating losses will expire because of the annual limitation.

The Company has recorded a full valuation allowance against its otherwise recognizable United States, United Kingdom, New Zealand, Hong Kong and Brazil deferred income tax assets as of December 31, 2017 . Management has determined, after evaluating all positive and negative historical and prospective evidence, that it is more likely than not that these assets will not be realized. The net increase to the valuation allowance of $6.8 million , $15.5 million and $22.4 million for the years ended December 31, 2017 , 2016 and 2015 , respectively, was primarily due to additional net operating losses generated by the Company.

We adopted ASU No. 2016-09 effective January 1, 2017. The ASU eliminates the requirement to delay the recognition of excess tax benefits until they reduce current taxes payable. However, as of January 1, 2017, the previously unrecognized excess tax benefits of $39.4 million had no impact on our accumulated deficit balance as the related U.S. deferred tax assets were fully offset by a valuation allowance. The adoption did not have any other material impacts on the Company's provision for income taxes.

Deferred income taxes have not been provided on the undistributed earnings of the Company's foreign subsidiaries because the Company's practice and intent is to permanently reinvest these earnings. The cumulative amount of such undistributed earnings was $3.3 million and $4.0 million at December 31, 2017 and December 31, 2016 , respectively. Any future distribution of these non-U.S. earnings may subject the Company to state income taxes, as adjusted for tax credits, and foreign withholding taxes that the Company estimates would be $0.1 million and $0.8 million at December 31, 2017 and 2016 , respectively. We are also estimating that the transition tax on any undistributed earnings that existed as of December 31, 2017 will be zero .

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2017 , 2016 and 2015 is as follows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Balance at January 1	$ 276	$ 276	$ 276
Additions for tax positions related to the current year	995	—	—
Balance at December 31	$ 1,271	$ 276	$ 276

The provision for uncertain tax positions relates to business in territories outside of the United States.

The Company's policy is to classify interest and penalties on uncertain tax positions as a component of tax expense. An insignificant amount of interest and penalties on unrecognized tax benefits were accrued during the 2017 tax year. The amount of accrued interest and penalties on unrecognized tax benefits was insignificant, as of December 31, 2017 and 2016 . The Company does not expect the change in uncertain tax positions to have a material impact on its financial position, results of operations or liquidity. The recognition of previously unrecognized tax benefits on uncertain tax positions would result in a $1.3 million tax benefit. The Company believes it is reasonably possible that within the next twelve months we may resolve certain matters related to the years under examination, which may result in reductions of our unrecognized tax benefits and income tax expense of up to $1.1 million .

The Company is subject to United States federal income tax as well as to income tax in multiple state and foreign jurisdictions, including the United Kingdom. Federal income tax returns of the Company are subject to IRS examination for the 2014 through 2017 tax years. State income tax returns are subject to examination for the 2013 through 2017 tax years. Foreign income tax returns are subject to examination for the 2007 through 2017 tax years.

12. RESTRUCTURING COSTS

In December 2017, as part of the Company's new strategic plan to accelerate revenue growth and increase operating margins, the Company approved a restructuring plan to reduce the headcount of the Company's global service delivery team, as well as the headcount of some of its sales teams, representing a total workforce reduction of approximately six percent. In December 2017, the Company completed the sales team headcount reductions. The Company expects the service delivery headcount reductions to be primarily completed by March 2018. The restructuring is part of the Company's renewed focus on recurring, or subscription-based, revenue growth and driving cost reductions to accelerate the growth of its operating margins and free cash flow.

During the year ended December 31, 2017 , the Company recognized $1.5 million of restructuring costs, which was recorded in “Restructuring” in the accompanying Consolidated Statements of Operations. The restructuring costs consisted primarily of payroll-related costs, such as severance, outplacement costs and continuing healthcare coverage, associated with employee terminations. The Company expects to incur an additional cost of approximately $3.0 million in connection with the restructuring plan in the first quarter of 2018.

13. SEGMENT AND GEOGRAPHIC INFORMATION

The Company’s management has determined that the Company operates in one segment as it only reports financial information on an aggregate and consolidated basis to its chief executive officer, who is the chief operating decision maker. The Company presents its entity-wide information in the tables below.

The following table sets forth the Company’s sources of revenue (dollars in thousands):

	At or For Year Ended December 31,		
	2017	2016	2015
Subscription revenue	$ 396,764	$ 339,756	$ 270,093
Percentage of subscription revenue to total revenue	82.3%	80.3%	79.5%
Professional services revenue	$ 85,221	$ 83,368	$ 69,558
Percentage of professional services revenue to total revenue	17.7%	19.7%	20.5%
	$ 481,985	$ 423,124	$ 339,651

Revenue by geographic region, which is generally based on the address of the Company’s clients as defined in their master subscription agreements, is set forth below (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Revenue			
United States	$ 313,729	$ 284,657	$ 228,724
United Kingdom	25,701	27,571	30,104
All other countries	142,555	110,896	80,823
Total revenue	$ 481,985	$ 423,124	$ 339,651

Property and equipment by region is set forth below (in thousands):

	December 31,	
	2017	2016
Property and equipment, net		
United States	$ 16,468	$ 19,843
United Kingdom	3,378	2,985
All other countries	971	1,134
Total property and equipment, net	$ 20,817	$ 23,962

14. 401(K) SAVINGS PLAN

The Company has a defined contribution savings plan (the “Plan”) under Section 401(k) of the Internal Revenue Code. The Plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the Plan may be made at the discretion of the Board of Directors. The Plan provides for a Company matching contribution in an amount equal to 50% of an employee’s contributions up to $2,400 per year, which vests fully after the four th year of employment.

The Company incurred approximately $2.0 million , $1.9 million and $1.6 million of matching contribution expenses related to the Plan during the years ended December 31, 2017 , 2016 and 2015, respectively.

15. COMMITMENTS AND CONTINGENCIES

Leases

The Company has various non-cancelable operating leases for its offices and its managed hosting facilities and services. These leases expire at various times through 2021. Certain lease agreements contain renewal options, rent abatement and escalation clauses. The Company recognizes rent expense on a straight-line basis over the lease term, commencing when the Company takes possession of the property. Certain of the Company's office leases entitle the Company to receive a tenant allowance from the landlord. The Company records tenant allowances as a deferred rent credit, which the Company amortizes on a straight-line basis, as a reduction of rent expense, over the term of the underlying lease. Total rent expense under operating leases was approximately $8.0 million , $7.8 million and $6.7 million for the years ended December 31, 2017 , 2016 and 2015 , respectively.

Future minimum lease payments under non-cancelable operating leases at December 31, 2017 are as follows (in thousands):

	Operating Leases
2018	$ 8,246
2019	826
2020	84
2021	73
2022	—
Total minimum lease payments	$ 9,229

Letters of Credit

During 2015, the Company amended a standby letter of credit in association with its building lease. In addition, the Company maintains standby letters of credit in association with other contractual arrangements. Total letters of credit outstanding at December 31, 2017 was $1.4 million .

Other Commitments

As of December 31, 2017 , the Company had agreements with various third-party service providers whereby the Company has committed to assign certain dollar amounts or hours of professional service projects related to implementation and other services for clients of the Company's human capital management platform. In aggregate, these estimated commitments total approximately $12.0 million in 2018, $6.5 million in 2019 and $0.7 million in 2020.

As of December 31, 2017 , the Company had software subscription agreements with various service providers with obligations of approximately $8.4 million in 2018, $5.3 million in 2019 and $0.5 million in 2020.

As of December 31, 2017 , the Company had a sponsorship agreement with a professional sports franchise with obligations of approximately $0.7 million in 2018 and $0.7 million in 2019.

Guarantees and Indemnifications

The Company has made guarantees and indemnities under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain transactions, including revenue transactions in the ordinary course of business. The Company is obligated to indemnify its directors and officers to the maximum extent permitted under the laws of the State of Delaware. However, the Company has a directors and officers insurance policy that may reduce its exposure in certain circumstances and may enable it to recover a portion of future amounts that may be payable, if any. The duration of the guarantees and indemnities varies and, in many cases, is indefinite but subject to statutes of limitations. To date, the Company has made no payments related to these guarantees and indemnities. The Company estimates the fair value of its indemnification obligations as insignificant based on this history and the Company's insurance coverage and therefore has not recorded any liability for these guarantees and indemnities in the accompanying consolidated balance sheets.

Litigation

During 2017, a patent infringement claim was filed against the Company. This claim has subsequently been dismissed and did not have a material adverse effect on the Company's business, operating results, cash flows or financial condition.

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. If the Company determines that it is probable that a loss has been incurred and the amount is reasonably estimable, the Company will record a liability. The Company has determined that it does not have a potential liability related to any legal proceedings or claims that would individually or in the aggregate materially adversely affect its financial condition or operating results.

Taxes

From time to time, various federal, state and other jurisdictional tax authorities undertake review of the Company and its filings. In evaluating the exposure associated with various tax filing positions, the Company accrues charges for possible exposures. The Company believes any adjustments that may ultimately be required as a result of any of these reviews will not be material to its consolidated financial statements.

16. RELATED PARTY TRANSACTIONS

The Cornerstone OnDemand Foundation (the "Foundation") empowers communities in the United States and internationally by increasing the impact of the non-profit sector through the utilization of human capital management technology including the Company's products. The Company's chief executive officer is on the board of directors of the Foundation. The Company does not direct the Foundation's activities, and accordingly, the Company does not consolidate the Foundation's statement of activities with its financial results. During the years ended December 31, 2017 , 2016 and 2015 , the Company provided at no charge certain resources to the Foundation, with approximate values of $3.4 million , $3.3 million and $2.9 million , respectively.

An executive of the Company has an ownership interest in The Corner restaurant (the "Corner"). The Company does not direct the Corner's activities, and accordingly, the Company does not consolidate the Corner's statement of activities with its financial results. During the year ended December 31, 2017 , the Company recorded $0.3 million in expenses related to the use of the restaurant.

During June 2010, an executive officer of an accounting software company joined the Company's board of directors and resigned in September 2016. For the years ended December 31, 2016 and 2015 , the Company recorded $0.7 million and $0.6 million , respectively, in expenses related to the use of the accounting software from the company whose executive officer served on the Company's Board of Directors during those years.

During May 2017, an executive officer of a cyber security company joined the Company's board of directors. For the year ended December 31, 2017 , the Company recorded $0.7 million , in expenses related to the products and services provided by the cyber security company. Additionally, for the year ended December 31, 2017 , the Company recognized revenue of $0.3 million related to the cyber security company's subscription to our products.

17. SUBSEQUENT EVENTS

During January 2018, shares issuable under the Company's 2010 Employee Stock Purchase Plan increased by 575,119 shares and shares issuable under the Company's 2010 Plan increased by 2,588,036 shares in accordance with the automatic annual increase provisions of such plans.

During January and February 2018, the Company entered into software subscription agreements with various service providers with obligations of approximately $3.1 million in 2018, $3.1 million in 2019 and $3.1 million in 2020.

During January and February 2018, the Compensation Committee granted restricted stock units covering an aggregate of 64,635 shares of the Company's common stock which generally vest annually over four years.

Subsequent to December 31, 2017 and as of February 9, 2018, the Company repurchased 0.3 million shares of its common stock at an average cost of $37.03 per share for a total expenditure of $9.9 million .

18. SELECTED QUARTERLY DATA (UNAUDITED)

The following unaudited quarterly consolidated statements of operations for each of the quarters in the years ended December 31, 2017 and 2016 have been prepared on a basis consistent with the Company's audited annual financial statements and include, in the opinion of management, all normal recurring adjustments necessary for the fair statement of the financial information contained in these statements.

	Quarter Ended (in thousands, except per share data)							
	Mar. 31, 2016	June 30, 2016	Sept. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017
Revenue	$ 99,324	$ 107,013	$ 107,758	$ 109,029	$ 111,582	$ 116,651	$ 121,796	$ 131,956
Cost of revenue	31,650	35,955	33,369	34,778	33,949	35,321	35,708	37,889
Gross profit	67,674	71,058	74,389	74,251	77,633	81,330	86,088	94,067
Operating expenses:								
Sales and marketing	56,701	57,835	53,690	57,405	56,894	62,073	60,554	60,750
Research and development	11,015	11,782	12,130	12,050	13,411	14,684	16,389	17,491
General and administrative	16,465	16,538	18,608	19,345	20,476	23,141	21,249	19,723
Restructuring	—	—	—	—	—	—	—	1,539
Amortization of certain acquired intangible assets	150	—	—	—	—	—	—	—
Total operating expenses	84,331	86,155	84,428	88,800	90,781	99,898	98,192	99,503
Loss from operations	(16,657)	(15,097)	(10,039)	(14,549)	(13,148)	(18,568)	(12,104)	(5,436)
Other income (expense):								
Interest income (expense) and other income (expense), net	(1,051)	(2,350)	(2,131)	(3,756)	(2,492)	(2,333)	(2,248)	(3,260)
Loss before income tax provision	(17,708)	(17,447)	(12,170)	(18,305)	(15,640)	(20,901)	(14,352)	(8,696)
Income tax provision	(535)	(141)	(218)	(313)	(571)	(364)	(503)	(308)
Net loss	$ (18,243)	$ (17,588)	$ (12,388)	$ (18,618)	$ (16,211)	$ (21,265)	$ (14,855)	$ (9,004)
Net loss per share, basic and diluted	$ (0.33)	$ (0.32)	$ (0.22)	$ (0.33)	$ (0.29)	$ (0.37)	$ (0.26)	$ (0.16)
Weighted average common shares outstanding, basic and diluted	54,827	55,278	55,964	56,300	56,642	56,935	57,627	57,826

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

None.

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

(a) Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to a company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2017 , the end of the period covered by this Annual Report on Form 10-K. Based upon such evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of such date.

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

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

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

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

Our management, with the participation of our chief executive officer and chief financial officer, has assessed the effectiveness of our internal control over financial reporting as of December 31, 2017 . In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework (2013)* . Based on this assessment, our management has concluded that our internal control over financial reporting was effective as of December 31, 2017 .

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report, which appears in Item 8 of this Annual Report on Form 10-K.

(c) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

Carter Transition Agreement

In connection with Dave Carter's resignation as the Company's Chief Sales Officer, effective as of March 31, 2018, Mr. Carter entered into a transition agreement (the "Carter Transition Agreement") with the Company, dated February 27, 2018, pursuant to which Mr. Carter released all claims he may have against the Company and affirmed his obligations regarding confidential information as stated in his confidentiality agreement with the Company.

The Carter Transition Agreement provides that through Mr. Carter's actual termination of employment with the Company, which is expected to occur on or around March 31, 2018, he will continue to be employed pursuant to the current terms of his employment, as amended by the Carter Transition Agreement. If Mr. Carter remains employed with the Company through March 31, 2018, or, if prior to that date his employment with the Company is terminated for reasons other than for "cause", then, subject to Mr. Carter executing and not revoking a supplemental separation agreement, he will receive the following benefits, which include those set forth in his preexisting Change of Control Severance Agreement: (i) a lump-sum payment equal to $335,000, less applicable withholding taxes, (ii) reimbursement for up to twelve months of COBRA premiums, (iii) twelve-months of accelerated vesting of all outstanding time-based equity awards, and (iv) the ability to exercise any vested stock options through the earlier of the maximum expiration date and March 31, 2020.

The foregoing description of the Carter Transition Agreement is qualified in its entirety by reference to the full text of the Carter Transition Agreement, which is filed as an exhibit to this Annual Report on Form 10-K.

Helvey Transition Agreement

In connection with Kirsten Helvey's resignation as the Company's Chief Operating Officer, effective as of March 31, 2018, Ms. Helvey entered into a transition agreement (the "Helvey Transition Agreement") with the Company, dated February 27, 2018, pursuant to which Ms. Helvey released all claims she may have against the Company and affirmed her obligations regarding confidential information as stated in her confidentiality agreement with the Company.

The Helvey Transition Agreement provides that through Ms. Helvey's actual termination of employment with the Company, which is expected to occur on or around March 31, 2018, she will continue to be employed pursuant to the current terms of her employment, as amended by the Helvey Transition Agreement. If Ms. Helvey remains employed with the Company through March 31, 2018, or, if prior to that date her employment with the Company is terminated for reasons other than for "cause", then, subject to Ms. Helvey executing and not revoking a supplemental separation agreement, she will receive the following benefits, which include those set forth in her preexisting Change of Control Severance Agreement: (i) a lump-sum payment equal to $350,000, less applicable withholding taxes, (ii) reimbursement for up to twelve months of COBRA premiums, (iii) twelve-months of accelerated vesting of all outstanding time-based equity awards, (iv) the ability to exercise any vested stock options through the earlier of the maximum expiration date and March 31, 2020, and (v) reimbursement of up to $10,000 for expenses relating to executive coaching. In order to ensure a smooth transition, Ms. Helvey may render transitional services as a consultant to the Company after her resignation.

The foregoing description of the Helvey Transition Agreement is qualified in its entirety by reference to the full text of the Helvey Transition Agreement, which is filed as an exhibit to this Annual Report on Form 10-K.

PART III

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

The information required by this item will be included in our Proxy Statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2017 , and is incorporated herein by reference.

Item 11. ***Executive Compensation***

The information required by this item will be included in our Proxy Statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2017 , and is incorporated herein by reference.

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

The information required by this item will be included in our Proxy Statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2017 , and is incorporated herein by reference.

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

The information required by this item will be included in our Proxy Statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2017 , and is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services***

The information required by this item will be included in our Proxy Statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2017 , and is incorporated herein by reference.

With the exception of the information incorporated in Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K, our Proxy Statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2017 is not deemed “filed” as part of this Annual Report on Form 10-K.

PART IV

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

Documents filed as part of this report are as follows:

1. Consolidated Financial Statements:

   Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" under Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules:

   Financial Statement Schedules have been omitted as information required is inapplicable or the information is presented in the consolidated financial statements and the related notes.

3. Exhibits:

   The documents listed in the Exhibit Index immediately below are incorporated by reference or are filed with this Annual Report on Form 10-K, in each case as indicted therein (numbered in accordance with Item 601 of Regulation S-K).

Exhibit Index

		Incorporated by Reference			
Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	S-1/A	333-169621	3.2	November 9, 2010
3.2	Amended and Restated Bylaws of the Registrant.	S-1/A	333-169621	3.4	November 9, 2010
4.1	Indenture between the Registrant and U.S. Bank National Association, dated as of June 17, 2013.	8-K	001-35098	4.1	June 17, 2013
4.2	Indenture, dated as of December 8, 2017, by and between the Registrant and U.S. Bank National Association, as trustee (including the form of 5.75% Convertible Senior Notes Due 2021).	8-K	001-35098	4.1	December 8, 2017
10.1*	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1/A	333-169621	10.1	December 17, 2010
10.2*	The Registrant's 1999 Stock Plan, including the form of stock option agreement, as amended.	S-1	333-169621	10.2	September 29, 2010
10.3*	The Registrant's 2009 Equity Incentive Plan, including forms of stock option agreements.	S-1	333-169621	10.3	September 29, 2010
10.3A*	Form of Restricted Stock Unit Award Agreement under 2009 Equity Incentive Plan.	S-1/A	333-169621	10.3A	December 17, 2010
10.4*	The Registrant's 2010 Equity Incentive Plan, including form of stock option agreement.	S-1/A	333-169621	10.4	December 17, 2010
10.5*	The Registrant's 2010 Employee Stock Purchase Plan.	S-1/A	333-169621	10.5	December 17, 2010
10.6*	Employment Agreement between the Registrant and Adam Miller, dated as of November 8, 2010.	S-1/A	333-169621	10.6	November 9, 2010
10.7*	Employment Agreement between the Registrant and Mark Goldin, dated as of May 24, 2010.	S-1	333-169621	10.11	September 29, 2010
10.8*	Employment Agreement between the Registrant and Brian L. Swartz, dated as of May 1, 2016	10-Q	001-35098	10.1	August 5, 2016
10.9*	Amended and Restated Employment Agreement between the Registrant and David J. Carter, dated as of November 8, 2010.	S-1/A	333-169621	10.9	November 9, 2010

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.10A*	2014 Sales Commission Plan between the Registrant and David J. Carter.	10-Q	001-35098	10.1	August 7, 2014
10.10B*	2015 Sales Commission Plan between the Registrant and David J. Carter.	10-Q	001-35098	10.1	May 8, 2015
10.10C*	2016 Sales Commission Plan between the Registrant and David J. Carter.	10-Q	001-35098	10.1	May 6, 2016
10.10D*	2017 Sales Commission Plan between the Registrant and David J. Carter.	10-Q	001-35098	10.1	May 5, 2017
10.11*	Transition Agreement between the Registrant and David J. Carter, dated as of February 27, 2018.				
10.12*	Amended and Restated Unlimited Term Employment Contract between the Registrant and Vincent Belliveau.	S-1/A	333-169621	10.10	February 11, 2011
10.13A*	2014 Sales Commission Plan between the Registrant and Vincent Belliveau.	10-Q	001-35098	10.2	August 7, 2014
10.13B*	2015 Sales Commission Plan between the Registrant and Vincent Belliveau.	10-Q	001-35098	10.2	May 8, 2015
10.13C*	2016 Sales Commission Plan between the Registrant and Vincent Belliveau.	10-Q	001-35098	10.2	May 6, 2016
10.13D*	2017 Sales Commission Plan between the Registrant and Vincent Belliveau.	10-Q	001-35098	10.2	May 5, 2017
10.14*	Employment Agreement between the Registrant and Jeffrey Lautenbach, dated November 28, 2017.				
10.15*	Form of Change of Control Severance Agreement between the Registrant and certain of its executive officers	10-Q	001-35098	10.4	August 7, 2013
10.16*	Transition Agreement between the Registrant and Kirsten Helvey, dated as of February 27, 2018.				
10.17*	Description of 2016 Executive Bonus Plan	8-K	001-35098	n/a	March 18, 2016
10.18*	Description of 2017 Executive Bonus Plan	8-K	001-35098	n/a	March 5, 2017
10.19	Master Service Agreement (United States) between the Registrant and Equinix Operating Co., Inc., dated as of November 6, 2009.	S-1	333-169621	10.17	September 29, 2010
10.20	Master Service Agreement (United Kingdom) between the Registrant and Equinix (United Kingdom) Limited, dated as of November 4, 2009.	S-1	333-169621	10.18	September 29, 2010
10.21	Office Lease between Water Garden Realty Holding LLC and the Registrant, dated as of November 30, 2011	10-K	001-35098	10.16	March 6, 2012
10.22	First Amendment to the Office Lease between Water Gardens Realty Holding LLC and the Registrant, dated as of April 24, 2012	10-Q	001-35098	10.1	May 9, 2013
10.23	Second Amendment to the Office Lease between Water Garden Realty Holding LLC and the Registrant, dated as of February 28, 2013	10-Q	001-35098	10.2	May 9, 2013
10.24	Investment Agreement, dated as of November 8, 2017, by and between, inter alia, the Registrant and Silver Lake Credit Partners, L.P., as amended				
21.1	List of subsidiaries of the Registrant				

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
23.1	Consent of PricewaterhouseCoopers LLP.				
24.1	Power of Attorney (contained in the signature page to this Annual Report).				
31.1	Certification of the Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.				
31.2	Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.				
32.1†	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.				
32.2†	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	XBRL Instance Document				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				

* Indicates a management contract or compensatory plan or arrangement.

† The certifications attached as Exhibit 32.1 and 32.2 that accompany this Annual Report on Form 10-K, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Cornerstone OnDemand, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on February 27, 2018 .

CORNERSTONE ONDEMAND, INC.

By:	/s/ Adam L. Miller
Name:	Adam L. Miller
Title:	President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Adam L. Miller and Brian L. Swartz, jointly and severally, his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may 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 Company and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Adam L. Miller **Adam L. Miller**	President, Chief Executive Officer and Director (principal executive officer)	February 27, 2018
/s/ Brian L. Swartz **Brian L. Swartz**	Chief Financial Officer (principal financial and accounting officer)	February 27, 2018
/s/ R.C. Mark Baker **R.C. Mark Baker**	Director	February 27, 2018
/s/ Harold W. Burlingame **Harold W. Burlingame**	Director	February 27, 2018
/s/ Dean Carter **Dean Carter**	Director	February 27, 2018
/s/ Robert Cavanaugh **Robert Cavanaugh**	Director	February 27, 2018

Signature	Title	Date
/s/ Joseph Osnoss **Joseph Osnoss**	Director	February 27, 2018
/s/ Joseph P. Payne **Joseph P. Payne**	Director	February 27, 2018
/s/ Kristina Salen **Kristina Salen**	Director	February 27, 2018
/s/ Steffan Tomlinson **Steffan Tomlinson**	Director	February 27, 2018

Exhibit 10.1

CORNERSTONE OnDEMAND, INC.

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is effective on November 28, 2017 (the "Effective Date") by and between Cornerstone OnDemand, Inc., a Delaware corporation (the "Company"), and Jeffrey Lautenbach ("Executive").

RECITALS

WHEREAS, the Company wishes to retain the services of Executive and Executive wishes to commence employment with the Company on the terms and subject to the conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the foregoing recital and the respective undertakings of the Company and Executive set forth below, the Company and Executive agree as follows:

1. Duties and Scope of Employment . Starting on or about January 2, 2018, with the actual date to be mutually agreed by the parties (the " **Start Date** "), Executive will serve as the Company's President, Global Field Operations. Executive shall have the authority generally allowed to persons discharging the duties of such positions. Executive shall perform his duties faithfully and satisfactorily to the performance standards reasonably expected of a person in such positions. Executive will render such business and professional services in the performance of his duties, consistent with Executive's position within the Company, as will reasonably be assigned to him by the Company's Chief Executive Officer. Executive will devote substantially his full business efforts and time to the performance of Executive's duties hereunder, provided however, that Executive may serve on outside board positions that are not competitive with the Company subject to the requirement that such service on outside boards of directors does not materially interfere with Executive's performance of his duties under this Agreement and the Company's Board of Directors (the " **Board** ") approves such board membership (which will not be unreasonably withheld). Executive's principal place of employment shall be at his home, but Executive shall travel to the Company's offices located in Santa Monica, California as often as required to perform Executive's duties and/or as requested by the Company's Chief Executive Officer.

2. At-Will Employment . Subject to the terms hereof, Executive's employment with the Company will be "at-will" employment and may be terminated by Company at any time with or without cause or with or without notice. However, as described in the Change of Control Severance Agreement (the " **CoC Agreement** ") to be entered into between Executive and the Company, Executive may be entitled to severance benefits depending upon the circumstances of Executive's termination of employment, subject to the terms and conditions of the CoC Agreement.

3. Term of Agreement . Subject to Section 2, this Agreement will have an initial term of three (3) years, commencing on the Start Date (the " **Initial Term** "). On the third anniversary of the Start Date, this Agreement will renew automatically for additional one (1) year terms (each an " **Additional Term** "), unless either party provides the other party with written notice of non-renewal at least ninety (90) days prior to the date of automatic renewal. Notwithstanding the foregoing provisions of this paragraph, (a) if a Change of Control (as defined in the CoC Agreement) occurs when there are fewer than twelve (12) months remaining during the Initial Term or an Additional Term, the term of this Agreement will extend automatically through the date that is twelve (12) months following the effective date of the Change of Control, or (b) if an initial occurrence of an act or omission by the Company constituting the grounds for "Good Reason" as defined in and in accordance with Section 6(g) of the CoC Agreement has occurred (the " **Initial Grounds** "), and the expiration date of the Company cure period (as such term is used in Section 6(g) of the CoC Agreement) with respect to such Initial Grounds could occur following the expiration of the Initial Term or an Additional Term, the term of this Agreement will extend automatically through the date that is thirty (30) days following the expiration of such cure period. If Executive becomes entitled to benefits under Section 3 of the CoC Agreement during the term of this Agreement, this Agreement will not terminate until all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

4. Compensation .

(a) Base Salary . Executive shall receive an annual base salary of $400,000 (" **Base Salary** ") payable in accordance with the Company's normal payroll practices and be subject to the usual, required withholdings. Executive's salary will be subject to review and any adjustments will be made based upon the Company's normal performance review practice.

(b) Performance Bonus . Executive will be eligible for an annual performance bonus with a target level of 100% of Base Salary based upon performance criteria as established by the Compensation Committee of the Board (the "Compensation Committee") and subject to the terms and conditions of the Company's executive bonus plan for the applicable fiscal year. Any earned bonus will be paid as soon as practicable after the Board or the Compensation Committee determines that the bonus has been earned, but in no event will the bonus be paid after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company's fiscal year in which the bonus is earned or (ii) March 15 following the calendar year in which the bonus is earned.

(c) First-Year Bonus . During the first year of Executive's employment only, separate from and in addition to any performance bonus described in Section 4(b) above, Executive will be eligible receive a bonus of $80,000, paid in four quarterly payments of $20,000 each, subject to Executive's continued employment by the Company through each applicable three-month anniversary of his Start Date, and subject further to any applicable tax withholding. Any such amounts will be paid on the first scheduled payroll date following the applicable quarterly vesting date.

(d) Equity Awards .

(i) Restricted Stock Units . Subject to approval of the Compensation Committee, following the Start Date, Executive will be granted an award of restricted stock units based on a target value of two million two hundred thousand dollars ($2,200,000) (the " **Initial RSU Award** ") pursuant to the terms of the Company's 2010 Equity Incentive Plan (the " **Equity Plan** "). A portion of the Initial RSU Award may be performance-based, provided that: (i) both the proportionality of performance-based units to time-based units and the performance metrics for the performance-based units are generally consistent with grants made to other senior executives of the Company; and (ii) the vesting period for the Initial RSU Award does not exceed four (4) years. The Initial RSU Award will be subject to the terms and conditions of the Equity Plan and to a restricted stock unit agreement consistent with the terms of this Agreement by and between Executive and the Company (each, an " **RSU Agreement** "), each of which documents are incorporated herein by reference.

(ii) Additional Future Equity Awards . Executive will be eligible to receive awards of stock options, restricted stock units or other equity awards covering shares of Company common stock pursuant to any plans or arrangements the Company may have in effect from time to time, including but not limited to any focal grants. The Board or the Compensation Committee will determine in its discretion whether Executive will be granted any such equity awards and the terms of any such award in accordance with the terms of any applicable plan or arrangement that may be in effect from time to time.

5. Other Benefits . Executive shall be entitled to participate in executive benefit plans and programs of the Company, if any, on the same terms and conditions as other similarly-situated employees to the extent that Executive's position, tenure, salary, age, health and other qualifications make Executive eligible to participate in such plans or programs, subject to the rules and regulations applicable thereto. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

6. Vacations; Holidays, Sick Days . Executive shall be entitled to annual paid vacation, paid holidays, and paid sick leave in accordance with the Company's applicable policies, which may change from time to time.

7. Expenses . The Company will reimburse Executive for standard business expenses pursuant to the Company's standard policies in effect from time to time. In the event that any expense reimbursements are taxable to Executive, such reimbursements will be made in the time frame specified by Treasury Regulation Section 1.409A-3(i)(1)(iv) unless another time frame that complies with or is exempt from "Section 409A" (as defined below) is specified in the Company's expense reimbursement policy.

8. Change of Control Agreement . Subject to approval by the Compensation Committee, Executive and the Company will enter into the CoC Agreement in substantially the form presented to Executive concurrently with this Agreement, and such document is incorporated herein by reference.

9. Section 409A . It is the intent of this Agreement to be exempt from or comply with the requirements of Section 409A (as defined below) so that none of the payments and benefits to be provided under this Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms in this Agreement will be interpreted to be so exempt or so comply. In no event will the Company reimburse Executive for any taxes imposed or other costs incurred as a result of Section 409A. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition under Section 409A prior to actual payment to Executive. For purposes of this Agreement, " **Section 409A** " means Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and any guidance promulgated thereunder and any state law equivalent.

10. Proprietary Information and Inventions Agreement . Executive agrees to enter into the Company's standard Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the " **Confidentiality Agreement** "), which agreement is incorporated herein by reference.

11. No Conflict . Executive represents and warrants that his employment by the Company as described herein shall not conflict with and will not be constrained by any prior employment or consulting agreement or relationship.

12. Miscellaneous .

(a) Governing Law . This Agreement will be governed by the laws of the State of California (with the exception of its conflict of law provisions).

(b) Assignment . This Agreement and all rights hereunder shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective personal or legal representatives, executors, administrators, heirs, distributees, devisees, legatees, successors and assigns. This Agreement is personal in nature, and neither of the parties to this Agreement shall, without the written consent of the other, assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity; except that the Company may assign this Agreement to any of its affiliates or wholly-owned subsidiaries or to any successor-in-interest by virtue of a reorganization, merger or other form of business combination, provided, that such assignment will not relieve the Company of its obligations hereunder. Any attempted assignment, transfer, conveyance or other disposition of Executive's right to compensation or other benefits will be null and void.

(c) Notices . All notices, requests, demands and other communications called for hereunder will be in writing and will be deemed given (a) on the date of delivery if delivered personally; (b) one (1) day after being sent overnight by a well-established commercial overnight service, or (c) four (4) days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors at the following addresses, or at such other addresses as the parties may later designate in writing:

If to the Company:
Attn : General Counsel
Cornerstone OnDemand, Inc.,
1601 Cloverfield Blvd., Suite 620
Santa Monica, CA 90404

If to Executive:
at the last residential address known by the Company

(d) Acknowledgment . Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, including that Executive is waiving his right to a jury trial, and is knowingly and voluntarily entering into this Agreement.

(e) Severability . In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without said provision.

(f) Integration . This Agreement, along with the documents incorporated by reference herein, represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement will be binding unless in writing and signed by the Company and Executive.

(g) Arbitration . Any dispute or controversy arising out of or relating to any interpretation, construction, performance or breach of this agreement or the Confidentiality Agreement, will be settled by arbitration pursuant to the arbitration provisions set forth in the Confidentiality Agreement.

(h) Tax Withholding . All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

(i) Headings . All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(j) Counterparts . This Agreement may be executed in counterparts, PDF or facsimile, each an original and each having the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

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.

COMPANY:

Cornerstone OnDemand, Inc.

By: /s/ Adam Miller
Adam Miller, Chief Executive Officer

EXECUTIVE:

/s/ Jeffrey Lautenbach
Jeffrey Lautenbach

[Signature Page to Employment Agreement]

Exhibit A

Form of Employee Confidentiality, Non-Disclosure, Non-Recruiting, and Assignment of Inventions Agreement

Exhibit 10.2

TRANSITION AGREEMENT AND RELEASE OF CLAIMS

This transition agreement and release of claims (this " ***Agreement*** ") is made by and between Cornerstone OnDemand, Inc. (the " ***Company*** "), and David Carter (" ***Executive*** "). The Company and Executive are sometimes collectively referred to herein as the " ***Parties*** " and individually referred to as a " ***Party*** ."

RECITALS

WHEREAS , Executive is employed by the Company as Chief Sales Officer;

WHEREAS , Executive previously signed a confidentiality agreement with the Company (the " ***Confidentiality Agreement*** ");

WHEREAS , Executive signed a Change of Control Severance Agreement with the company on April 29, 2013 (the " ***Change of Control Agreement*** "), which, among other things, provides for certain severance benefits to be paid to Executive by the Company upon the termination of Executive's employment including following a Change of Control (as defined in the Change of Control Agreement) of the Company;

WHEREAS , the Company and Executive have entered into Stock Option Agreements, pursuant to which Executive was granted the option to purchase shares of the Company's common stock (each such grant, an " ***Option*** " and together, the " ***Options*** ") and have entered into Restricted Stock Unit Award Agreements, granting Executive the right to receive an award of Restricted Stock Units (each such award, an " ***RSU Award*** " and together, the " ***RSU Awards*** "), each subject to the terms and conditions of the Company's equity plan under which it was granted (the 1999 Stock Plan, the 2009 Equity Incentive Plan or the 2010 Equity Incentive Plan, as applicable, each, a " ***Plan*** "), and the terms and conditions of the Stock Option Agreement or the Restricted Stock Unit Award Agreement, as applicable, related to the award (collectively with the Plans, " ***Stock Agreements*** ");

WHEREAS , Executive's employment with the Company is expected to terminate effective March 31, 2018 (the " ***Expected Termination Date*** ");

WHEREAS , subject to Executive's fulfillment of the terms and conditions of this Agreement, in consideration of Executive's execution of this Agreement and provided that Executive does not revoke the Agreement under Section 5 below, and subject to Executive signing and not revoking the Supplemental Separation Agreement attached hereto as Exhibit A (the " ***Supplemental Separation Agreement*** "), in accordance with the terms below, Executive will be entitled to the severance benefits set forth in Section 2 below; and

WHEREAS , the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that Executive may have against the Company and any of the Releasees (as defined below), including, but not limited to, any and all claims arising out of or in any way related to Executive's employment relationship with the Company and the termination of that relationship.

NOW THEREFORE , for good and valuable consideration, including the mutual promises and covenants made herein, the Company and Executive hereby agree as follows:

COVENANTS

1. Transition; Termination Date; Employment Status .

(a) Transition . From the Effective Date through the Termination Date, the Parties agree that Executive will continue to be employed pursuant to the current terms of his employment; provided, however, that Executive acknowledges that he is not eligible to receive any bonus for the Company's 2018 fiscal year. Prior to the Termination Date, Executive will continue in his full-time role as Chief Sales Officer, reporting to Adam Miller, President and Chief Executive Officer. On the Termination Date, Executive agrees that Executive will be deemed to have resigned from all officer and/or director positions held at the Company and its affiliates voluntarily, without any further required action by Executive, as of the Termination Date and Executive, at the request of the Company, will execute any documents reasonably necessary to reflect Executive's resignation.

(b) Termination Date . Executive's termination date will occur on the Expected Termination Date,

or earlier as provided in Section 1(c) (the date of Executive's actual termination of employment with the Company, the " ***Termination Date*** ").

(c) Employment Status . Executive is free to terminate his employment at any time prior to the Expected Termination Date, for any reason or for no reason. Similarly, the Company is free to terminate Executive's employment at any time prior to the Expected Termination Date, for any reason or for no reason. As described in Section 2, Executive may be entitled to severance benefits depending on the circumstances of Executive's termination of employment with the Company.

2. Consideration . If Executive remains employed with the Company through the Expected Termination Date, or, if prior to the Expected Termination Date, Executive's employment with the Company is terminated by the Company without Cause (as such term is defined in the Change of Control Agreement), then subject to (i) Executive's execution of this Agreement and Executive's fulfillment of all of its terms and conditions, and provided that Executive does not revoke the Agreement under Section 5 below, and (ii) Executive's execution of the Supplemental Separation Agreement, which must become effective and irrevocable no later than the sixtieth (60 th) day following the Termination Date (the " ***Supplemental Separation Agreement Release Deadline*** ") and Executive's fulfillment of all of its terms and conditions, Executive will receive the following consideration:

(a) Separation Payment . The Company agrees to pay Executive a lump sum payment equal to Three Hundred Thirty-Five Thousand Dollars ($335,000) (the " ***Severance*** "). This payment will be made, less applicable withholding taxes, to Executive within ten (10) days after the Effective Date of the Supplemental Separation Agreement, and in all cases the payment will be made no later than March 15, 2019.

(b) COBRA . If Executive elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (" ***COBRA*** "), within the time period prescribed pursuant to COBRA for Executive and Executive's eligible dependents, then the Company will reimburse Executive for the COBRA premiums for such coverage (at the coverage levels in effect immediately prior to the Termination Date) until the earlier of (A) a period of twelve (12) months from the Termination Date, or (B) the date upon which Executive and/or Executive's eligible dependents become covered under similar plans. The reimbursements will be made by the Company to Executive consistent with the Company's normal expense reimbursement policy. However, if the Company determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to Executive a taxable monthly payment (" ***Healthcare Premium Payment*** "), payable on the last day of a given month, in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's group health coverage in effect on the Termination Date (which amount will be based on the premium for the first month of COBRA coverage), which payments will be made regardless of whether Executive elects COBRA continuation coverage and will commence on the month following Executive's Termination Date and will end on the earlier of (x) the date upon which Executive obtains other employment or (y) the date the Company has paid an amount equal to twelve (12) payments. For the avoidance of doubt, the taxable payments in lieu of COBRA reimbursements may be used for any purpose, including, but not limited to, continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

(c) Equity . On the Termination Date, but subject to the effectiveness of this Agreement and the Supplemental Separation Agreement as provided herein and to the provisions of Section 17, Executive's vesting in each Option and each RSU Award shall accelerate as to the number of shares subject to each Option and each RSU Award that otherwise would have vested within the twelve (12) month period immediately following the Termination Date had Executive remained employed by the Company through such period. The Parties agree that for purposes of determining the number of shares of the Company's common stock that Executive is entitled to purchase from the Company, pursuant to the exercise of the outstanding Options, or that Executive has vested in, pursuant to the RSU Awards, in each case as of the Termination Date, Executive will be considered to have vested only through the Termination Date and will not vest in any of Executive's Options or RSU Awards thereafter. The post-termination exercise period of Executive's vested Options will be extended such that Executive may exercise that portion of his Options vested as of the Termination Date through March 31, 2020; provided, however, in no event may the Options be exercised following their maximum expiration date and the Options will be subject to earlier termination in the event of certain corporate transactions as provided for in the Plan under which the Options were granted. This Agreement acts as an amendment to the Stock Agreements and Executive acknowledges and agrees that the incentive stock option status and/or holding periods for favorable tax treatment of any Options that were originally designated as incentive stock options pursuant to Section 422 of the Internal Revenue Code of 1986, as amended, may be impacted by the terms of this Agreement. Executive's Options, the shares purchased thereunder and Executive's RSU Awards will continue to be governed by the terms and conditions of the applicable Stock Agreement, as each has been modified by this Agreement.

(d) General . Executive acknowledges that without this Agreement, he is otherwise not entitled to the consideration listed in this Section 2 and that the consideration provided in this Section 2 is greater than the consideration he would otherwise be entitled to receive upon a termination without cause pursuant to the terms of Section 3(a) of the Change of Control Agreement.

3. Payment of Salary and Receipt of All Benefits . Executive acknowledges and represents that, other than the consideration to be paid in accordance with the terms and conditions of the Agreement and Executive's final wages, including any accrued vacation/paid time off, which will be paid on the Termination Date, the Company has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, draws, stock, Options or other equity awards (including RSU Awards), vesting, and any and all other benefits and compensation due to Executive and that no other reimbursements or compensation are owed to Executive.

4. Release of Claims . Executive agrees that the consideration to be paid in accordance with the terms and conditions of the Agreement represents settlement in full of all outstanding obligations owed to Executive by the Company and its current and former officers, directors, employees, agents, investors, attorneys, stockholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the " ***Releasees*** "). Executive, on Executive's own behalf and on behalf of Executive's respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation the following:

(a) any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship, including claims under any offer letter, employment agreement, or other agreement with the Company, including, but not limited to, the Change of Control Agreement;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the Immigration Control and Reform Act; the California Family Rights Act; the California Labor Code; the California Workers' Compensation Act; the California Fair Employment and Housing Act; the Unruh Civil Rights Act; the California Equal Pay Law; the California Unfair Business Practices Act; and the California Worker Adjustment and Retraining Notification Act;

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this Section 4 (the " ***Release*** ") will be and remain in effect in all respects as a complete general release as to the matters released. The Release does not extend to any severance obligations due Executive under the Agreement. The Release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that any such filing or participation does not give Executive the right to recover any monetary damages against the Company; Executive's release of claims herein bars Executive from recovering such monetary relief from the Company). Executive represents that Executive has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section 4. Nothing in this Agreement waives Executive's rights to indemnification or any payments under any fiduciary insurance policy, if any, provided by any act or agreement of the Company, state or federal law or policy of insurance.

5. Acknowledgment of Waiver of Claims under ADEA . Executive acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 (" ***ADEA*** ") and that this waiver and release is knowing and voluntary. Executive agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Executive acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that Executive has been advised by this writing that (a) Executive should consult with an attorney ***prior*** to executing this Agreement; (b) Executive has at least twenty-one (21) days within which to consider this Agreement; (c) Executive has seven (7) days following the execution of this Agreement by the Parties to revoke the Agreement; (d) this Agreement will not be effective until the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and delivers it to the Company in less than the twenty-one (21)-day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Executive acknowledges and understands that revocation must be accomplished by a written notification to the Chief Legal Officer of the Company that is received prior to the Effective Date. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period.

6. California Civil Code Section 1542 . Executive acknowledges that Executive has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HIS MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Executive, being aware of California Civil Code Section 1542, agrees to expressly waive any rights Executive may have thereunder, as well as under any other statute or common law principles of similar effect.

7. No Pending or Future Lawsuits . Executive represents that Executive has no lawsuits, claims, or actions pending in Executive's name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Executive also represents that Executive does not intend to bring any claims on Executive's own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

8. Sufficiency of Consideration . Executive hereby acknowledges and agrees that Executive has received good and sufficient consideration for every promise, duty, release, obligation, agreement and right contained in this Release.

9. Confidential Information . Subject to Section 26 governing Protected Activity, Executive reaffirms and agrees to observe and abide by the terms of the Confidentiality Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, which agreement will continue in force; provided, however, that as to any provisions regarding solicitation of employees contained in the Confidentiality Agreement that conflict with the provisions regarding solicitation of employees contained in this Agreement, the provisions of this Agreement will control.

10. Return of Company Property; Passwords and Password-protected Documents . No later than the Termination Date, Executive confirms that Executive will return to the Company in good working order all keys, files, records (and copies thereof), equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular

phones and pagers), access or credit cards, Company identification, and any other Company-owned property in Executive's possession or control. Executive further confirms that no later than the Termination Date, Executive will cancel all accounts for Executive's benefit, if any, in the Company's name, including, but not limited to, credit cards, telephone charge cards, cellular phone and/or pager accounts and computer accounts. Executive also confirms that as of the Termination Date, Executive will deliver all passwords in use by Executive at the time of Executive's termination, a list of any documents that Executive created or of which Executive is otherwise aware that are password-protected, along with the password(s) necessary to access such password-protected documents.

11. No Cooperation . Subject to Section 26 governing Protected Activity, Executive agrees that Executive will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or as related directly to the ADEA waiver in this Agreement. Executive agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Executive will state no more than that Executive cannot provide any such counsel or assistance.

12. Nondisparagement . Executive agrees that Executive will not in any way, directly or indirectly, do or say anything at any time which disparages the Company, its business interests or reputation, or that of any of the other Releasees.

13. No Admission of Liability . Executive understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Executive. No action taken by the Company hereto, either previously or in connection with this Agreement, will be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Executive or to any third party.

14. Solicitation of Employees . Executive agrees that for a period of twelve (12) months immediately following the Termination Date, Executive will not directly or indirectly (a) solicit, induce, recruit or encourage any of the Company's employees to leave their employment at the Company or (b) attempt to solicit, induce, recruit or encourage, either for Executive or for any other person or entity, any of the Company's employees to leave their employment.

15. Costs . The Parties will each bear their own costs, attorneys' fees and other fees incurred in connection with the preparation of this Agreement.

16. Arbitration . THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, AND ANY OF THE MATTERS HEREIN RELEASED, WILL BE SUBJECT TO ARBITRATION IN LOS ANGELES COUNTY, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES (" ***JAMS*** "), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR WILL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE ARBITRATOR WILL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW WILL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR WILL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION WILL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION WILL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY WILL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR WILL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT WILL GOVERN.

17. Taxes; Section 409A . Executive agrees and understands that he is responsible for payment, if any, of personal local, personal state, and/or personal federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. It is intended that none of the payments or benefits under this Agreement will constitute deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended, any final regulations and guidance under that statute, and any applicable state law equivalent, as each may be amended or promulgated from time to time ("Section 409A"), but rather such payments and benefits will be exempt from Section 409A as payable only within the "short-term deferral period" pursuant to Treasury Regulation Section 1.409A-1(b)(4), or otherwise be exempt or comply with Section 409A so that none of the payments to be provided under this Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms will be interpreted in such manner. In order to comply with the "short-term deferral" exception from Section 409A, in no event will the Severance be paid later than March 15, 2019. Each payment and benefit payable under this Agreement or otherwise is intended to constitute a separate payment under Treasury Regulation Section 1.409A-2(b)(2). Notwithstanding the foregoing, in the unlikely event that it is necessary to avoid subjecting Executive to an additional tax under Section 409A, payment of all or a portion of the separation-related payments or benefits payable under this Agreement and any other separation-related deferred compensation (within the meaning of Section 409A) payable to Executive will be delayed until the date that is six (6) months and one (1) day following Executive's separation from service (within the meaning of Section 409A), except that in the event of Executive's death, any such delayed payments will be paid as soon as practicable after the date of Executive's death. In no event will the Company reimburse Executive for any taxes that may be imposed on Executive as a result of Section 409A. In no event will Executive have discretion to determine the taxable year of payment of any severance payments.

18. Authority . The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Executive represents and warrants that Executive has the capacity to act on Executive's own behalf and on behalf of all who might claim through Executive to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

19. No Representations . Executive represents that Executive has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

20. Severability . In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement will continue in full force and effect without said provision or portion of provision.

21. Entire Agreement . This Agreement (including the Supplemental Separation Agreement) represents the entire agreement and understanding between the Company and Executive concerning the subject matter of this Agreement and Executive's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Executive's relationship with the Company, with the exception of Section 5 of the Change of Control Agreement (" Limitation on Payments "), the Confidentiality Agreement, and the Stock Agreements with the Company, except as modified by this Agreement.

22. No Oral Modification . This Agreement may only be amended in writing signed by Executive and the Chairman of the Board of Directors of the Company.

23. Governing Law . This Agreement will be governed by the laws of the State of California, without regard for choice-of-law provisions. Executive consents to personal and exclusive jurisdiction and venue in the State of California.

24. Effective Date . Executive understands that this Agreement will be null and void if not executed by Executive within twenty-one (21) days from the date this Agreement is presented to Executive. Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date").

25. Counterparts . This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

26. Protected Activity Not Prohibited . Executive understands that nothing in this Agreement shall in any way limit or prohibit Executive from engaging for a lawful purpose in any Protected Activity. For purposes of this Agreement, "Protected

Activity" shall mean filing a charge or complaint, or otherwise communicating, cooperating, or participating with, any state, federal, or other governmental agency, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, and the National Labor Relations Board ("Government Agencies"). Executive understands that in connection with such Protected Activity, Executive is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding the foregoing, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company confidential information under the Confidentiality Agreement to any parties other than the Government Agencies. Executive further understands that "Protected Activity" does not include the disclosure of any Company attorney-client privileged communications, and that any such disclosure without the Company's written consent shall constitute a material breach of this Agreement. Any language in the Confidentiality Agreement regarding Executive's right to engage in Protected Activity that conflicts with, or is contrary to, this paragraph is superseded by this Agreement. In addition, pursuant to the Defend Trade Secrets Act of 2016, Executive is notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

27. Voluntary Execution of Agreement . Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees. Executive expressly acknowledges that:

(a) Executive has read this Agreement;

(b) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel;

(c) Executive understands the terms and consequences of this Agreement and of the releases it contains; and

(d) Executive is fully aware of the legal and binding effect of this Agreement.

* * * * *

IN WITNESS WHEREOF , the Parties have executed this Agreement on the respective dates set forth below.

COMPANY CORNERSTONE ONDEMAND, INC.

By: /s/ Adam Miller

Name: Adam Miller

Title: President & CEO

Dated: February 27, 2018

EXECUTIVE

DAVID CARTER, an individual

/s/ David Carter

Dated: February 19, 2018

EXHIBIT A

SUPPLEMENTAL SEPARATION AGREEMENT

This Supplemental Separation Agreement (the " ***Supplemental Separation Agreement*** ") is entered into as of _____ , by and between Cornerstone OnDemand, Inc. (the " ***Company*** ") and David Carter (" ***Executive*** ") (collectively, the " ***Parties*** "). Any terms capitalized and not specifically defined herein will have the meaning ascribed to them under the Transition Agreement and Release of Claims, dated _____ (the " ***Transition Agreement*** ").

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with and services to the Company, including, but not limited to, from the Effective Date of the Transition Agreement through the Effective Date of this Supplemental Separation Agreement.

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Consideration . The Company agrees to pay Executive, less applicable withholding, the severance described in Section 2 of the Transition Agreement, pursuant to the terms and conditions thereof.

2. Acknowledgments and Agreements .

(a) Executive acknowledges and represents that the Company will have paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Executive as of the Effective Date of this Supplemental Separation Agreement.

(b) Except as set forth in Section 2(c) of the Transition Agreement, Executive's Options, the shares purchased thereunder and Executive's RSU Awards will continue to be governed by the terms and conditions of the applicable Stock Agreement, as each has been modified by the Transition Agreement.

3. Release of Claims . Executive agrees that the consideration described in Section 1 hereof represents consideration for both (A) Executive's acknowledgments and agreements under Section 2 and (B) a release and waiver of any and all claims against the Company and any of the Releasees relating to his employment with the Company, including, but not limited to, from the Effective Date of the Transition Agreement through the Effective Date of this Supplemental Separation Agreement, as well as any claims under any local ordinance or state or federal employment law, including laws prohibiting discrimination in employment on the basis of race, sex, age (in particular, any claim under the Age Discrimination in Employment Act), disability, national origin, or religion, as well as any claims for wrongful discharge, breach of contract, attorneys' fees, costs, or any claims of amounts due for fees, commissions, stock options, expenses, salary, bonuses, profit sharing or fringe benefits. **Executive further acknowledges and agrees that the terms of Sections 4 and 6 of the Transition Agreement will also apply to this Supplemental Separation Agreement and are hereby incorporated and extended through the Effective Date of this Supplemental Separation Agreement.**

4. Confidential Information and Non-Solicitation . Subject to Section 7 governing Protected Activity, Executive acknowledges and reaffirms his obligation to keep confidential all non-public information concerning the Company that Executive acquired during the course of his employment with the Company, as stated more fully in the Confidentiality Agreement Executive signed at the beginning of his employment, which remains in full force and effect. Subject to Section 7 governing Protected Activity, Executive affirms his obligation to keep all Company Information confidential and not to disclose it to any third party in the future. Subject to Section 7 governing Protected Activity, the Confidentiality Agreement is incorporated herein by this reference, and Executive agrees to continue to be bound by the terms of the Confidentiality Agreement.

5. Return of Company Property . As part of Executive's existing and continuing obligation to the Company, Executive agrees that Executive has returned to the Company, all Company information, including files, records, computer access codes and instruction manuals, as well as any Company assets or equipment that Executive has in his possession or under his control. Executive further agrees not to keep any copies of Company information. Executive confirms that he has returned to the Company in good working order all keys, files, records (and copies thereof), equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones and pagers), access or credit cards, Company

identification, Company vehicles and any other Company-owned property in Executive's possession or control and have left intact all electronic Company documents, including, but not limited to, those that Executive developed or helped to develop during his employment. Executive further confirms that he has cancelled all accounts for his benefit, if any, in the Company's name, including, but not limited to, credit cards, telephone charge cards, cellular phone and/or pager accounts and computer accounts.

6. Acknowledgments and Right to Revoke . Executive acknowledges that he has been given twenty-one (21) days after receipt of this Supplemental Separation Agreement to consider this Supplemental Separation Agreement. By signing this Supplemental Separation Agreement, Executive acknowledges that he was offered a period of at least twenty-one (21) days to consider the terms of this Supplemental Separation Agreement but, to the extent not taken, Executive choose to waive this consideration period. If Executive does not accept this Supplemental Separation Agreement within that time, it will become null and void. Executive is advised to consult with an attorney prior to executing this Supplemental Separation Agreement. Executive represents and agrees that he fully understands his right to discuss all aspects of this Supplemental Separation Agreement with his private attorney, that he has availed herself of this right, that he has carefully read and fully understands all of the provisions of this Supplemental Separation Agreement, and that he is voluntarily entering into this Supplemental Separation Agreement. Executive understands and agrees that the waiver of rights contained in this Supplemental Separation Agreement is only an exchange for the consideration specified herein, and that he would not otherwise be entitled to such consideration. Once Executive has signed the Supplemental Separation Agreement, Executive can revoke his acceptance within seven (7) days by so notifying Adam Weiss, General Counsel, 1601 Cloverfield Blvd, Suite 600 South, Santa Monica, CA 90404 This Supplemental Separation Agreement will become effective on the eighth day following Executive signing it (the " ***Effective Date*** ").

7. Protected Activity Not Prohibited . Executive understands that nothing in this Supplemental Separation Agreement shall in any way limit or prohibit Executive from engaging for a lawful purpose in any Protected Activity. For purposes of this Supplemental Separation Agreement, " ***Protected Activity*** " shall mean filing a charge or complaint, or otherwise communicating, cooperating, or participating with, any state, federal, or other governmental agency, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, and the National Labor Relations Board (" ***Government Agencies*** "). Executive understands that in connection with such Protected Activity, Executive is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding the foregoing, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company confidential information under the Confidentiality Agreement to any parties other than the Government Agencies. Executive further understands that " ***Protected Activity*** " does not include the disclosure of any Company attorney-client privileged communications, and that any such disclosure without the Company's written consent shall constitute a material breach of this Supplemental Separation Agreement. Any language in the Confidentiality Agreement regarding Executive's right to engage in Protected Activity that conflicts with, or is contrary to, this paragraph is superseded by this Supplemental Separation Agreement. In addition, pursuant to the Defend Trade Secrets Act of 2016, Executive is notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

8. Entire Agreement . This Supplemental Separation Agreement, the Stock Agreements, the Transition Agreement, and the Confidentiality Agreement, constitute the entire agreement and understanding between the Parties concerning the subject matter of this Supplemental Separation Agreement and with the exception of Section 5 of the Change of Control Agreement (" Limitation on Payments "), all prior and contemporaneous representations, understandings, and agreements concerning the subject matter of this Supplemental Separation Agreement (other than the Confidentiality Agreement) have been superseded by the terms of this Supplemental Separation Agreement.

IN WITNESS WHEREOF, the Parties have executed this Supplemental Separation Agreement on the respective dates set forth below.

COMPANY CORNERSTONE ONDEMAND, INC.

By: _____

Name: _____

Title: _____

Dated: _____

EXECUTIVE

DAVID CARTER, an individual

(Signature)

Dated: _____

Exhibit 10.3

TRANSITION AGREEMENT AND RELEASE OF CLAIMS

This transition agreement and release of claims (this " ***Agreement*** ") is made by and between Cornerstone OnDemand, Inc. (the " ***Company*** "), and Kirsten Helvey (" ***Executive*** "). The Company and Executive are sometimes collectively referred to herein as the " ***Parties*** " and individually referred to as a " ***Party*** ."

RECITALS

WHEREAS , Executive is employed by the Company as Chief Operating Officer;

WHEREAS , Executive previously signed a confidentiality agreement with the Company (the " ***Confidentiality Agreement*** ");

WHEREAS , Executive signed a Change of Control Severance Agreement with the company on April 29, 2013 (the " ***Change of Control Agreement*** "), which, among other things, provides for certain severance benefits to be paid to Executive by the Company upon the termination of Executive's employment including following a Change of Control (as defined in the Change of Control Agreement) of the Company;

WHEREAS , the Company and Executive have entered into Stock Option Agreements, pursuant to which Executive was granted the option to purchase shares of the Company's common stock (each such grant, an " ***Option*** " and together, the " ***Options*** ") and have entered into Restricted Stock Unit Award Agreements, granting Executive the right to receive an award of Restricted Stock Units (each such award, an " ***RSU Award*** " and together, the " ***RSU Awards*** "), each subject to the terms and conditions of the Company's equity plan under which it was granted (the 1999 Stock Plan, the 2009 Equity Incentive Plan or the 2010 Equity Incentive Plan, as applicable, each, a " ***Plan*** "), and the terms and conditions of the Stock Option Agreement or the Restricted Stock Unit Award Agreement, as applicable, related to the award (collectively with the Plans, " ***Stock Agreements*** ");

WHEREAS , Executive's employment with the Company is expected to terminate effective March 31, 2018 (the " ***Expected Termination Date*** ") and, following such termination of employment, Executive is expected to provide consulting services to the Company;

WHEREAS , subject to Executive's fulfillment of the terms and conditions of this Agreement, in consideration of Executive's execution of this Agreement and provided that Executive does not revoke the Agreement under Section 5 below, and subject to Executive signing and not revoking the Supplemental Separation Agreement attached hereto as Exhibit A (the " ***Supplemental Separation Agreement*** "), in accordance with the terms below, Executive will be entitled to the severance benefits set forth in Section 2 below; and

WHEREAS , the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that Executive may have against the Company and any of the Releasees (as defined below), including, but not limited to, any and all claims arising out of or in any way related to Executive's employment relationship with the Company and the termination of that relationship.

NOW THEREFORE , for good and valuable consideration, including the mutual promises and covenants made herein, the Company and Executive hereby agree as follows:

COVENANTS

1. Transition; Employment Termination Date; Employment Status .

(a) Transition . From the Effective Date through the Termination Date, the Parties agree that Executive will continue to be employed pursuant to the current terms of her employment; provided, however, that Executive acknowledges that she is not eligible to receive any bonus for the Company's 2018 fiscal year. Prior to the Termination Date, Executive will continue in her full-time role as Chief Operating Officer, reporting to Adam Miller, President and Chief Executive Officer. On the Termination Date, Executive agrees that Executive will be deemed to have resigned from all officer and/or director positions held at the Company and its affiliates voluntarily, without any further required action by Executive, as of the Termination Date and Executive, at the request of the Company, will execute any documents reasonably necessary to reflect Executive's resignation.

(b) Termination Date . Executive's employment termination date will occur on the Expected Termination Date, or earlier as provided in Section 1(c) (the date of Executive's actual termination of employment with the Company, the " ***Termination Date*** ").

(c) Employment Status . Executive is free to terminate her employment at any time prior to the Expected Termination Date, for any reason or for no reason. Similarly, the Company is free to terminate Executive's employment at any time prior to the Expected Termination Date, for any reason or for no reason. As described in Section 2, Executive may be entitled to severance benefits depending on the circumstances of Executive's termination of employment with the Company.

(d) Post-Employment Consulting Services . Conditioned upon Executive's timely execution and non-revocation of this Agreement and the Supplemental Separation Agreement, and Executive's satisfactory performance through the Termination Date, as determined by the Company in its discretion, the Company agrees to offer Executive the opportunity to perform limited additional services for the Company as a Consultant through July 31, 2018, in which role she shall provide consulting services (" ***Consulting Services*** ") to the Company as an independent contractor pursuant to the terms of Company's standard consulting agreement (the " ***Consulting Agreement*** ") attached hereto as Exhibit B . The Consulting Agreement shall be entered into on the Termination Date. The term during which Executive shall provide Consulting Services shall hereinafter be referred to as the " ***Consulting Term*** " and the date such Consulting Services terminate, the " ***Consulting Services Termination Date*** ". For purposes of clarification, the Parties acknowledge and agree that, subject to Executive executing the Consulting Agreement on the Termination Date, there will be no break in service in Executive's service to the Company between the Termination Date and the commencement of the provision of Consulting Services and Executive will not cease to be a Service Provider (as defined in the applicable Stock Agreement) as a result of such transition. Nothing in this Agreement or the Consulting Agreement pertaining to Executive's anticipated role as a Consultant shall in any way be construed to guarantee Executive any position as a Consultant or constitute Executive as a continuing agent, officer, employee, or representative of the Company after the Termination Date, but Executive shall perform the Consulting Services solely as an independent contractor, and subject to the terms and conditions set forth therein.

2. Consideration . If Executive remains employed with the Company through the Expected Termination Date, or, if prior to the Expected Termination Date, Executive's employment with the Company is terminated by the Company without Cause (as such term is defined in the Change of Control Agreement), then subject to (i) Executive's execution of this Agreement and Executive's fulfillment of all of its terms and conditions, and provided that Executive does not revoke the Agreement under Section 5 below, and (ii) Executive's execution of the Supplemental Separation Agreement, which must become effective and irrevocable no later than the sixtieth (60th) day following the Termination Date (the "Supplemental Separation Agreement Release Deadline") and Executive's fulfillment of all of its terms and conditions, Executive will receive the following consideration:

(a) Separation Payment . The Company agrees to pay Executive a lump sum payment equal to one hundred percent (100%) of Executive's annual base salary as in effect immediately prior to the Termination Date, for a total of Three Hundred Fifty Thousand Dollars ($350,000) (the " ***Severance*** "). This payment will be made, less applicable withholding taxes, to Executive within ten (10) days after the Effective Date of the Supplemental Separation Agreement, and in all cases the payment will be made no later than March 15, 2019.

(b) COBRA . If Executive elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (" ***COBRA*** "), within the time period prescribed pursuant to COBRA for Executive and Executive's eligible dependents, then the Company will reimburse Executive for the COBRA premiums for such coverage (at the coverage levels in effect immediately prior to the Termination Date) until the earlier of (A) a period of twelve (12) months from the Termination Date, or (B) the date upon which Executive and/or Executive's eligible dependents become covered under similar plans. The reimbursements will be made by the Company to Executive consistent with the Company's normal expense reimbursement policy. However, if the Company determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to Executive a taxable monthly payment (" ***Healthcare Premium Payment*** "), payable on the last day of a given month, in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's group health coverage in effect on the Termination Date (which amount will be based on the premium for the first month of COBRA coverage), which payments will be made regardless of whether Executive elects COBRA continuation coverage and will commence on the month following Executive's Termination Date and will end on the earlier of (x) the date upon which Executive obtains other employment or (y) the date the Company has paid an amount equal to twelve (12) payments. For the avoidance of doubt, the taxable payments in lieu of COBRA reimbursements

may be used for any purpose, including, but not limited to, continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

(c) Equity . On the Termination Date, but subject to the effectiveness of this Agreement and the Supplemental Separation Agreement as provided herein and to the provisions of Section 17, (i) Executive's vesting in each Option and each RSU Award shall accelerate as to the number of shares subject to each Option and each RSU Award that otherwise would have vested within the twelve (12) month period immediately following the Termination Date had Executive remained employed by the Company through such period, and (ii) the vesting tranches applicable to any equity awards subject to time-based vesting shall be credited by twelve (12) months. The Parties agree that for purposes of determining the number of shares of the Company's common stock that Executive is entitled to purchase from the Company, pursuant to the exercise of the outstanding Options, or that Executive has vested in, pursuant to the RSU Awards, in each case as of the Termination Date (or the Consulting Services Termination Date, if later), Executive will be considered to have vested only through the Termination Date (or the Consulting Services Termination Date, if later) and will not vest in any of Executive's Options or RSU Awards thereafter. For purposes of clarification, any equity awards that are subject to performance-based vesting will remain outstanding and eligible to vest in accordance with their terms while Executive remains a Service Provider, but such awards will not be subject to the acceleration described in (i) and (ii) above. In addition, the post-termination exercise period of Executive's vested Options will be extended such that Executive may exercise that portion of her Options vested as of the Termination Date (or the Consulting Services Termination Date, if later) through March 31, 2020; provided, however, in no event may the Options be exercised following their maximum expiration date and the Options will be subject to earlier termination in the event of certain corporate transactions as provided for in the Plan under which the Options were granted. This Agreement acts as an amendment to the Stock Agreements and Executive acknowledges and agrees that the incentive stock option status and/or holding periods for favorable tax treatment of any Options that were originally designated as incentive stock options pursuant to Section 422 of the Internal Revenue Code of 1986, as amended, may be impacted by the terms of this Agreement. Executive's Options, the shares purchased thereunder and Executive's RSU Awards will continue to be governed by the terms and conditions of the applicable Stock Agreement, as each has been modified by this Agreement.

(d) Executive Coach . Executive will be reimbursed for her reasonable expenses relating to executive coaching in an amount not to exceed Ten Thousand Dollars ($10,000) (the " ***Outplacement Expenses*** ") upon her submission of receipts consistent with the Company's normal expense reimbursement policy. The reimbursements of the Outplacement Expenses are intended to constitute reimbursements for "reasonable outplacement expenses" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended. In order to be reimbursed pursuant to this Section 2(d), the Outplacement Expenses must be incurred no later than December 31, 2020 and no such reimbursements for Outplacement Services will be made beyond the third taxable year of Executive following Executive's taxable year in which the Termination Date occurred.

(e) General . Executive acknowledges that without this Agreement, she is otherwise not entitled to the consideration listed in this Section 2.

3. Payment of Salary and Receipt of All Benefits . Executive acknowledges and represents that, other than the consideration to be paid in accordance with the terms and conditions of the Agreement, the Consulting Agreement and Executive's final wages, including any accrued vacation/paid time off, which will be paid on the Termination Date, the Company has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, draws, stock, Options or other equity awards (including RSU Awards), vesting, and any and all other benefits and compensation due to Executive and that no other reimbursements or compensation are owed to Executive.

4. Release of Claims . Executive agrees that the consideration to be paid in accordance with the terms and conditions of the Agreement represents settlement in full of all outstanding obligations owed to Executive by the Company and its current and former officers, directors, employees, agents, investors, attorneys, stockholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the " ***Releasees*** "). Executive, on Executive's own behalf and on behalf of Executive's respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation the following:

(a) any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship, including claims under any offer letter, employment agreement, or other agreement with the Company, including, but not limited to, the Change of Control Agreement;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the Immigration Control and Reform Act; the California Family Rights Act; the California Labor Code; the California Workers' Compensation Act; the California Fair Employment and Housing Act; the Unruh Civil Rights Act; the California Equal Pay Law; the California Unfair Business Practices Act; and the California Worker Adjustment and Retraining Notification Act;

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this Section 4 (the " ***Release*** ") will be and remain in effect in all respects as a complete general release as to the matters released. The Release does not extend to any severance obligations due Executive under the Agreement. The Release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that any such filing or participation does not give Executive the right to recover any monetary damages against the Company; Executive's release of claims herein bars Executive from recovering such monetary relief from the Company). Executive represents that Executive has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section 4. Nothing in this Agreement waives Executive's rights to indemnification or any payments under any fiduciary insurance policy, if any, provided by any act or agreement of the Company, state or federal law or policy of insurance.

5. Acknowledgment of Waiver of Claims under ADEA. Executive acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 (" ***ADEA*** ") and that this waiver and release is knowing and voluntary. Executive agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Executive acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that Executive has been advised by this writing that (a) Executive should consult with an attorney ***prior*** to executing this Agreement; (b) Executive has at least twenty-one (21) days within which to consider this Agreement; (c) Executive has seven (7) days following the execution of this Agreement by the Parties to revoke the Agreement; (d) this Agreement will not be effective until the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and delivers it to the Company in less than the twenty-one (21)-day period identified above, Executive hereby acknowledges that Executive has freely and

voluntarily chosen to waive the time period allotted for considering this Agreement. Executive acknowledges and understands that revocation must be accomplished by a written notification to the Chief Legal Officer of the Company that is received prior to the Effective Date. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period.

6. California Civil Code Section 1542. Executive acknowledges that Executive has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

7. Executive, being aware of California Civil Code Section 1542, agrees to expressly waive any rights Executive may have thereunder, as well as under any other statute or common law principles of similar effect.

8. No Pending or Future Lawsuits. Executive represents that Executive has no lawsuits, claims, or actions pending in Executive's name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Executive also represents that Executive does not intend to bring any claims on Executive's own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

9. Sufficiency of Consideration. Executive hereby acknowledges and agrees that Executive has received good and sufficient consideration for every promise, duty, release, obligation, agreement and right contained in this Release.

10. Confidential Information. Subject to Section 26 governing Protected Activity, Executive reaffirms and agrees to observe and abide by the terms of the Confidentiality Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, which agreement will continue in force; provided, however, that as to any provisions regarding solicitation of employees contained in the Confidentiality Agreement that conflict with the provisions regarding solicitation of employees contained in this Agreement, the provisions of this Agreement will control.

11. Return of Company Property; Passwords and Password-protected Documents. No later than the Termination Date, Executive confirms that Executive will return to the Company in good working order all keys, files, records (and copies thereof), equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones and pagers), access or credit cards, Company identification, and any other Company-owned property in Executive's possession or control. Executive further confirms that no later than the Termination Date, Executive will cancel all accounts for Executive's benefit, if any, in the Company's name, including, but not limited to, credit cards, telephone charge cards, cellular phone and/or pager accounts and computer accounts. Executive also confirms that as of the Termination Date, Executive will deliver all passwords in use by Executive at the time of Executive's termination, a list of any documents that Executive created or of which Executive is otherwise aware that are password-protected, along with the password(s) necessary to access such password-protected documents.

12. No Cooperation. Subject to Section 26 governing Protected Activity, Executive agrees that Executive will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or as related directly to the ADEA waiver in this Agreement. Executive agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Executive will state no more than that Executive cannot provide any such counsel or assistance.

13. Nondisparagement. Executive agrees that Executive will not in any way, directly or indirectly, do or say anything at any time which disparages the Company, its business interests or reputation, or that of any of the other Releasees.

14. No Admission of Liability. Executive understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Executive. No action taken by the Company hereto, either previously or in connection with this Agreement, will be deemed or construed to be (a) an admission of the truth or

falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Executive or to any third party.

15. Solicitation of Employees . Executive agrees that for a period of twelve (12) months immediately following the Termination Date, Executive will not directly or indirectly (a) solicit, induce, recruit or encourage any of the Company's employees to leave their employment at the Company or (b) attempt to solicit, induce, recruit or encourage, either for Executive or for any other person or entity, any of the Company's employees to leave their employment.

16. Costs . The Parties will each bear their own costs, attorneys' fees and other fees incurred in connection with the preparation of this Agreement.

17. Arbitration . THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, AND ANY OF THE MATTERS HEREIN RELEASED, WILL BE SUBJECT TO ARBITRATION IN LOS ANGELES COUNTY, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES (" ***JAMS*** "), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR WILL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE ARBITRATOR WILL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW WILL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR WILL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION WILL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION WILL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY WILL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR WILL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT WILL GOVERN.

18. Taxes; Section 409A . Executive agrees and understands that she is responsible for payment, if any, of personal local, personal state, and/or personal federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. It is intended that none of the payments or benefits under this Agreement will constitute deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended, any final regulations and guidance under that statute, and any applicable state law equivalent, as each may be amended or promulgated from time to time (" ***Section 409A*** "), but rather such payments and benefits will be exempt from Section 409A as payable only within the "short-term deferral period" pursuant to Treasury Regulation Section 1.409A-1(b)(4), or otherwise be exempt or comply with Section 409A so that none of the payments to be provided under this Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms will be interpreted in such manner. In order to comply with the "short-term deferral" exception from Section 409A, in no event will the Severance be paid later than March 15, 2019. Each payment and benefit payable under this Agreement or otherwise is intended to constitute a separate payment under Treasury Regulation Section 1.409A-2(b)(2). Notwithstanding the foregoing, in the unlikely event that it is necessary to avoid subjecting Executive to an additional tax under Section 409A, payment of all or a portion of the separation-related payments or benefits payable under this Agreement and any other separation-related deferred compensation (within the meaning of Section 409A) payable to Executive will be delayed until the date that is six (6) months and one (1) day following Executive's separation from service (within the meaning of Section 409A), except that in the event of Executive's death, any such delayed payments will be paid as soon as practicable after the date of Executive's death. In no event will the Company reimburse Executive for any taxes that may be imposed on Executive as a result of Section 409A. In no event will Executive have discretion to determine the taxable year of payment of any severance payments.

19. Authority . The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Executive represents and warrants that Executive has the capacity to act on Executive's own behalf and on behalf of all who might claim through Executive to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are

no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

20. No Representations . Executive represents that Executive has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

21. Severability . In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement will continue in full force and effect without said provision or portion of provision.

22. Entire Agreement . This Agreement (including the Supplemental Separation Agreement and the Consulting Agreement) represents the entire agreement and understanding between the Company and Executive concerning the subject matter of this Agreement and Executive's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Executive's relationship with the Company, with the exception of Section 5 of the Change of Control Agreement (" Limitation on Payments "), the Confidentiality Agreement, and the Stock Agreements with the Company, except as modified by this Agreement.

23. No Oral Modification . This Agreement may only be amended in writing signed by Executive and the Chairman of the Board of Directors of the Company.

24. Governing Law . This Agreement will be governed by the laws of the State of California, without regard for choice-of-law provisions. Executive consents to personal and exclusive jurisdiction and venue in the State of California.

25. Effective Date . Executive understands that this Agreement will be null and void if not executed by Executive within twenty-one (21) days from the date this Agreement is presented to Executive. Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8 th) day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the " ***Effective Date*** ").

26. Counterparts . This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

27. Protected Activity Not Prohibited . Executive understands that nothing in this Agreement shall in any way limit or prohibit Executive from engaging for a lawful purpose in any Protected Activity. For purposes of this Agreement, " ***Protected Activity*** " shall mean filing a charge or complaint, or otherwise communicating, cooperating, or participating with, any state, federal, or other governmental agency, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, and the National Labor Relations Board (" ***Government Agencies*** "). Executive understands that in connection with such Protected Activity, Executive is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding the foregoing, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company confidential information under the Confidentiality Agreement to any parties other than the Government Agencies. Executive further understands that " ***Protected Activity*** " does not include the disclosure of any Company attorney-client privileged communications, and that any such disclosure without the Company's written consent shall constitute a material breach of this Agreement. Any language in the Confidentiality Agreement regarding Executive's right to engage in Protected Activity that conflicts with, or is contrary to, this paragraph is superseded by this Agreement. In addition, pursuant to the Defend Trade Secrets Act of 2016, Executive is notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

28. Voluntary Execution of Agreement . Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees. Executive expressly acknowledges that:

(a) Executive has read this Agreement;

(b) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel;

(c) Executive understands the terms and consequences of this Agreement and of the releases it contains; and

(d) Executive is fully aware of the legal and binding effect of this Agreement.

* * * * *

IN WITNESS WHEREOF , the Parties have executed this Agreement on the respective dates set forth below.

COMPANY CORNERSTONE ONDEMAND, INC.

By: /s/ Adam Miller

Name: Adam Miller

Title: President & CEO

Dated: February 27, 2018

EXECUTIVE

KIRSTEN HELVEY, an individual

/s/ Kirsten Helvey

Dated: February 27, 2018

EXHIBIT A

SUPPLEMENTAL SEPARATION AGREEMENT

This Supplemental Separation Agreement (the " ***Supplemental Separation Agreement*** ") is entered into as of _____ , by and between Cornerstone OnDemand, Inc. (the " ***Company*** ") and Kirsten Helvey (" ***Executive*** ") (collectively, the " ***Parties*** "). Any terms capitalized and not specifically defined herein will have the meaning ascribed to them under the Transition Agreement and Release of Claims, dated _____ (the " ***Transition Agreement*** ").

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with and services to the Company, including, but not limited to, from the Effective Date of the Transition Agreement through the Effective Date of this Supplemental Separation Agreement.

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Consideration . The Company agrees to pay Executive, less applicable withholding, the severance described in Section 2 of the Transition Agreement, pursuant to the terms and conditions thereof.

2. Acknowledgments and Agreements .

(a) Executive acknowledges and represents that the Company will have paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Executive as of the Effective Date of this Supplemental Separation Agreement.

(a) Except as set forth in Section 2(c) of the Transition Agreement, Executive's Options, the shares purchased thereunder and Executive's RSU Awards will continue to be governed by the terms and conditions of the applicable Stock Agreement, as each has been modified by the Transition Agreement.

1. Release of Claims . Executive agrees that the consideration described in Section 1 hereof represents consideration for both (A) Executive's acknowledgments and agreements under Section 2 and (B) a release and waiver of any and all claims against the Company and any of the Releasees relating to her employment with the Company, including, but not limited to, from the Effective Date of the Transition Agreement through the Effective Date of this Supplemental Separation Agreement, as well as any claims under any local ordinance or state or federal employment law, including laws prohibiting discrimination in employment on the basis of race, sex, age (in particular, any claim under the Age Discrimination in Employment Act), disability, national origin, or religion, as well as any claims for wrongful discharge, breach of contract, attorneys' fees, costs, or any claims of amounts due for fees, commissions, stock options, expenses, salary, bonuses, profit sharing or fringe benefits. **Executive further acknowledges and agrees that the terms of Sections 4 and 6 of the Transition Agreement will also apply to this Supplemental Separation Agreement and are hereby incorporated and extended through the Effective Date of this Supplemental Separation Agreement.**

2. Confidential Information and Non-Solicitation . Subject to Section 7 governing Protected Activity, Executive acknowledges and reaffirms her obligation to keep confidential all non-public information concerning the Company that Executive acquired during the course of her employment with the Company, as stated more fully in the Confidentiality Agreement Executive signed at the beginning of her employment, which remains in full force and effect. Subject to Section 7 governing Protected Activity, Executive affirms her obligation to keep all Company Information confidential and not to disclose it to any third party in the future. Subject to Section 7 governing Protected Activity, the Confidentiality Agreement is incorporated herein by this reference, and Executive agrees to continue to be bound by the terms of the Confidentiality Agreement.

3. Return of Company Property . As part of Executive's existing and continuing obligation to the Company, Executive agrees that Executive has returned to the Company, all Company information, including files, records, computer access codes and instruction manuals, as well as any Company assets or equipment that Executive has in her possession or under her control. Executive further agrees not to keep any copies of Company information. Executive confirms that she has returned to the Company in good working order all keys, files, records (and copies thereof), equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones and pagers), access or credit cards, Company

identification, Company vehicles and any other Company-owned property in Executive's possession or control and have left intact all electronic Company documents, including, but not limited to, those that Executive developed or helped to develop during her employment. Executive further confirms that she has cancelled all accounts for her benefit, if any, in the Company's name, including, but not limited to, credit cards, telephone charge cards, cellular phone and/or pager accounts and computer accounts.

4. Acknowledgments and Right to Revoke . Executive acknowledges that she has been given twenty-one (21) days after receipt of this Supplemental Separation Agreement to consider this Supplemental Separation Agreement. By signing this Supplemental Separation Agreement, Executive acknowledges that she was offered a period of at least twenty-one (21) days to consider the terms of this Supplemental Separation Agreement but, to the extent not taken, Executive choose to waive this consideration period. If Executive does not accept this Supplemental Separation Agreement within that time, it will become null and void. Executive is advised to consult with an attorney prior to executing this Supplemental Separation Agreement. Executive represents and agrees that she fully understands her right to discuss all aspects of this Supplemental Separation Agreement with her private attorney, that she has availed herself of this right, that she has carefully read and fully understands all of the provisions of this Supplemental Separation Agreement, and that she is voluntarily entering into this Supplemental Separation Agreement. Executive understands and agrees that the waiver of rights contained in this Supplemental Separation Agreement is only an exchange for the consideration specified herein, and that she would not otherwise be entitled to such consideration. Once Executive has signed the Supplemental Separation Agreement, Executive can revoke her acceptance within seven (7) days by so notifying Adam Weiss, General Counsel, 1601 Cloverfield Blvd, Suite 600 South, Santa Monica, CA 90404 This Supplemental Separation Agreement will become effective on the eighth day following Executive signing it (the " ***Effective Date*** ").

5. Protected Activity Not Prohibited . Executive understands that nothing in this Supplemental Separation Agreement shall in any way limit or prohibit Executive from engaging for a lawful purpose in any Protected Activity. For purposes of this Supplemental Separation Agreement, " ***Protected Activity*** " shall mean filing a charge or complaint, or otherwise communicating, cooperating, or participating with, any state, federal, or other governmental agency, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, and the National Labor Relations Board (" ***Government Agencies*** "). Executive understands that in connection with such Protected Activity, Executive is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding the foregoing, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company confidential information under the Confidentiality Agreement to any parties other than the Government Agencies. Executive further understands that " ***Protected Activity*** " does not include the disclosure of any Company attorney-client privileged communications, and that any such disclosure without the Company's written consent shall constitute a material breach of this Supplemental Separation Agreement. Any language in the Confidentiality Agreement regarding Executive's right to engage in Protected Activity that conflicts with, or is contrary to, this paragraph is superseded by this Supplemental Separation Agreement. In addition, pursuant to the Defend Trade Secrets Act of 2016, Executive is notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

6. Entire Agreement . This Supplemental Separation Agreement, the Stock Agreements, the Transition Agreement, the Consulting Agreement and the Confidentiality Agreement, constitute the entire agreement and understanding between the Parties concerning the subject matter of this Supplemental Separation Agreement and with the exception of Section 5 of the Change of Control Agreement (" Limitation on Payments "), all prior and contemporaneous representations, understandings, and agreements concerning the subject matter of this Supplemental Separation Agreement (other than the Confidentiality Agreement) have been superseded by the terms of this Supplemental Separation Agreement.

IN WITNESS WHEREOF, the Parties have executed this Supplemental Separation Agreement on the respective dates set forth below.

COMPANY CORNERSTONE ONDEMAND, INC.

By: _____

Name: _____

Title: _____

Dated: _____

EXECUTIVE

KIRSTEN HELVEY, an individual

(Signature)

Dated: _____

EXHIBIT B

CONSULTING AGREEMENT

March 31, 2018

Dear Ms. Helvey:

We are pleased to offer you a contract with Cornerstone OnDemand, Inc. (the "Company") as a Consultant (in accordance with the definition of the term "Consultant" in the Company's 2010 Equity Incentive Plan), commencing on April 1, 2018, as mutually agreed by the parties. The details of the Consulting Agreement will include the following:

A. Company and you agree that as of April 1, 2018, you are no longer a full-time employee of the Company.
B. Company and you hereby agree that commencing on April 1, 2018, you shall become a Consultant for the Company, and shall reserve at least ten (10) hours per month (at times to be determined solely by Consultant) to perform consulting services for Company, subject to the terms set forth herein. The Agreement will run through July 31, 2018, unless extended by a written amendment hereto.
C. Company shall pay Consultant for reserving time, as set forth in Section (B), whether or not it is used, at the rate set forth below in Section (D); provided, however, the Company will not terminate or otherwise end the consulting relationship with Consultant without cause before July 31, 2018. Additional hours required will be at a rate of $250.00 per hour.
D. Company shall pay Consultant $2,500.00 per month (the "Consulting Fee") for reserving ten (10) hours per month, to be paid monthly in advance. As needed, Consultant may invoice the Company for additional work performed at a rate of $250.00 per hour provided those hours have been preapproved in writing by the Company's CEO. Consultant acknowledges and agrees that the Company has made no representations to Consultant regarding the tax consequences of any amounts received by Consultant pursuant to this Agreement. Consultant agrees to pay federal or state taxes, if any, which are required by law to be paid with respect to this Consulting Agreement.
E. The vesting of shares and restricted stock units and the exercise of Consultant's stock options shall continue to be governed by the terms and conditions of the Company's 2010 Equity Incentive Plan and the respective stock option and restricted stock unit award agreements.

As a Consultant to the Company, you will be expected to abide by Company rules and regulations. Any confidentiality and invention assignment agreements that governed your employment by the Company (collectively, "Confidentiality Agreements") likewise will continue to apply to your consultancy hereunder.

To indicate your acceptance of the Company's Consulting Agreement, please sign and date this letter in the space provided below and return it to the Company. If not fully executed within five (5) days from the date of this letter, this agreement shall expire. This letter, along with the Confidentiality Agreements, set forth the terms of the Consulting Agreement with the Company and supersede any prior representations or agreements, whether written or oral. This letter may not be modified or amended except by a written agreement, signed by an officer of the Company and by you.

We look forward to having you continue your relationship with Cornerstone OnDemand as a consultant.

Sincerely,

Cornerstone OnDemand, Inc.

By: _____
Name:
Title:

ACCEPTED AND AGREED TO this

_____

_____
Name:

Exhibit 10.4

INVESTMENT AGREEMENT

by and among

CORNERSTONE ONDEMAND, INC.

and

SILVER LAKE CREDIT PARTNERS, L.P.

and the other parties named herein

Dated as of November 8, 2017

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INVESTMENT AGREEMENT

This INVESTMENT AGREEMENT (this " Agreement "), dated as of November 8, 2017, is by and among (i) Cornerstone OnDemand, Inc., a Delaware corporation (together with any successor or assign pursuant to Section 6.07, the " Company "), (ii) Silver Lake Credit Partners, L.P., a Delaware limited partnership (together with its successors and any Affiliate that becomes a Purchaser party hereto in accordance with Section 4.02 and Section 6.07, the " Purchaser ") and (iii) solely for the specific purpose set forth in Section 4.24, Silver Lake Group, L.L.C., a Delaware limited liability company (in such capacity, the " Guarantor "). Capitalized terms not otherwise defined where used shall have the meanings ascribed thereto in Article I.

WHEREAS, the Purchaser desires to purchase from the Company, and the Company desires to issue and sell to the Purchaser, the Company's 5.75% Convertible Notes due 2021 (referred to herein as the " Note " or the " Notes ") in the form attached to the Indenture and to be issued in accordance with the terms and conditions of the Indenture and this Agreement;

WHEREAS, the Company intends to use the proceeds from the issuance of the Notes for general corporate purposes (including the repayment of the existing notes described in the 2013 Indenture and a repurchase of Company Common Stock);

WHEREAS, the Notes will not be of the same class (within the meaning of Rule 144A under the Securities Act) as securities which are listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system; and

WHEREAS, the Company and the Purchaser desire to set forth certain agreements herein.

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained and intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions . As used in this Agreement, the following terms shall have the meanings set forth below:

" 4% Minimum Ownership Threshold Test " means that at the time of determination, the Silver Lake Group collectively Beneficially Owns less than four percent (4%) of the outstanding shares of Company Common Stock (assuming the conversion of the Notes into Company Common Stock).

" 10% Minimum Ownership Threshold Test " means that at the time of determination, the Silver Lake Group collectively Beneficially Owns less than ten percent (10%) of the outstanding shares of Company Common Stock (assuming the conversion of the Notes into Company Common Stock).

" 2013 Indenture " shall have the meaning set forth in Section 3.01(f).

" Action " shall have the meaning set forth in Section 4.22(a).

" Additional Investment Agreement " shall have the meaning set forth in Section 4.16(a).

" Additional Securities " shall have the meaning set forth in Section 4.16(c).

" Affiliate " shall mean, with respect to any Person, any other Person which directly or indirectly controls or is controlled by or is under common control with such Person. Notwithstanding the foregoing, (i) the Company and the Company's Subsidiaries shall not be considered Affiliates of the Purchaser or any of the Purchaser's Affiliates and (ii) for purposes of the definitions of "Beneficially Own", "Registrable Securities", "Silver Lake Group", "Standstill Period" and "Third Party" and Sections 3.02(d), 3.02(f), 4.02, 4.06, 4.07, 4.18 and 6.07 no portfolio company of any Affiliate of Silver Lake Group, L.L.C. that serves as general partner of, or manages or advises, any investment fund or other investment entity Affiliated with Silver Lake Group, L.L.C., the Purchaser or their respective Affiliates shall be deemed an Affiliate of the Purchaser and its other Affiliates so long as such portfolio company (x) has not been directed, encouraged, instructed, assisted, advised or supported by, or coordinated with, the Purchaser or any of its Affiliates or any SL Person in carrying out any act prohibited by this Agreement or the subject matter of Section 4.18, (y) is not a member of a group (as such term is defined in Section 13(d)(3) of the Exchange Act) with either the Purchaser or any of its Affiliates with respect to any securities of the Company, and (z) has not received from the Purchaser or any Affiliate of the Purchaser or any SL Person, directly or indirectly, any Evaluation Material (as defined in the New Confidentiality Agreement) concerning the Company or its business. As used in this definition, "control" (including its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

" Agreement " shall have the meaning set forth in the preamble hereto.

" Associate " shall have the meaning set forth in Rule 12b-2 promulgated by the SEC under the Exchange Act; provided that (i) the Company and the Company's Subsidiaries will not be considered Associates of the Purchaser or any of its Affiliates and (ii) no portfolio company of the Purchaser or its other Affiliates will be deemed Associates of the Purchaser or any of its other Affiliates.

" Available " shall mean, with respect to a Registration Statement, that such Registration Statement is effective and there is no stop order with respect thereto and such Registration Statement does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, such that such Registration Statement will be available for the resale of Registrable Securities and there is not a notice from the Company described in Section 5.03(c) in effect with respect to discontinuing dispositions of Registrable Securities.

" Beneficially Own ", " Beneficially Owned ", " Beneficial Ownership " or " Beneficial Owner " shall have the meaning set forth in Rule 13d-3 of the rules and regulations promulgated under the Exchange Act, except that for purposes of this Agreement the words "within sixty days" in Rule 13d-3(d)(1)(i) shall not apply, to the effect that a person shall be deemed to be the Beneficial Owner of a security if that person has the right to acquire beneficial ownership of such security at any time; provided , however , for purposes of this Agreement, the Purchaser, its Affiliates or any other person shall at all times be deemed to have Beneficial Ownership of shares of Company Common Stock issuable upon conversion of the Notes directly or indirectly held by them, irrespective of any non-conversion period specified in the Notes or this Agreement or any restrictions on transfer or voting contained in this Agreement.

" Blackout Period " shall mean in the event that the Company determines in good faith that any registration or sale pursuant to any Registration Statement could reasonably be expected to materially adversely affect or materially interfere with any *bona fide* financing of the Company or any *bona fide* material transaction under consideration by the Company or would require disclosure of information that has not been, and is not otherwise then required to be, disclosed to the public, the premature disclosure of which would adversely affect the Company in any material respect, or the Registration Statement is otherwise not Available for use (in each case as determined by the Company in good faith after consultation with outside counsel), a period of up to sixty (60) days; provided that a Blackout Period may not be called by the Company more than twice in any period of twelve (12) consecutive months and the aggregate length of Blackout Periods in any period of twelve (12) consecutive months may not exceed ninety (90) days.

" Board of Directors " shall mean the board of directors of the Company.

" Bribery Act " shall have the meaning set forth in Section 3.01(j).

" Business Day " shall mean any day, other than a Saturday, Sunday or a day on which banking institutions in The City of New York, New York are authorized or obligated by law or executive order to remain closed.

" Change in Control " shall mean the occurrence of any of the following events: (i) there occurs a sale, transfer, conveyance or other disposition of all or substantially all of the consolidated assets of the Company, (ii) any Person or "group" (as such term is used in Section 13 of the Exchange Act), directly or indirectly, obtains Beneficial Ownership of 50% or more of the outstanding Company Common Stock, (iii) the Company consummates any merger, consolidation or similar transaction, unless the stockholders of the Company immediately prior to the consummation of such transaction continue to hold (in substantially the same proportion as their ownership of the Company Common Stock immediately prior to the transaction, other than changes in proportionality as a result of any cash/stock election provided under the terms of the definitive agreement regarding such transaction) more than 50% of all of the voting power of the outstanding shares of Voting Stock of the surviving or resulting entity in such transaction immediately following the consummation of such transaction or (iv) a majority of the Board of Directors is no longer composed of (x) directors who were directors of the Company on the Closing Date and (y) directors who were nominated for election or elected or appointed to the Board of Directors with the approval of a majority of the directors described in subclause (x) together with any incumbent directors previously elected or appointed to the Board of Directors in accordance with this subclause (y).

" Closing " shall have the meaning set forth in Section 2.02(a).

" Closing Date " shall have the meaning set forth in Section 2.02(a).

" Committee " shall have the meaning set forth in Section 4.07(g).

" Company " shall have the meaning set forth in the preamble hereto.

" Company Common Stock " shall mean the common stock, par value $0.0001 per share, of the Company.

" Company Reports " shall have the meaning set forth in Section 3.01(g)(i).

" Conversion Price " shall have the meaning set forth in the Indenture.

" Conversion Rate " shall have the meaning set forth in the Indenture.

" Covered Persons " shall have the meaning set forth in Section 4.07(h).

" Definitive Proxy Statement " means the Company's definitive proxy statement for its annual meeting of stockholders pursuant to which the Company's stockholders are asked to vote on (i) the election of members of the Board of Directors to serve as "Class II" directors (with respect to Section 4.07(a)(ii)) or "Class III" directors (with respect to Section 4.07(a)(i)) or (ii) the election of all members of the Board of Directors if the Board of Directors is not classified.

" DGCL " shall mean the Delaware General Corporation Law.

" Draft 10-Q " shall have the meaning set forth in Section 3.01.

" Eligible Participation Holders " shall have the meaning set forth in Section 5.02(c).

" Enforceability Exceptions " shall have the meaning set forth in Section 3.01(c).

" Exchange Act " shall mean the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

" Excluded Securities " shall have the meaning set forth in Section 4.16(c).

" Extraordinary Transaction " shall have the meaning set forth in Section 4.18(a)(iv).

" FCPA " shall have the meaning set forth in Section 3.01(j).

" Free Writing Prospectus " shall have meaning set forth in Section 5.03(a)(v).

" GAAP " shall mean U.S. generally accepted accounting principles.

" Global Security " shall have the meaning set forth in the Indenture.

" Governmental Entity " shall mean any court, administrative agency or commission or other governmental authority or instrumentality, whether federal, state, local or foreign, and any applicable industry self-regulatory organization.

" Guarantee " shall have the meaning set forth in Section 4.24(a).

" Guaranteed Obligations " shall have the meaning set forth in Section 4.24(a).

" Guarantor " shall have the meaning set forth in the preamble hereto.

" HSR Act " shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

" Independence Requirements " shall have the meaning set forth in Section 4.07(g).

" Indemnified Persons " shall have the meaning set forth in Section 5.05(a).

" Indemnification Notice " shall have the meaning set forth in Section 4.22(b).

" Indemnitee " shall have the meaning set forth in Section 4.22(a).

" Indenture " shall mean an indenture in the form attached hereto as Exhibit A , as amended, supplemented or otherwise modified from time to time with the consent of the Purchaser and the Company prior to the Closing, it being agreed that the Company and the Purchaser shall consent to any changes required by the Trustee that do not adversely affect the Company or the Purchaser, or the Purchaser's financing sources, including with respect to timing and mechanics of transfers and exchanges of Securities and interests therein, in any material respect.

" Initial Conversion Rate " shall have the meaning set forth in Section 4.13.

" Initial Registration Statement " shall have the meaning set forth in Section 5.01(a).

" Initiating Holder " shall have the meaning set forth in Section 5.02(c).

" Intellectual Property " shall have the meaning set forth in Section 3.01(p).

" IRS " means Internal Revenue Service.

" Issuer Agreement " shall have the meaning set forth in Section 4.09.

" Joinder " shall mean, with respect to any Person permitted to sign such document in accordance with the terms hereof, a joinder executed and delivered by such Person, providing such Person to have all or a portion of the rights and obligations of a Purchaser under this Agreement, in the form and substance substantially as attached hereto as Exhibit B or such other form as may be agreed to by the Company and the Purchaser.

" Knowledge " shall mean the actual knowledge, after reasonable inquiry within the Company, of the Company's Chief Executive Officer, Chief Financial Officer and General Counsel.

" LinkedIn " means LinkedIn Corporation or its Affiliates.

" Losses " shall mean all losses, claims, damages, liabilities, costs, expenses (including reasonable expenses of investigation and reasonable attorneys' fees and expenses), judgments, fines, penalties, charges and amounts paid in settlement.

" Majority in Interest of Selling Holders " shall mean the Initiating Holder(s) and/or Participating Holders for a particular offering that hold a majority of the applicable Subject Securities being offered and sold by all Initiating Holder(s) and Participating Holders (e.g., if Notes are being offered and sold, a majority of the Notes being offered and sold).

" Marketed Underwritten Offering " shall mean an Underwritten Offering involving reasonable and customary marketing efforts in excess of forty-eight hours by the Company and the underwriters.

" Material Adverse Effect " shall mean any events, changes or developments that, individually or in the aggregate, have a material adverse effect on the business, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, other than any event, change or development resulting from or arising out of the following: (a) events, changes or developments generally affecting the economy, the financial or securities markets, or political, legislative or regulatory conditions, in each case in the United States or elsewhere in the world, (b) events, changes or developments in the industries in which the Company or any of its Subsidiaries conducts its business, (c) any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal of any rule, regulation, ordinance, order, protocol or any other law of or by any national, regional, state or local Governmental Entity, or market administrator, (d) any changes in GAAP or accounting standards or interpretations thereof, (e) earthquakes, any weather-related or other force majeure event or natural disasters or outbreak or escalation of hostilities or acts of war or terrorism, (f) the announcement or the existence of, compliance with or performance under, this Agreement or the transactions contemplated hereby, (g) any taking of any action or inaction at the request of the Purchaser, (h) any failure by the Company to meet any financial projections or forecasts or estimates of revenues, earnings or other financial metrics for any period (provided that the exception in this clause (h) shall not prevent or otherwise affect a determination that any event, change, effect or development underlying such failure has resulted in a Material Adverse Effect so long as it is not otherwise excluded by this definition), or (i) any changes in the share price or trading volume of the Company Common Stock or in the Company's credit rating (provided that the exception in this clause (i) shall not prevent or otherwise affect a determination that any event, change, effect or development underlying such failure has resulted in a Material Adverse Effect so long as it is not otherwise excluded by this definition); except, in each case with respect to subclauses (a) through (e), to the extent that such event, change or development disproportionately affects the Company and its Subsidiaries, taken as a whole, relative to other similarly situated companies in the industries in which the Company and its Subsidiaries operate.

" NASDAQ " shall mean the NASDAQ Stock Market.

" New Confidentiality Agreement " shall mean the confidentiality agreement entered into by the Company, the Purchaser and an Affiliate of the Purchaser dated as of the date hereof and effective as of the Closing.

" Note " or " Notes " shall have the meaning set forth in the preamble hereto.

" Note Purchase Agreement " means that certain Note Purchase Agreement by and between LinkedIn and the Company, dated as of the date hereof.

" OFAC " shall have the meaning set forth in Section 3.01(j).

" Offer Notice " shall have the meaning set forth in Section 4.16(a).

" Offering Terms " shall have the meaning set forth in Section 5.02(c).

" Orderly Sale Amount " shall have the meaning set forth in Section 5.02(d).

" Participating Holder " shall have the meaning set forth in Section 5.02(c).

" Participation Notice " shall have the meaning set forth in Section 4.16(a).

" Participation Notice Period " shall have the meaning set forth in Section 4.16(a).

" Permitted Debt Financing Transaction " shall have the meaning set forth in Section 4.02(a).

" Permitted Loan " shall have the meaning set forth in Section 4.02(a).

" Permitted Transfers " shall have the meaning set forth in Section 4.02(a).

" Person " or " person " shall mean an individual, corporation, limited liability or unlimited liability company, association, partnership, trust, estate, joint venture, business trust or unincorporated organization, or a government or any agency or political subdivision thereof, or other entity of any kind or nature.

" Plan of Distribution " shall mean the plan of distribution substantially in the form attached hereto as Annex A .

" Prior Confidentiality Agreement " shall mean the confidentiality agreement by and between the Company and Silver Lake Management Company IV, L.L.C., dated as of August 11, 2017, as amended, modified or supplemented.

" Prohibited Transfers " shall have the meaning set forth in Section 4.02(a).

" Purchase Price " means an amount equal to (i) two hundred ninety four million dollars ($294,000,000) less (ii) any expenses owed to the Purchaser or its Affiliates as of the Closing pursuant to Section 6.06 less (iii) the Notes Consideration (as defined in the Note Purchase Agreement) to the extent the transactions contemplated by the Note Purchase Agreement are consummated on or prior to the Closing Date.

" Purchaser " shall have the meaning set forth in the preamble hereto.

" Purchaser Designee " shall mean each individual then serving on the Board of Directors pursuant to the exercise of the Purchaser's rights pursuant to Section 4.07(a) and/or Section 4.07(e), together with any designee(s) of the Purchaser who is then standing for election to the Board of Directors pursuant to Sections 4.07(a) and (b) or who is being proposed for election by the Purchaser pursuant to Section 4.07(e).

" Registrable Securities " shall mean the Subject Securities; provided that any Subject Securities will cease to be Registrable Securities upon the earliest of (a) when such Subject Securities have been sold or otherwise disposed of pursuant to an effective Registration Statement or in compliance with Rule 144, (b) upon the later of the date (i) in the case of Subject Securities held by the Purchaser, no Purchaser Designee is on the Board of Directors and (ii) such Subject Securities are held or Beneficially Owned by any Person that together with its Affiliates Beneficially Own Subject Securities representing less than (x) 1.0% of the outstanding shares of Company Common Stock as of such time and such Subject Securities are freely transferable under Rule 144 without regard to volume or manner of sale limits or public information requirements (and, in the case of the Notes, such Subject Securities may be represented by an Unrestricted Global Security (as defined in the Indenture) when sold) and (y) $25,000,000 in aggregate principal amount of Notes (subject to the first proviso in Section 5.02(c) and the proviso in Section 5.02(g)), or (c) when such Subject Securities cease to be outstanding; provided , further , that any securities that have ceased to be Registrable Securities in accordance with the foregoing definition shall not thereafter become Registrable Securities and any securities that are issued or distributed in respect of securities that have ceased to be Registrable Securities are not Registrable Securities.

" Registration Expenses " shall mean all expenses incurred by the Company in complying with Article V, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel (including local counsel if required) and independent public accountants for the Company and of a single counsel for the holders of Registrable Securities, fees and expenses incurred by the Company in connection with complying with state securities or "blue sky" laws, fees of the Financial Industry Regulatory Authority, Inc., all the Company's internal expenses, transfer taxes, and fees of transfer agents and registrars, but excluding any underwriting discounts and commissions, agency fees, brokers' commissions and transfer taxes, in each case to the extent applicable to the Registrable Securities of the selling holders; provided that Registration Expenses shall not include more than $50,000 per offering of fees and disbursements of counsel and other advisors for the holders of Registrable Securities (or, in the case of an Underwritten Offering, $75,000 per offering).

" Registration Statement " shall mean any registration statement of the Company filed or to be filed with the SEC under the rules and regulations promulgated under the Securities Act, including the related prospectus, amendments and supplements to such registration statement, and including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

" Registration Termination Date " shall have the meaning set forth in Section 5.01(b).

" Restricted Period " shall mean the period commencing on the Closing Date and ending on the earlier of (i) the date that is twelve (12) months following the Closing Date and (ii) the consummation of any Change in Control or entry into a definitive agreement for a transaction that, if consummated, would result in a Change in Control.

" Rule 144 " shall mean Rule 144 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such rule.

" Rule 405 " shall mean Rule 405 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such rule.

" SEC " shall mean the U.S. Securities and Exchange Commission.

" Section 4.12 Person " shall have the meaning set forth in Section 4.12.

" Securities Act " shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

" Selling Holders " shall have the meaning set forth in Section 5.03(a)(i).

" Silver Lake Group " shall mean the Purchaser together with its Affiliates, including SL Affiliates.

" Silver Lake Indemnitors " shall have the meaning set forth in Section 4.12.

" SL Affiliate " shall mean any Affiliate of Silver Lake Group, L.L.C. that serves as general partner of, or manages or advises, any investment fund or other investment entity Affiliated with Silver Lake Group, L.L.C. that has a direct or indirect investment in the Company.

" SL Director " shall mean each Purchaser Designee and any other person that is a managing director, officer, advisor or employee of SLTM or other Silver Lake management entity or general partner, in each case, that is serving on the Board of Directors.

" SL Observer " shall have the meaning in Section 4.07(f).

" SL Person " shall mean any SL Director or SL Observer.

" SLTM " means Silver Lake Technology Management, L.L.C. or a successor thereto.

" SL Securities " shall have the meaning set forth in the Indenture.

" Standstill Period " shall mean the period commencing on the Closing Date and ending on the earliest of (i) the later of (A) the date that is six (6) months following such time as there is no Purchaser Designee serving on the Board of Directors (and as of such time the Purchaser no longer has board nomination rights pursuant to this Agreement or otherwise irrevocably waives in a writing delivered to the Company all of such rights) and (B) the three (3) year anniversary of the Closing Date, (ii) the effective date of a Change in Control and (iii) ninety (90) days after the date on which the Purchaser and its Affiliates do not Beneficially Own any Notes or any shares of Company Common Stock other than any shares of Company Common Stock issued to any person as compensation for their service on the Board of Directors.

" Stockholder Approval Requirement " means (i) the issuance of such Additional Securities would require stockholder approval under the listing requirements of NASDAQ or any other securities exchange upon which the Company Common Stock is then listed solely as a result of the issuance of the Additional Securities to the Purchaser in such Additional Investment and (ii) the Company would not be required to seek any stockholder approval in connection with the Additional Investment but for issuance of such Additional Securities to the Purchaser.

" Subject Securities " shall mean (i) the Notes; (ii) the shares of Company Common Stock issuable or issued upon conversion of the Notes; (iii) any other shares of Company Common Stock acquired by the Purchaser after the effective date of this Agreement at a time when such Purchaser or its Affiliates hold other Registrable Securities; provided , such holder delivers a written notice to the Company pursuant to the terms of this Agreement indicating that such securities shall be treated as Subject Securities and provided that such notice relates to securities with a fair market value of at least $100,000; and (iv) any securities issued as (or issuable upon the conversion, exercise or exchange of any warrant, right or other security that is issued as) a dividend, stock split, combination or any reclassification, recapitalization, merger, consolidation, exchange or any other distribution or reorganization with respect to, or in exchange for, or in replacement of, the securities referenced in clause (i), (ii) or (iii) (without giving effect to any election by the Company regarding settlement options upon conversion) above or this clause (iv).

" Subsidiary " shall mean, with respect to any Person, any other Person of which 50% or more of the shares of the voting securities or other voting interests are owned or controlled, or the ability to select or elect 50% or more of the directors or similar managers is held, directly or indirectly, by such first Person or one or more of its Subsidiaries, or by such first Person, or by such first Person and one or more of its Subsidiaries.

" Take-Down Notice " shall have the meaning set forth in Section 5.02(c).

" Take-Down Participation Notice " shall have the meaning set forth in Section 5.02(c).

" Target Registration Date " shall have the meaning set forth in Section 5.01(a).

" Tax " or " Taxes " shall mean all federal, state, local, and foreign income, excise, gross receipts, gross income, ad valorem, profits, gains, property, capital, sales, transfer, use, payroll, employment, severance, withholding, duties, intangibles, franchise, backup withholding, value-added, and other taxes imposed by a Governmental Entity, together with all interest, penalties and additions to tax imposed with respect thereto.

" Tax Return " shall mean a report, return or other document (including any amendments thereto) required to be supplied to a Governmental Entity with respect to Taxes.

" Third Party " shall mean a Person other than any member of the Silver Lake Group or any of their respective Affiliates.

" Third Party Tender/Exchange Offer " shall have the meaning set forth in Section 4.02(a).

" Transaction Agreements " shall have the meaning set forth in Section 3.01(c).

" Transactions " shall have the meaning set forth in Section 3.01(c).

" Trustee " shall mean U.S. Bank National Association or another institutional trustee to be selected by the Company with the consent of Purchaser, which consent shall not be unreasonably withheld or delayed.

" Underwritten Offering " shall mean a sale of Registrable Securities to an underwriter or underwriters for reoffering to the public.

" VCOC Letter " shall have the meaning set forth in Section 4.08.

" Voting Stock " shall mean securities of any class or kind having the power to vote generally for the election of directors, managers or other voting members of the governing body of the Company or any successor thereto.

" WKSI " shall mean a "well known seasoned issuer" as defined under Rule 405.

Section 1.02. General Interpretive Principles . Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. The name assigned to this Agreement and the section captions used herein are for convenience of reference only and shall not be construed to affect the meaning, construction or effect hereof. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Unless otherwise specified, the terms "hereto," "hereof," "herein" and similar terms refer to this Agreement as a whole (including the exhibits, schedules and disclosure statements hereto), and references herein to Articles or Sections refer to Articles or Sections of this Agreement. For the avoidance of doubt, notwithstanding anything in this Agreement to the contrary, none of the Notes will have any right to vote, or except as expressly set forth in Section 10.02(b) of the Indenture any right to receive any dividends or other distributions that are made or paid to the holders of the shares of Company Common Stock.

ARTICLE II

SALE AND PURCHASE OF THE NOTES

Section 2.01. Sale and Purchase of the Notes . Subject to the terms and conditions of this Agreement, at the Closing the Company shall issue and sell to the Purchaser, and the Purchaser shall purchase and acquire from the Company for the Purchase Price, (i) three hundred million dollars ($300,000,000) aggregate principal amount of Notes less (ii) the aggregate principal amount of the Purchased Notes (as defined in the Note Purchase Agreement) to the extent such Purchased Notes are acquired by LinkedIn on or prior to the Closing Date.

Section 2.02. Closing .

(a) Subject to the satisfaction or waiver of the conditions precedent set forth in Sections 2.02(c) and (d), the closing (the "Closing") of the purchase and sale of the Notes hereunder shall take place at the offices of Simpson Thacher & Bartlett LLP located at 2475 Hanover St., Palo Alto, California 94304 at 11:00 a.m. New York time on a Business Day on or prior to December 8, 2017 selected by the Purchaser in a written notice delivered to the Company at least two (2) Business Days prior to such date, provided that if the Purchaser fails to deliver to the Company any such written notice the Purchaser shall be deemed to have selected December 8, 2017, or at such other place, time or date as may be mutually agreed upon in writing by the Company and the Purchaser (the date on which the Closing actually occurs, the "Closing Date").

(b) To effect the purchase and sale of Notes, upon the terms and subject to the conditions set forth in this Agreement, at the Closing:

(i) The Company shall, and shall instruct the Trustee to, execute and deliver the Indenture. The Company shall deliver the fully executed Indenture to the Purchaser at the Closing, against payment in full by or on behalf of the Purchaser of the Purchase Price for the Notes.

(ii) The Company shall issue and deliver to the Purchaser the Notes through the facilities of the Depository Trust Company, or at the option of the Purchaser, registered in the name of the Purchaser, against payment in full by or on behalf of the Purchaser of the Purchase Price for the Notes.

(iii) The Purchaser shall cause a wire transfer to be made in same day funds to an account of the Company designated in writing by the Company to the Purchaser in an amount equal to the Purchase Price for the Notes.

(iv) The Purchaser shall deliver to the Company a duly completed and executed IRS Form W-9 or applicable IRS Form W-8 (or any successor form).

(c) The obligations of the Purchaser to purchase the Notes are subject to the satisfaction or waiver of the following conditions as of the Closing:

(i) the Company shall have provided the applicable listing of additional shares notification to NASDAQ, and received notification from NASDAQ that the listing of additional shares review process has been completed, and NASDAQ shall not have made any objection (not subsequently withdrawn) that the consummation of the Transactions would violate NASDAQ listing rules applicable to the Company and that if not withdrawn would result in the delisting of the Company Common Stock;

(ii) the purchase and sale of the Notes pursuant to Section 2.02(b) shall not be prohibited or enjoined by any court of competent jurisdiction;

(iii) the Company and the Trustee shall have executed the Indenture on the Closing Date and delivered the Indenture to the Purchaser, the Company shall have executed and delivered the Notes to the Purchaser and the Company shall have executed and delivered the VCOC Letter;

(iv) (A) the representations and warranties of the Company set forth in Sections 3.01(a)(i), (b), (c), (d), (e), (f)(i), (l) and (o) shall be true and correct in all material respects on and as of the Closing Date (except for any representations and warranties that speak as of a specific date, which shall be true and correct in all material respects as of such date), (B) the representations and warranties of the Company set forth in Section 3.01(h)(ii) shall be true and correct on and as of the Closing Date and (C) the representations and warranties of the Company set forth in Section 3.01 (other than Sections 3.01(a)(i), (b), (c), (d), (e), (f)(i), (h)(ii), (l) and (o)) shall be true and correct on and as of the Closing Date (except for any representations and warranties that speak as of a specific date, which shall be true and correct as of such date) (without giving effect to materiality, Material Adverse Effect, or similar phrases in the representations and warranties with respect to clauses (A) and (C) of this Section 2.02(c)(iv)), except where the failure of such representations and warranties referenced in this clause (C) to be so true and correct, individually or in the aggregate, has not had a Material Adverse Effect;

(v) the Company shall have delivered to the Trustee, as custodian, the Global Securities registered in the name of The Depository Trust Company (or a nominee thereof) and such Global Securities shall be eligible for book-entry settlement with The Depository Trust Company;

(vi) the Company or its Subsidiaries shall not have entered into a definitive agreement with a Third Party for a transaction that, if consummated, would result in a Change in Control;

(vii) the Company shall have performed and complied in all material respects with all agreements and obligations required by this Agreement to be performed or complied with by it on or prior to the Closing Date; and

(viii) the Purchaser shall have received a certificate, dated the Closing Date, duly executed by an executive officer of the Company on behalf of the Company, certifying that the conditions specified in Section 2.02(c)(iv) and (vii) have been satisfied.

(d) The obligations of the Company to sell the Notes to the Purchaser are subject to the satisfaction or waiver of the following conditions as of the Closing:

(i) the purchase and sale of the Notes pursuant to Section 2.02(b) shall not be prohibited or enjoined by any court of competent jurisdiction; and

(ii) the Trustee shall have executed and delivered the Indenture to the Company;

(iii) the representations and warranties of the Purchaser set forth in Section 3.02 shall be true and correct in all material respects on and as of the Closing Date;

(iv) the Purchaser shall have performed and complied in all material respects with all agreements and obligations required by this Agreement to be performed or complied with by it on or prior to the Closing Date; and

(v) the Company shall have received a certificate, dated the Closing Date, duly executed by the general partner, managing member or authorized officer of the Purchaser on behalf of the Purchaser, certifying that the conditions specified in Section 2.02(d)(iii) and (iv) have been satisfied.

Section 2.03. Termination Prior to Closing . If the Closing does not occur on or prior to 5:30 p.m. New York time on December 29, 2017, this Agreement may be terminated by either of the parties hereto upon written notice to the other, and each of the parties hereto shall be relieved of its duties and obligations arising under this Agreement after the date of such termination; provided , however , that the right to terminate this Agreement under this Section 2.03 shall not be available to any party whose failure to comply with its obligations under this Agreement has been the primary cause of the failure of the Closing to occur on or before such time; and provided further that no such termination shall relieve any party hereto of liability for any breach or default under this Agreement prior to such termination.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations and Warranties of the Company . Except as disclosed in the Company Reports filed with or furnished to the SEC and publicly available prior to the date hereof (excluding in each case any disclosures set forth in the risk factors or "forward-looking statements" sections of such reports, and any other disclosures included therein to the extent they are predictive or forward-looking in nature), or in the Company's draft Form 10-Q for the fiscal quarter ended September 30, 2017 (the " Draft 10-Q ") that was made available to Purchaser prior to the execution of this Agreement, the Company represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date (except for the representations and warranties that speak as of a specific date, which shall be made as of such date) as follows:

(a) Existence and Power .

(i) The Company is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to enter into each Transaction Agreement and to consummate the Transactions. The Company has all requisite corporate power and authority to own, operate and lease its properties, rights and assets and to carry on its business as it is being conducted on the date of this Agreement.

(ii) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, rights and assets or conducts any business so as to require such qualification. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, each Subsidiary of the Company that is a "significant subsidiary" (as defined in Rule 1.02(w) of the SEC's Regulation S-X) has been duly organized and is validly existing in good standing (to the extent that the concept of "good standing" is recognized by the applicable jurisdiction) under the laws of its jurisdiction of organization.

(b) Capitalization . The authorized share capital of the Company consists of 1,000,000,000 shares of Company Common Stock, par value $0.0001 per share and 50,000,000 shares of preferred stock, par value $0.0001 per share. As of November 6, 2017, there were (i) 57,901,351 shares of Company Common Stock issued and outstanding and no shares of preferred stock of the Company issued and outstanding, (ii) options to purchase an aggregate of 5,389,575 shares of Company Common Stock outstanding, (iii) 5,630,754 shares of Company Common Stock underlying the Company's outstanding restricted, performance and deferred stock unit awards (assuming maximum achievement of performance-based awards), (iv) 3,139,276 shares of Company Common Stock reserved for issuance under the Company's employee stock purchase plan, (v) 3,405,338 shares of Company Common Stock reserved for issuance under the Company's employee or director equity-based compensation plans, (vi) 0 shares of Company Common Stock held in any employee benefit plan or trust funding any such plan, (vii) 4,681,674 shares of Company Common Stock reserved for issuance on conversion of the senior convertible notes issued by the Company on June 17, 2013 and (viii) warrants to purchase 4,681,664 shares of Company Common Stock issued and outstanding. Since November 6, 2017, (A) the Company has only issued options, restricted, performance and deferred stock unit awards or other rights to acquire shares of Company Common Stock in the ordinary course of business consistent with past practice and (B) the only shares of capital stock issued by the Company were pursuant to outstanding options, restricted, performance and deferred stock unit awards and other compensatory rights to purchase shares of Company Common Stock granted to employees, directors or other service providers. All outstanding shares of Company Common Stock are duly authorized, validly issued, fully paid and nonassessable, and are not subject to and were not issued in violation of any preemptive or similar right, purchase option, call or right of first refusal or similar right. Except as set forth above, the Company has not issued any securities, the holders of which have the right to vote with the stockholders of the Company on any matter. Except as provided in this Agreement, the Notes and the Indenture and except as set forth in or contemplated by this Section 3.01(b), there are no existing options, warrants, calls, preemptive (or similar) rights, subscriptions or other rights, agreements or commitments obligating the Company to issue, transfer or sell, or cause to be issued, transferred or sold, any capital stock of the Company or any securities convertible into or exchangeable for such capital stock and there are no current outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any of its shares of capital stock, except with respect to the acquisition of shares of Company Common Stock by the Company to satisfy the payment of the applicable exercise price or withholding taxes for equity awards. Since December 31, 2016, the Company has not declared or paid any dividends.

(c) Authorization . The execution, delivery and performance of this Agreement, the Indenture, the Notes, the VCOC Letter and each Issuer Agreement (the " Transaction Agreements ") and the consummation of the transactions contemplated herein and therein (collectively, the " Transactions "), have been duly authorized by the Board of Directors and all other necessary corporate action on the part of the Company. Assuming this Agreement constitutes the valid and binding obligation of the Purchaser, this Agreement is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the limitation of such enforcement by (A) the effect of bankruptcy, insolvency, reorganization, receivership, conservatorship, arrangement, moratorium or other laws affecting or relating to creditors' rights generally or (B) the rules governing the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity, regardless of whether considered in a proceeding in equity or at law (the " Enforceability Exceptions "). On the Closing Date, the Indenture will be duly executed and delivered by the Company and, assuming the Indenture will be a valid and binding obligation of the Trustee, the Indenture will be a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the Enforceability Exceptions. Assuming the VCOC Letter constitutes the valid and binding obligation of the Purchaser or other Affiliate thereof party thereto, on the Closing Date, the VCOC Letter will be a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the Enforceability Exceptions. Pursuant to resolutions previously provided to the Purchaser, the Board of Directors or a committee thereof composed solely of two or more "non-employee directors" as defined in Rule 16b-3 of the Exchange Act has approved, and at the request of the Purchaser will approve in advance of the Closing, for the express purpose of exempting each such transaction from Section 16(b) of the Exchange Act, pursuant to Rule 16b-3 thereunder to the extent applicable, the transactions contemplated by the Transaction Agreements, including the acquisition of the Notes, any disposition of such Notes upon the conversion thereof, any acquisition of Company Common Stock upon conversion of the Notes, any deemed acquisition or disposition in connection therewith, and all transactions with the Company related thereto.

(d) General Solicitation; No Integration . Other than with respect to the Silver Lake Group and its Affiliates and LinkedIn, neither the Company nor any other Person or entity authorized by the Company to act on its behalf has engaged in a general solicitation or general advertising (within the meaning of Regulation D of the Securities Act) of investors with respect to offers or sales of the Notes. The Company has not, directly or indirectly, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act) which, to its Knowledge, is or will be integrated with the Notes sold pursuant to this Agreement.

(e) Valid Issuance . The Notes have been duly authorized by all necessary corporate action of the Company. When issued and sold against receipt of the consideration therefor, the Notes will be valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to the limitation of such enforcement by the Enforceability Exceptions. The Company has available for issuance the maximum number of shares (including make-whole shares) of Company Common Stock initially issuable upon conversion of the Notes if such conversion were to occur immediately following Closing. The Company Common Stock to be issued upon conversion of the Notes in accordance with the terms of the Notes has been duly authorized, and when issued upon conversion of the Notes, all such Company Common Stock will be validly issued, fully paid and nonassessable and free of pre-emptive or similar rights.

(f) Non-Contravention/No Consents . The execution, delivery and performance of the Transaction Agreements, the issuance of the shares of Company Common Stock upon conversion of the Notes in accordance with their terms and the consummation by the Company of the Transactions, does not conflict with, violate or result in a breach of any provision of, or constitute a default under, or result in the termination of or accelerate the performance required by, or result in a right of termination or acceleration under, (i) the certificate of incorporation or bylaws of the Company, (ii) the Indenture, dated as of June 17, 2013, by and between the Company and U.S. Bank National Association, as trustee, relating to the Company's 1.50% senior convertible notes due 2018, as amended (the " 2013 Indenture "), and any securities issued thereunder, or any other mortgage, note, indenture, deed of trust, lease, license, loan agreement or other agreement binding upon the Company or any of its Subsidiaries or (iii) any permit, government license, judgment, order, decree, ruling, injunction, statute, law, ordinance, rule or regulation applicable to the Company or any of its Subsidiaries, other than in the cases of clauses (ii) and (iii) as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Assuming the accuracy of the representations of the Purchaser set forth herein, other than (A) any required filings or approvals under the HSR Act or any foreign antitrust or competition laws, requirements or regulations in connection with the issuance of shares of Company Common Stock upon the conversion of the Notes, (B) the filing of a Supplemental Listing Application with the NASDAQ, (C) any required filings pursuant to the Exchange Act or the rules of the SEC or the NASDAQ or (D) as have been obtained prior to the date of this Agreement, no consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required on the part of the Company or any of its Subsidiaries in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Transactions (in each case other than the transactions contemplated by Article V or Section 4.16), except for any consent, approval, order, authorization, registration, declaration, filing, exemption or review the failure of which to be obtained or made, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(g) Reports; Financial Statements .

(i) The Company has filed or furnished, as applicable all forms, reports, schedules, prospectuses, registration statements and other statements and documents required to be filed or furnished by it with the SEC under the Exchange Act or the Securities Act since January 1, 2016 (including, for the avoidance of doubt, its annual report on Form 10-K for the fiscal year ended December 31, 2016, as amended by that Form 10-K/A filed on May 1, 2017, collectively, the "Company Reports"). As of its respective date, and, if amended, as of the date of the last such amendment, each Company Report complied in all material respects as to form with the applicable requirements of the Securities Act and the Exchange Act, and any rules and regulations promulgated thereunder applicable to such Company Report. As of its respective date, and, if amended, as of the date of the last such amendment, no Company Report (including for purposes of this sentence, the Draft 10-Q to the Knowledge of the Company) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. The Company is a WKSI eligible to file a Registration Statement on Form S-3 under the Securities Act.

(ii) Each of the consolidated balance sheets, and the related consolidated statements of income, changes in stockholders' equity and cash flows, included in the Company Reports filed with the SEC under the Exchange Act (including for purposes of this sentence, the Draft 10-Q to the Knowledge of the Company): (A) have been prepared from, and are in accordance with, the books and records of the Company and its Subsidiaries, (B) fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates shown and the results of the consolidated operations, changes in stockholders' equity and cash flows of the Company and its consolidated Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth, subject, in the case of any unaudited financial statements, to normal recurring year-end audit adjustments, (C) have been prepared in accordance with GAAP consistently applied during the periods involved, except as otherwise set forth therein or in the notes thereto, and in the case of unaudited financial statements except for the absence of footnote disclosure, and (D) otherwise comply in all material respects with the requirements of the SEC.

(h) Absence of Certain Changes . Since December 31, 2016, (i) until the date hereof, the Company and its Subsidiaries have conducted their respective businesses in all material respects in the ordinary course of business, and (ii) no events, changes or developments have occurred that, individually or in the aggregate, have had or would reasonably be expected to have a Material Adverse Effect.

(i) No Undisclosed Liabilities, etc . As of the date hereof, there are no liabilities of the Company or any of its Subsidiaries that would be required by GAAP to be reflected on the face of the balance sheet, except (i) liabilities reflected or reserved against in the financial statements contained in the Company Reports or in the Draft 10-Q, (ii) liabilities incurred since December 31, 2016 in the ordinary course of business and (iii) liabilities that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(j) Compliance with Applicable Law . Each of the Company and its Subsidiaries has complied in all respects with, and is not in default or violation in any respect of, any law, statute, order, rule, regulation, policy or guideline of any federal, state or local governmental authority applicable to the Company or such Subsidiary, other than such non-compliance, defaults or violations that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. Except as would not constitute a Material Adverse Effect, since January 1, 2013, none of the Company, any of its Subsidiaries or, any of their respective directors, officers, agents or employees have (i) used any corporate, Company (and/or Subsidiary) funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity or unlawfully offered or provided, directly or indirectly, anything of value to (or received anything of value from) any foreign or domestic government employee or official, in each case in violation of, or (ii) otherwise violated, any provision of the United States Foreign Corrupt Practices Act of 1977, as amended, and any rules or regulations promulgated thereunder (the " FCPA "), or the UK Bribery Act (the " Bribery Act "). Except as would not constitute a Material Adverse Effect, since January 1, 2013, neither the Company, any of its Subsidiaries nor any of their respective directors, officers, agents or employees has directly or indirectly taken any action in violation of any export restrictions, anti-boycott regulations, embargo regulations or other similar applicable United States or foreign laws. Except as would not constitute a Material Adverse Effect, (i) none of the Company's or any of its Subsidiaries' directors, officers, agents or employees is a "specially designated national" or blocked person under United States sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (" OFAC ") and (ii) since January 1, 2013, neither the Company nor any of its Subsidiaries has engaged in any business with any person with whom, or in any country in which, it is prohibited for a United States person to engage under applicable United States sanctions administered by OFAC. Except as would not constitute a Material Adverse Effect, the Company and its Subsidiaries have instituted policies and procedures reasonably designed to ensure compliance with the FCPA and the Bribery Act and have maintained such policies and procedures in force.

(k) Legal Proceedings and Liabilities . As of the date hereof, neither the Company nor any of its Subsidiaries is a party to any, and there are no pending, or to the Knowledge of the Company, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental investigations of any nature against the Company or any of its Subsidiaries (i) that, individually or in the aggregate, have had or would reasonably be expected to have a Material Adverse Effect or (ii) that challenge the validity of or seek to prevent the Transactions. As of the date hereof, neither the Company nor any of its Subsidiaries is subject to any order, judgment or decree of a Governmental Entity that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect. As of the date hereof, except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect, to the Knowledge of the Company, there is no investigation or review pending or threatened by any Governmental Entity with respect to the Company or any of its Subsidiaries.

(l) Investment Company Act . The Company is not, and immediately after receipt of payment for the Notes will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(m) Taxes and Tax Returns . Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect:

(i) the Company and each of its Subsidiaries has timely filed (taking into account all applicable extensions) all Tax Returns required to be filed by it, and all such Tax Returns were correct and complete in all respects, and the Company and each of its Subsidiaries has paid (or has had paid on its behalf) to the appropriate Governmental Entity all Taxes that are required to be paid by it, except, in each case, with respect to matters contested in good faith or for which adequate reserves have been established in accordance with GAAP; and

(ii) there are no disputes pending, or claims asserted in writing, in respect of Taxes of the Company or any of its Subsidiaries for which reserves that are adequate under GAAP have not been established.

(n) No Piggyback or Preemptive Rights . Other than this Agreement, there are no contracts, agreements or understandings between the Company and any person granting such person the right (other than rights which have been waived in writing or otherwise satisfied) to (i) require the Company to include in any Registration Statement filed pursuant to Article V any securities other than the Subject Securities or (ii) preemptive rights to subscribe for the Company Common Stock issuable upon conversion of the Notes, except in each case of (i) and (ii), as may have been duly waived.

(o) Brokers and Finders . The Company has not retained, utilized or been represented by, or otherwise become obligated to, any broker, placement agent, financial advisor or finder in connection with the transactions contemplated by this Agreement whose fees the Purchaser would be required to pay.

(p) Intellectual Property . Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect, the Company and its Subsidiaries own or possess sufficient rights to use all patents, patent applications, inventions, copyrights, know-how, trade secrets, trademarks, service marks and trade names and other technology and intellectual property rights (collectively, " Intellectual Property ") used in or necessary for the conduct of their respective businesses as currently conducted. To the Company's Knowledge, the conduct of the respective businesses of the Company and its Subsidiaries does not infringe the Intellectual Property of others in any material respect, and to the Company's Knowledge, no third party is infringing any Intellectual Property owned by the Company or any of its Subsidiaries in any material respect.

(q) No Additional Representations .

(i) The Company acknowledges that the Purchaser makes no representation or warranty as to any matter whatsoever except as expressly set forth in Section 3.02 and in any certificate delivered by the Purchaser pursuant to this Agreement, and the Company has not relied on or been induced by such information or any other representations or warranties (whether express or implied or made orally or in writing) not expressly set forth in Section 3.02 and in any certificate delivered by the Purchaser pursuant to this Agreement.

(ii) The Company acknowledges and agrees that, except for the representations and warranties expressly set forth in Section 3.02 and in any certificate delivered by the Purchaser pursuant to this Agreement, (i) no person has been authorized by the Purchaser to make any representation or warranty relating to the Purchaser or otherwise in connection with the transactions contemplated hereby, and if made, such representation or warranty must not be relied upon by the Company as having been authorized by the Purchaser, and (ii) any materials or information provided or addressed to the Company or any of its Affiliates or representatives are not and shall not be deemed to be or include representations or warranties of the Purchaser unless any such materials or information are the subject of any express representation or warranty set forth in Section 3.02 of this Agreement and in any certificate delivered by the Purchaser pursuant to this Agreement.

Section 3.02. Representations and Warranties of the Purchaser . The Purchaser represents and warrants to, and agrees with, the Company, as of the date hereof and as of the Closing Date, as follows:

(a) Organization; Ownership . The Purchaser is a limited partnership, duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite limited partnership power and authority to own, operate and lease its properties and to carry on its business as it is being conducted on the date of this Agreement.

(b) Authorization; Sufficient Funds; No Conflicts .

(i) The Purchaser has full partnership power and authority to execute and deliver this Agreement and to consummate the Transactions to which it is a party. The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the Transactions to which it is a party have been duly authorized by all necessary partnership action on behalf of the Purchaser. No other proceedings on the part of the Purchaser are necessary to authorize the execution, delivery and performance by the Purchaser of this Agreement and consummation of the Transactions. This Agreement has been duly and validly executed and delivered by the Purchaser. Assuming this Agreement constitutes the valid and binding obligation of the Company, this Agreement is a valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the limitation of such enforcement by the Enforceability Exceptions.

(ii) At and immediately prior to the Closing, the Purchaser will have cash in immediately available funds in excess of the Purchase Price.

(iii) The execution, delivery and performance of this Agreement by the Purchaser, the consummation by the Purchaser of the Transactions to which it is a party and the compliance by the Purchaser with any of the provisions hereof and thereof will not conflict with, violate or result in a breach of any provision of, or constitute a default under, or result in the termination of or accelerate the performance required by, or result in a right of termination or acceleration under, (A) any provision of the Purchaser's organizational documents, (B) any mortgage, note, indenture, deed of trust, lease, license, loan agreement or other agreement binding upon the Purchaser or (C) any permit, government license, judgment, order, decree, ruling, injunction, statute, law, ordinance, rule or regulation applicable to the Purchaser or any of its Affiliates, other than in the cases of clauses (B) and (C) as would not reasonably be expected to materially and adversely affect or delay the consummation of the Transactions to which it is a party by the Purchaser.

(c) Consents and Approvals . No consent, approval, order or authorization of, or registration, declaration or filing with, or exemption or review by, any Governmental Entity is required on the part of the Purchaser in connection with the execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the Transactions to which it is a party, except for any required filings or approvals under the HSR Act or any foreign antitrust or competition laws, requirements or regulations in connection with the issuance of shares of Company Common Stock upon the conversion of the Notes and any consent, approval, order, authorization, registration, declaration, filing, exemption or review the failure of which to be obtained or made, individually or in the aggregate, would not reasonably be expected to adversely affect or delay the consummation of the Transactions to which it is a party by the Purchaser.

(d) Securities Act Representations .

(i) `The Purchaser is an accredited investor (as defined in Rule 501 of the Securities Act) and is aware that the sale of the Notes is being made in reliance on a private placement exemption from registration under the Securities Act. The Purchaser is acquiring the Notes (and any shares of Company Common Stock issuable upon conversion of the Notes) for its own account, and not with a view toward, or for sale in connection with, any distribution thereof in violation of any federal or state securities or "blue sky" law, or with any present intention of distributing or selling such Notes (or any shares of Company Common Stock issuable upon conversion of the Notes) in violation of the Securities Act. The Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in such Notes (and any shares of Company Common Stock issuable upon conversion of the Notes) and is capable of bearing the economic risks of such investment. The Purchaser has been provided a reasonable opportunity to undertake and has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement.

(ii) Neither the Purchaser nor any of its Affiliates is acting in concert, and neither the Purchaser nor any of its Affiliates has any agreement or understanding, with any Person that is not an Affiliate of the Purchaser, and is not otherwise a member of a "group" (as such term is used in Section 13(d)(3) of the Exchange Act), with respect to the Company or its securities, in each case, other than with respect to any bona fide loan from one or more financial institutions.

(e) Brokers and Finders . The Purchaser has not retained, utilized or been represented by, or otherwise become obligated to, any broker, placement agent, financial advisor or finder in connection with the transactions contemplated by this Agreement whose fees the Company would be required to pay.

(f) Ownership of Shares . None of the Purchaser or its Affiliates Beneficially Own any shares of Company Common Stock (without giving effect to the issuance of the Notes hereunder) other than any shares of Company Common Stock that may be owned by managing directors, officers or other employees of SLTM or other Silver Lake management entity or general partner in their individual capacities.

(g) No Additional Representations .

(i) The Purchaser acknowledges that the Company does not make any representation or warranty as to any matter whatsoever except as expressly set forth in Section 3.01 and in any certificate delivered by the Company pursuant to this Agreement, and specifically (but without limiting the generality of the foregoing), that, except as expressly set forth in Section 3.01 and in any certificate delivered by the Company pursuant to this Agreement, the Company makes no representation or warranty with respect to (A) any matters relating to the Company, its business, financial condition, results of operations, prospects or otherwise, (B) any projections, estimates or budgets delivered or made available to the Purchaser (or any of its Affiliates, officers, directors, employees or other representatives) of future revenues, results of operations (or any component thereof), cash flows or financial condition (or any component thereof) of the Company and its Subsidiaries or (C) the future business and operations of the Company and its Subsidiaries, and the Purchaser has not relied on or been induced by such information or any other representations or warranties (whether express or implied or made orally or in writing) not expressly set forth in Section 3.01 and in any certificate delivered by the Company pursuant to this Agreement.

(ii) The Purchaser has conducted its own independent review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Company and its Subsidiaries and acknowledges the Purchaser has been provided with sufficient access for such purposes. The Purchaser acknowledges and agrees that, except for the representations and warranties expressly set forth in Section 3.01 and in any certificate delivered by the Company pursuant to this Agreement, (i) no person has been authorized by the Company to make any representation or warranty relating to itself or its business or otherwise in connection with the transactions contemplated hereby, and if made, such representation or warranty must not be relied upon by the Purchaser as having been authorized by the Company, and (ii) any estimates, projections, predictions, data, financial information, memoranda, presentations or any other materials or information provided or addressed to the Purchaser or any of its Affiliates or representatives are not and shall not be deemed to be or include representations or warranties of the Company unless any such materials or information are the subject of any express representation or warranty set forth in Section 3.01 of this Agreement and in any certificate delivered by the Company pursuant to this Agreement.

ARTICLE IV

ADDITIONAL AGREEMENTS

Section 4.01. Taking of Necessary Action . Each of the parties hereto agrees to use its reasonable efforts promptly to take or cause to be taken all action, and promptly to do or cause to be done all things necessary, proper or advisable under applicable laws and regulations (other than waive such party's rights hereunder) to consummate and make effective the sale and purchase of the Notes hereunder, subject to the terms and conditions hereof and compliance with applicable law. In case at any time before or after the Closing any further action is necessary or desirable to carry out the purposes of the sale and purchase of the Notes, the proper officers, managers and directors of each party to this Agreement shall take all such necessary action as may be reasonably requested by, and at the sole expense of, the requesting party.

Section 4.02. Restricted Period .

(a) During the Restricted Period, notwithstanding any rights provided in Article V, the Purchaser shall not, without the Company's prior written consent, directly or indirectly, (x) sell, offer, transfer, assign, mortgage, hypothecate, gift, pledge or dispose of, enter into or agree to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, pledge, mortgage, hypothecation, gift, assignment or similar disposition of (any of the foregoing, a " transfer "), any of the Notes or any shares of Company Common Stock issuable or issued upon conversion of any of the Notes or (y) enter into or engage in any hedge, swap, short sale, derivative transaction or other agreement or arrangement that transfers to any Third Party, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Notes or any shares of Company Common Stock issuable or issued upon conversion of any of the Notes (such actions in clauses (x) and (y), " Prohibited Transfers "), other than, in the case of clause (x) and/or clause (y), Permitted Transfers. " Permitted Transfers " shall mean any (i) (a) transfer of Purchaser or its Affiliates to one or more Affiliates or other members of the Silver Lake Group or (b) a transfer of the Notes or any shares of Company Common Stock issuable or issued upon conversion of any of the Notes to one or more Affiliates or other members of the Silver Lake Group that executes and delivers to the Company a Joinder becoming a Purchaser party to this Agreement and a duly completed and executed IRS Form W-9 or applicable IRS Form W-8 (or any successor form), (ii) transfer to the Company or any of its Subsidiaries, (iii) transfer to a Third Party for cash solely to the extent that all of the net proceeds of such sale are solely used to satisfy a bona fide margin call (i.e., posted as collateral) pursuant to a Permitted Loan, or repay a Permitted Loan to the extent necessary to satisfy a bona fide margin call on such Permitted Loan or avoid a bona fide margin call on such Permitted Loan, (iv) transfer to a Third Party in connection with entry into a Permitted Debt Financing Transaction, (v) transfer with the prior written consent of the Company or (vi) tender of any Company Common Stock into a Third Party Tender/Exchange Offer, as defined below, (and any related conversion of Notes to the extent required to effect such tender or exchange) and any transfer effected pursuant to any merger, consolidation or similar transaction consummated by the Company (for the avoidance of doubt, if such Third Party Tender/Exchange Offer does not close for any reason, the restrictions on transfer contained herein shall continue to apply to any Company Common Stock received pursuant to the conversion of any Notes that had previously been converted to participate in any such tender or exchange offer). " Third Party Tender/Exchange Offer " shall mean any tender or exchange offer made to all of the holders of Company Common Stock by a Third Party for a number of outstanding shares of Voting Stock that, if consummated, would result in a Change in Control solely to the extent that (x) the Board of Directors has recommended such tender or exchange offer in a Schedule 14D-9 under the Exchange Act or (y) such tender or exchange offer is either (I) a tender or exchange offer for less than all of the outstanding shares of Company Common Stock or (II) part of a two-step transaction and the consideration to be received in the second step of such transaction is not identical in the amount or form of consideration (or the election of the type of consideration available to holders of Company Common Stock is not identical in the second-step of such transaction) as the first step of such transaction. Any purported Prohibited Transfer in violation of this Section 4.02 shall be null and void ab initio. Notwithstanding the foregoing, the Purchaser (or a controlled Affiliate of the Purchaser)

shall be permitted to (1) mortgage, hypothecate, and/or pledge the Notes and/or the shares of Company Common Stock issuable or issued upon conversion of the Notes in respect of one or more bona fide purpose (margin) or bona fide non-purpose loans (each, a " Permitted Loan ") or (2) enter into any total return swap, asset swap or repurchase transaction with one or more banks or broker-dealers engaged in the business of financing debt securities and similar instruments, which may or may not be secured by a pledge, hypothecation or other grant of security interest in the Notes and/or the shares of Company Common Stock and/or related assets and/or cash, cash equivalents and/or letters of credit, including, without limitation, any transaction pursuant to which the Purchaser or such controlled Affiliate thereof, as applicable, transfers Notes and/or shares of Company Common Stock held by it to such bank or broker-dealer, provided that, in the case of any transaction described in this clause (2), such transaction is entered into solely for the purpose of providing liquidity and leverage and the Purchaser or such controlled Affiliate retains 100% of the economic exposure to the underlying Notes and/or shares of Company Common Stock, as the case may be, following any such transfer (each, a " Permitted Debt Financing Transaction "). Except with the Company's prior written consent, any Permitted Loan or Permitted Debt Financing Transaction entered into by the Purchaser or its controlled Affiliates shall be with one or more financial institutions (or, in the case of a Permitted Debt Financing Transaction, with one or more banks or broker-dealers) and nothing contained in this Agreement shall prohibit or otherwise restrict the ability of (x) any lender (or its securities Affiliate) or collateral agent to foreclose upon and sell, dispose of or otherwise transfer the Notes and/or shares of Company Common Stock (including shares of Company Common Stock issued upon conversion of the Notes following foreclosure on a Permitted Loan) mortgaged, hypothecated and/or pledged to secure the obligations of the borrower following an event of default under a Permitted Loan or (y) any permitted counterparty to a Permitted Debt Financing Transaction to sell, dispose of or otherwise transfer the Notes and/or shares of Company Common Stock (including shares of Company Common Stock issued upon conversion of the Notes) purchased from Purchaser (or its controlled Affiliate) or held as a hedge in connection with an event of default by Purchaser or its controlled Affiliate under such Permitted Debt Financing Transaction. For the avoidance of doubt, the events of default with respect to a Permitted Debt Financing Transaction shall be credit events of the Purchaser and/or its controlled Affiliate, as obligors under such financing transaction, and other events of default customary in margin lending and liquidity or debt leverage facilities. Notwithstanding the foregoing or anything to the contrary herein, in the event that any lender or other creditor under a Permitted Loan transaction (including any agent or trustee on their behalf) or the permitted counterparty in any Permitted Debt Financing Transaction or any Affiliate of the foregoing exercises any rights or remedies in respect of the Notes or the shares of Company Common Stock issuable or issued upon conversion of the Notes or any other collateral for any Permitted Loan or Permitted Debt Financing Transaction, as applicable, no lender, creditor, agent or trustee on their behalf or Affiliate of any of the foregoing (other than, for the avoidance of doubt, the Purchaser or any of its Affiliates) shall be entitled to any rights or have any obligations or be subject to any transfer restrictions or limitations hereunder (including, without limitation, the rights or benefits provided for in Section 4.06 and Section 4.07) except and to the extent for those expressly provided for in Article V.

(b) Notwithstanding anything in this Agreement or elsewhere to the contrary, any sale of Notes or Company Common Stock pursuant to Article V shall be subject to any applicable limitations set forth in this Section 4.02 and Article V but shall not be subject to any policies, procedures or limitations (other than any applicable federal securities laws and any other applicable laws) otherwise applicable to the SL Persons with respect to trading in the Company's securities (other than as set forth in the definition of " Blackout Period ") and the Company acknowledges and agrees that such policies, procedures or limitations applicable to the SL Persons shall not be violated by any such transfer pursuant to Article V, other than any applicable federal securities laws and any other applicable laws.

Section 4.03. Exchange Listing . Promptly following the date hereof, the Company shall prepare and provide the applicable listing of additional shares notification to NASDAQ and use its reasonable best efforts to cause the Company Common Stock issuable upon conversion of the Notes to be approved for listing on the NASDAQ, as promptly as practicable, and in any event before the Closing.

Section 4.04. Securities Laws . The Purchaser acknowledges and agrees that, as of the Closing Date, the Notes (and the shares of Company Common Stock that are issuable upon conversion of the Notes) have not been registered under the Securities Act or the securities laws of any state and that they may be sold or otherwise disposed of only in one or more transactions registered under the Securities Act and, where applicable, such laws, or as to which an exemption from the registration requirements of the Securities Act and, where applicable, such laws, is available. The Purchaser acknowledges that, except as provided in Article V with respect to shares of Company Common Stock and the Notes, the Purchaser has no right to require the Company or any of its Subsidiaries to register the Notes or the shares of Company Common Stock that are issuable upon conversion of the Notes.

Section 4.05. Lost, Stolen, Destroyed or Mutilated Securities . Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of any certificate for any security of the Company and, in the case of loss, theft or destruction, upon delivery of an undertaking by the holder thereof to indemnify the Company (and, if requested by the Company, the delivery of an indemnity bond sufficient in the judgment of the Company to protect the Company from any loss it may suffer if a certificate is replaced), or, in the case of mutilation, upon surrender and cancellation thereof, the Company will issue a new certificate or, at the Company's option, a share ownership statement representing such securities for an equivalent number of shares or another security of like tenor, as the case may be.

Section 4.06. Antitrust Approval . The Company and the Purchaser acknowledge that one or more filings under the HSR Act or foreign antitrust laws may be necessary in connection with the issuance of shares of Company Common Stock upon conversion of the Notes. The Purchaser will promptly notify the Company if any such filing is required on the part of the Purchaser. To the extent reasonably requested, the Company, the Purchaser and any other applicable Affiliate of the Purchaser will use reasonable efforts to cooperate in timely making or causing to be made all applications and filings under the HSR Act or any foreign antitrust requirements in connection with the issuance of shares of Company Common Stock upon conversion of Notes held by the Purchaser or any Affiliate of the Purchaser in a timely manner and as required by the law of the applicable jurisdiction; provided that, notwithstanding anything in this Agreement to the contrary, the Company shall not have any responsibility or liability for failure of Purchaser or any of its Affiliates to comply with any applicable law. For as long as there are Notes outstanding and owned by Purchaser or its Affiliates, the Company shall as promptly as reasonably practicable provide (no more than four (4) times per calendar year) such information regarding the Company and its Subsidiaries as the Purchaser may reasonably request in order to determine what foreign antitrust requirements may exist with respect to any potential conversion of the Notes. The Purchaser shall be responsible for the payment of the filing fees associated with any such applications or filings.

Section 4.07. Board Nomination; Observer; Committees .

(a) The Company agrees to appoint to the Board of Directors as the initial Purchaser Designees effective as of the Closing (or such later date as may be mutually agreed by the parties) (x) one (1) individual who meets the requirements set forth in the first sentence of Section 4.07(c) (such Purchaser Designee to initially be Joseph Osnoss) and (y) one (1) individual nominated by the Purchaser who is reasonably acceptable to the Board of Directors, in each case, by taking all necessary action to increase the size of the Board of Directors unless there otherwise is a vacancy in the Board of Directors and in either event filling the vacancy thereby created with such individuals. The initial Purchaser Designee described in the immediately preceding clause (x) shall be appointed as a "Class III" director and the initial Purchaser Designee described in the immediately preceding clause (y) shall be appointed as a "Class II" director.

(i) The Company agrees that, subject to satisfaction of the requirements set forth in the first sentence of Section 4.07(c), the Purchaser shall have the right to nominate one (1) nominee at each meeting, or action by written consent, of the Company's stockholders pursuant to which individuals will be elected members to "Class III" of the Board of Directors (or at each meeting, or action by written consent, of the Company's stockholders pursuant to which individuals will be elected members of the Board of Directors if the Board of Directors is not classified). Notwithstanding the foregoing, the Purchaser shall not have a right to nominate any member to the Board of Directors pursuant to this Section 4.07(a)(i) (y) during any such time as the Silver Lake Group does not satisfy the 4% Minimum Ownership Threshold Test until such time as the Silver Lake Group satisfies the 4% Minimum Ownership Threshold Test (provided , that as of such time as the Silver Lake Group satisfies the 4% Minimum Ownership Threshold Test either (A) the Purchaser has not irrevocably waived in a writing delivered to the Company all of its board nomination rights pursuant to this Agreement or (B) the Company has not mailed to the Company's stockholders the Definitive Proxy Statement (or notice related thereto if the Company has elected notice and access delivery under SEC rules) unless, in each case, such nomination right has previously terminated pursuant to clause (z) herein) and (z) from and after the date on which each of the following is satisfied: (A) the Silver Lake Group does not satisfy the 4% Minimum Ownership Threshold Test and (B) Purchaser does not have a member of the Board of Directors that was either appointed pursuant to Section 4.07(a)(x) or nominated pursuant to this Section 4.07(a)(i). For the avoidance of doubt, the Purchaser's rights under this Section 4.07(a)(i) may become effective and/or lose effect from time to time and any number of times, subject to the limitations set forth in this Section 4.07(a)(i) (it being understood that such rights shall forever terminate upon the satisfaction of clause (z) of the preceding sentence).

(ii) The Company further agrees that the Purchaser shall have the right to nominate one (1) additional nominee reasonably acceptable to the Board of Directors at each meeting, or action by written consent, of the Company's stockholders pursuant to which individuals will be elected members to "Class II" of the Board of Directors (or at each meeting, or action by written consent, of the Company's stockholders pursuant to which individuals will be elected members of the Board of Directors if the Board of Directors is not classified). Notwithstanding the foregoing, the Purchaser shall not have a right to nominate any member to the Board of Directors pursuant to this Section 4.07(a)(ii) (y) during any such time as the Silver Lake Group does not satisfy the 10% Minimum Ownership Threshold Test until such time as the Silver Lake Group satisfies the 10% Minimum Ownership Threshold Test (provided , that as of such time as the Silver Lake Group satisfies the 10% Minimum Ownership Threshold Test either (A) the Purchaser has not irrevocably waived in a writing delivered to the Company all of its board nomination rights pursuant to this Agreement or (B) the Company has not mailed to the Company's stockholders the Definitive Proxy Statement (or notice related thereto if the Company has elected notice and access delivery under SEC rules) unless, in each case, such nomination right has previously terminated pursuant to clause (z) herein) and (z) from and after the date on which each of the following is satisfied: (A) the Silver Lake Group does not satisfy the 10% Minimum Ownership Threshold Test and (B) Purchaser does not have a member of the Board of Directors that was either appointed pursuant to Section 4.07(a)(y) or nominated pursuant to this Section 4.07(a)(ii). For the avoidance of doubt, the Purchaser's rights under this Section 4.07(a)(ii) may become effective and/or lose effect from time to time and any number of times, subject to the limitations set forth in this Section 4.07(a)(ii) (it being understood that such rights shall forever terminate upon the satisfaction of clause (z) of the preceding sentence).

(iii) It is the intent of the parties that this Section 4.07(a) comply with the applicable rules of any stock exchange upon which the shares of Company Common Stock are listed, as the same may be amended from time to time. In furtherance of the foregoing, if representatives of the applicable stock exchange upon which the shares of Company Common Stock are listed have informed the Company that the 10% Minimum Ownership Threshold Test or the 4% Minimum Ownership Threshold, as applicable, fails at any time to comply with such rules, the parties agree to negotiate in good faith to modify the 10% Minimum Ownership Threshold Test or the 4% Minimum Ownership Threshold, as applicable, so as to comply with such rules while retaining the original intent as closely as possible so that the Purchaser preserves its rights as originally contemplated hereby to the fullest extent possible.

(iv) Notwithstanding anything to the contrary contained herein, if the Company enters into a definitive agreement providing for the consolidation or merger of the Company with or into any Person in a transaction that would, when consummated, constitute a Change in Control (excluding for purposes of this Section 4.07(a)(iv), clauses (i), (ii) and (iv) of such definition), then, the Purchaser's rights to designate a Purchaser Designee under Sections 4.07(a)(i), 4.07(a)(ii) and 4.07(e) shall forever terminate upon the consummation of such Change in Control.

(b) Subject to the terms and conditions of this Section 4.07 and applicable law, the Company agrees to include each Purchaser Designee in its slate of nominees for election as directors of the Company at each of the Company's meetings of stockholders or action by written consent of stockholders pursuant to which directors of the applicable "Class" are to be elected (or at each meeting of stockholders or action by written consent of stockholders pursuant to which directors are to be elected if the Board of Directors is not classified) and use its reasonable efforts to cause the election of each such Purchaser Designee to the Board of Directors. The Company will be required to use the same level of efforts and provide the same level of support as is used and/or provided for the other director nominees of the Company with respect to the applicable meeting of stockholders or action by written consent. For the avoidance of doubt, failure of the stockholders of the Company to elect any Purchaser Designee to the Board of Directors shall not affect the right of the Purchaser to nominate directors for election pursuant to this Section 4.07 in any future election of directors.

(c) Each Purchaser Designee nominated pursuant to Section 4.07(a)(x) and Section 4.07(a)(i) must be a managing director, director, officer, senior-level employee or advisor of SLTM or other Silver Lake management entity or general partner selected by the Purchaser. As a condition to any Purchaser Designee's appointment to the Board of Directors and nomination for election as a director of the Company at the Company's annual meetings of stockholders (i) the Purchaser and each Purchaser Designee must in all material respects provide to the Company (1) all information reasonably requested by the Company that is required to be or customarily disclosed for directors, candidates for directors, and their affiliates and representatives in a proxy statement or other filings under applicable law or regulation or stock exchange rules or listing standards, in each case, relating to their nomination or election as a director of the Company or the Company's operations in the ordinary course of business and (2) information reasonably requested by the Company in connection with assessing eligibility, independence and other criteria applicable to directors or satisfying compliance and legal or regulatory obligations, in each case, relating to their nomination or election as a director of the Company or the Company's operations in the ordinary course of business, with respect to the Purchaser, its Affiliates and the applicable Purchaser Designee, (ii) the Purchaser Designee must submit to a customary background check consistent with what is required by the Company with respect to members of the Board of Directors generally, and (iii) the Purchaser Designee must not serve as a board member or officer of any Person who has a material portion of their business in direct competition with the Company (as determined mutually by the parties acting reasonably and in good faith) of the Company or its Subsidiaries. The Company will make all information requests pursuant to this Section 4.07(c) in good faith in a timely manner that allows the Purchaser and each Purchaser Designee a reasonable amount of time to provide such information, and will cooperate in good faith with the Purchaser and each Purchaser Designee in connection with their efforts to provide the requested information.

(d) For so long as a SL Person or Purchaser Designee is serving or participating on the Board of Directors, (i) the Company shall not implement or maintain any trading policy, equity ownership guidelines (including with respect to the use of Rule 10b5-1 plans and preclearance or notification to the Company of any trades in the Company's securities) or similar guideline or policy with respect to the trading of securities of the Company that applies to the Purchaser or its Affiliates (including a policy that limits, prohibits, restricts Purchaser or its Affiliates from entering into any hedging or derivative arrangements), in each case other than with respect to any SL Person or Purchaser Designee solely in his or her individual capacity, except as provided herein, (ii) any share ownership requirement for any Purchaser Designee serving on the Board of Directors will be deemed satisfied by the securities owned by the Purchaser and/or its Affiliates and under no circumstances shall any of such policies, procedures, processes, codes, rules, standards and guidelines impose any restrictions on the Purchaser's or its Affiliates' transfers of securities pursuant to Article V (except as otherwise provided therein with respect to Blackout Periods) and (iii) under no circumstances shall any policy, procedure, code, rule, standard or guideline applicable to the Board of Directors be violated by any Purchaser Designee (x) accepting an invitation to serve on another board of directors of a company whose principal line(s) of business do not compete with the principal line(s) of business of the Company or failing to notify an officer or director of the Company prior to doing so, or (y) receiving compensation from the Purchaser or any of its Affiliates, or (z) failing to offer his or her resignation from the Board of Directors except as otherwise expressly provided in this Agreement or pursuant to any majority voting policy adopted by the Board of Directors, and, in each case of (i), (ii) and (iii), it is agreed that any such policies in effect from time to time that purport to impose terms inconsistent with this Section 4.07 shall not apply to the extent inconsistent with this Section 4.07 (but shall otherwise be applicable to the Purchaser Designee).

(e) Subject to the terms and conditions of this Section 4.07, if a vacancy on the Board of Directors is created as a result of a Purchaser Designee's death, resignation, disqualification or removal, in each case for whatever reason, or if the Purchaser desires to nominate a different individual to replace any then-existing Purchaser Designee, then, at the request of the Purchaser, the Purchaser and the Company (acting through the Board of Directors) shall work together in good faith to fill such vacancy or replace such nominee as promptly as reasonably practical with a replacement Purchaser Designee subject to the terms and conditions hereof, and thereafter such individual shall as promptly as reasonably practical be appointed to the Board of Directors to fill such vacancy and/or be nominated as a Company nominee as a "Purchaser Designee" pursuant to this Section 4.07 (as applicable). In the event of an existing Purchaser Designee being replaced by the Purchaser as contemplated by the immediately preceding sentence, such right will only apply if the existing Purchaser Designee resigns concurrently with the appointment of his or her replacement. For so long as the Board of Directors is classified, such replacement Purchaser Designee shall be nominated to the same "Class" of directors as the prior Purchaser Designee or whichever "Class" is furthest from being required to seek re-election.

(f) For so long as the Purchaser has the right to nominate a member of the Board of Directors pursuant to this Section 4.07, the Purchaser shall have the right to designate one (1) observer (including any substitute observer designated by the Purchaser) (the " SL Observer ") who shall be entitled to attend (in person or telephonically) all meetings of the Board of Directors and any Committee thereof (other than any executive sessions of such meetings) and to receive copies of all notices, minutes, consents, agendas and other materials distributed to the Board of Directors and any Committee thereof; provided , however , if the Company believes in good faith that excluding any such materials (or portions thereof) from the SL Observer is necessary (x) to preserve attorney-client privilege, (y) to protect trade secrets or (z) due to an actual or potential conflict of interest, such materials (or portions thereof) may be withheld from the SL Observer and the SL Observer may be excluded from any meeting or portion thereof related to such matters upon reasonable prior notice to the SL Observer (to the extent practicable). The SL Observer shall be a managing director, officer, advisor or employee of SLTM or other Silver Lake management entity or general partner selected by the Purchaser. Except as otherwise set forth herein, the SL Observer may participate in discussions of matters brought to the Board of Directors or any Committee thereof; provided , that the SL Observer shall have no voting rights with respect to actions taken or elected not to be taken by the Board of Directors or any Committee thereof and the SL Observer shall not owe any fiduciary duty to the Company, its Subsidiaries or the holders of any class or series of Company securities. If the SL Observer is unable to attend any meeting of the Board of Directors or a Committee thereof, the Purchaser shall have the right to designate a substitute SL Observer upon reasonable prior written notice to the Board of Directors or such Committee. Any SL Observer shall be subject to the terms of the New Confidentiality Agreement.

(g) For so long as the Purchaser is entitled to designate a Purchaser Designee who meets the Independence Requirements, each committee of the Board of Directors (each, a " Committee ") shall include as a member at least one (1) Purchaser Designee who meets the Independence Requirements. As used herein, " Independence Requirements " means any director and committee member independence requirements set forth pursuant to applicable law and the applicable rules and regulations of any stock exchange on which the Company Common Stock is listed, including the independence requirements established by the SEC, it being understood that the relationship of any Purchaser Designee with the Silver Lake Group will not, by itself, prevent any such Purchaser Designee from satisfying the Independence Requirements. Notwithstanding the foregoing, if the Board of Directors shall establish a Committee to consider (i) a proposed contract, transaction or other arrangement between the Purchaser (or any of its Affiliates), on the one hand, and the Company or any of its Subsidiaries, on the other hand, (ii) the enforcement or waiver of the rights of the Company or any of its Subsidiaries under any agreement between the Purchaser (or any of its Affiliates), on the one hand, and the Company or any of its Subsidiaries, on the other hand, or (iii) a matter which the Board of Directors determines in good faith presents an actual or potential conflict of interest for the Purchaser Designees, then the Purchaser Designees (and the SL Observer) may be excluded from participation in such Committee (and any portion of a Board meeting at which such matters may be discussed by the full Board of Directors upon reasonable prior notice to the Purchaser Designees and the SL Observer (to the extent practicable)).

(h) To the fullest extent permitted by the DGCL and subject to any express agreement that may from time to time be in effect, the Company agrees that any Purchaser Designee, SL Person, Silver Lake Group and any SL Affiliate or any portfolio company thereof (collectively, "Covered Persons") may, and shall have no duty not to, (i) invest in, carry on and conduct, whether directly, or as a partner in any partnership, or as a joint venturer in any joint venture, or as an officer, director, stockholder, equityholder or investor in any person, or as a participant in any syndicate, pool, trust or association, any business of any kind, nature or description, whether or not such business is competitive with or in the same or similar lines of business as the Company or any of its Subsidiaries, (ii) do business with any client, customer, vendor or lessor of any of the Company or its Affiliates; and/or (iii) make investments in any kind of property in which the Company may make investments. To the fullest extent permitted by the DGCL, the Company renounces any interest or expectancy to participate in any business or investments of any Covered Person as currently conducted or as may be conducted in the future, and waives any claim against a Covered Person and shall indemnify a Covered Person against any claim that such Covered Person is liable to the Company or its stockholders for breach of any fiduciary duty solely by reason of such person's participation in any such business or investment. The Company shall pay in advance any reasonable out-of-pocket expenses incurred in defense of such claim as provided in this provision. Except as set forth below, the Company agrees that in the event that a Covered Person acquires knowledge of a potential transaction or matter which may constitute a corporate opportunity for both (x) the Covered Person and (y) the Company or its Subsidiaries, the Covered Person shall not have any duty to offer or communicate information regarding such corporate opportunity to the Company or its Subsidiaries. To the fullest extent permitted by the DGCL, the Company hereby renounces any interest or expectancy in any potential transaction or matter of which the Covered Person acquires knowledge, except for any corporate opportunity which is expressly offered to a Covered Person in writing stating that such offer is intended solely for such Covered Person in his or her capacity as a member of the Board of Directors, and waives any claim against each Covered Person and shall indemnify a Covered Person to the extent permitted by the DGCL against any claim, that such Covered Person is liable to the Company or its stockholders for breach of any fiduciary duty solely by reason of the fact that such Covered Person (A) pursues or acquires any corporate opportunity for its own account or the account of any Affiliate or other person, (B) directs, recommends, sells, assigns or otherwise transfers such corporate opportunity to another person or (C) does not communicate information regarding such corporate opportunity to the Company; provided, that, in each such case, any corporate opportunity which is expressly offered to a Covered Person in writing stating that such offer is intended solely for such Covered Person in his or her capacity as a member of the Board of Directors shall belong to the Company. The Company shall pay in advance any reasonable out-of-pocket expenses incurred in defense of such claim as provided in this provision, except to the extent that it is determined by a final, non-appealable order of a Delaware court having competent jurisdiction (or any other judgment which is not appealed in the applicable time) that (i) a Covered Person has breached this Section 4.07(h) or (ii) an SL Director has breached its fiduciary duties to the Company, in which case any such advanced expenses shall be promptly reimbursed to the Company.

(i) For the avoidance of doubt, without limiting any other rights of the Purchaser or its Affiliates under this Agreement, each SL Person and Purchaser Designee shall be entitled to receive Board fees and compensation and expense reimbursement according to the Company's standard policies with respect to service on the Board of Directors or any Committee (for this purpose, an SL Observer shall be treated the same as an SL Director, except such SL Observer shall not be entitled to receive any Board fees or compensation).

(j) For the avoidance of doubt, notwithstanding anything in this Agreement or the Notes to the contrary, transferees of the Notes and/or the shares of Company Common Stock (other than Affiliates of the Purchaser who sign a Joinder) shall not have any rights pursuant to this Section 4.07.

Section 4.08. VCOC Letter . The Company shall deliver to the Purchaser at the Closing and from time to time any Affiliate of the Purchaser to whom the Purchaser's rights and obligations under this Agreement are assigned in accordance with this Agreement a letter substantially consistent with the form thereof previously furnished by the Purchaser (the " VCOC Letter ").

Section 4.09. Financing Cooperation .

(a) If requested by the Purchaser, the Company will provide the following cooperation in connection with the Purchaser obtaining any Permitted Loan or Permitted Debt Financing Transaction: (i) entering into an issuer agreement (an "Issuer Agreement") with each lender in the form attached hereto as Exhibit C, and subject to the consent of the Company (which will not be unreasonably withheld or delayed), with such changes thereto as are requested by such lender, (ii) if so requested by such lender or counterparty, as applicable, re-registering the pledged Notes and/or shares of Company Common Stock to be issued upon conversion of the Notes, as applicable, in the name of the relevant lender, counterparty, custodian or similar party to a Permitted Loan or Permitted Debt Financing Transaction, with respect to Permitted Loans solely as securities intermediary and only to the extent such Purchaser or its Affiliates continues to beneficially own such pledged Notes and/or shares of Company Common Stock, (iii) entering into customary triparty agreements with each lender and the Purchaser relating to the delivery of the Notes to the relevant lender for crediting to the relevant collateral accounts upon funding of the loan and payment of the purchase price including a right for such lender as a third party beneficiary of the Company's obligation under Article II to issue the Notes upon payment of the purchase price therefor in accordance with the terms of this Agreement (including satisfaction of the conditions set forth in Section 2.02(d)) and/or (iv) such other cooperation and assistance as the Purchaser may reasonably request that will not unreasonably disrupt the operation of the Company's business.

(b) Anything in Section 4.09(a) to the contrary notwithstanding, the Company's obligation to deliver an Issuer Agreement in connection with a Permitted Loan is conditioned on (x) the Purchaser delivering to the Company a copy of the loan agreement for the Permitted Loan to which the Issuer Agreement relates and (y) the Purchaser certifying to the Company in writing that (A) the loan agreement with respect to which the Issuer Agreement is being delivered constitutes a Permitted Loan being entered into in accordance with this Agreement, the Purchaser has pledged the Notes and/or the underlying shares of Company Common Stock as collateral to the lenders under such Permitted Loan and that the execution of such Permitted Loan and the terms thereof do not violate the terms of this Agreement, (B) to the extent applicable, whether the registration rights under Article V are being assigned to the lenders under that Permitted Loan, (C) that an event of default (as contemplated by the Margin Loan Agreement as defined in the Issuer Agreement) constitutes the only circumstances under which the lenders under the Permitted Loan may foreclose on the Notes and/or the underlying shares of Company Common Stock and a transfer to a Third Party for cash constitutes the only circumstances under which the Purchaser may sell the Notes and/or the underlying shares of Company Common Stock in order to satisfy a margin call or repay a Permitted Loan, in each case to the extent necessary to satisfy or avoid a bona fide margin call on such Permitted Loan and that such provisions do not violate the terms of this Agreement and (D) the Purchaser acknowledges and agrees that the Company will be relying on such certificate when entering into the Issuer Agreement and any inaccuracy in such certificate will be deemed a breach of this Agreement. Purchaser acknowledges and agrees that the statements and agreements of the Company in an Issuer Agreement are solely for the benefit of the applicable lenders party thereto and that in any dispute between the Company and the Purchaser under this Agreement the Purchaser shall not be entitled to use the statements and agreements of the Company in an Issuer Agreement against the Company.

(c) The Company's obligation to deliver an Issuer Agreement in connection with a Permitted Debt Financing Transaction is conditioned on (x) the Purchaser delivering to the Company a copy of the agreement for such Permitted Debt Financing Transaction and (y) the Purchaser certifying to the Company in writing that (A) the counterparty to such Permitted Debt Financing Transaction is a bank or broker-dealer that is engaged in the business of financing debt securities and similar instruments, (B) the execution of such Permitted Debt Financing Transaction and the terms thereof do not violate the terms of this Agreement, (C) to the extent applicable, whether the registration rights under Article V are being assigned to the counterparty under that Permitted Debt Financing Transaction, (D) that an event of default (which shall be only credit events of the Purchaser and/or its controlled Affiliate and other events of default customary in margin lending and liquidity or debt leverage facilities) by the Purchaser or its controlled Affiliate constitutes the only circumstances under which the counterparty or counterparties under the Permitted Debt Financing Transaction may exercise rights and remedies to transfer to itself or sell, during the Restricted Period, the Notes and/or the underlying shares of Company Common Stock purchased from Purchaser (or its controlled Affiliate) or held as a hedge.

(d) Upon request by the Purchaser, the Company shall consider in good faith any amendments to this Agreement, the Indenture or the Notes proposed by the Purchaser necessary to facilitate the consummation of a Permitted Loan transaction or Permitted Debt Financing Transaction, and the Company shall consent to any such amendment that is not adverse in any respect to the interests of the Company (as determined in good faith by the Company or the Board of Directors, excluding any SL Directors), it being acknowledged that the registration of the Notes for resale by the Target Registration Date is not adverse to the interests of the Company.

Section 4.10. Certain Tax Matters . Notwithstanding anything herein to the contrary, the Company shall have the right to deduct and withhold from any payment or distribution made with respect to the Notes (or the issuance of shares of Company Common Stock upon conversion of the Notes) such amounts as are required to be deducted or withheld with respect to the making of such payment or distribution (or issuance) under any applicable Tax law. To the extent that any amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having been paid to the person in respect of which such deduction or withholding was made. In the event the Company previously remitted any amounts to a Governmental Entity on account of Taxes required to be deducted or withheld in respect of any payment or distribution (or deemed distribution) on any Notes, the Company shall be entitled to offset any such amounts against any amounts otherwise payable in respect of such Notes (or the issuance of shares of Company Common Stock upon conversion of the Notes).

Section 4.11. Section 16 Matters . If the Company becomes a party to a consolidation, merger or other similar transaction, or if the Company proposes to take or omit to take any other action under Section 4.16 (including granting to the Purchaser the right to participate in any issuance of Additional Securities) or if there is any event or circumstance that may result in the Silver Lake Group and/or any SL Person being deemed to have made a disposition or acquisition of equity securities of the Company or derivatives thereof for purposes of Section 16 of the Exchange Act (including the purchase by the Purchaser of any Additional Securities under Section 4.16), and if any SL Person is serving or participating on the Board of Directors at such time or has served on the Board of Directors during the preceding six months, then upon request of the Purchaser or any Purchaser Designee, (i) the Board of Directors or a Committee composed solely of two or more "non-employee directors" as defined in Rule 16b-3 of the Exchange Act will pre-approve such acquisition or disposition of equity securities of the Company or derivatives thereof for the express purpose of exempting the Silver Lake Group's or any SL Person's interests (in each case, to the extent such persons may be deemed to be a director or "directors by deputization") in such transaction from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 thereunder to the extent applicable and (ii) if the transaction involves (A) a merger or consolidation to which the Company is a party and the Company Common Stock is, in whole or in part, converted into or exchanged for equity securities of a different issuer, (B) a potential acquisition or deemed acquisition, or disposition or deemed disposition, by the Silver Lake Group or any SL Person of equity securities of such other issuer or derivatives thereof and (C) an Affiliate or other designee of the Purchaser or its Affiliates will serve on the board of directors (or its equivalent) of such other issuer, then the Company shall require that such other issuer pre-approve any such acquisitions of equity securities or derivatives thereof for the express purpose of exempting the interests of the Silver Lake Group's and any SL Person's (in each case, to the extent such persons may be deemed to be a director or "directors by deputization" of such other issuer) in such transactions from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 thereunder to the extent applicable.

Section 4.12. D&O Indemnification / Insurance Priority Matters . Each Purchaser Designee who serves as a member of the Board of Directors (including an SL Director) (collectively, the " Section 4.12 Persons ") shall be eligible to enter into an indemnification agreement consistent with the form thereof previously furnished by the Company. The Company acknowledges and agrees that any Section 4.12 Person who is a partner, member, employee, advisor or consultant of any member of the Silver Lake Group may have certain rights to indemnification, advancement of expenses and/or insurance provided by the applicable member of the Silver Lake Group (collectively, the " Silver Lake Indemnitors "). The Company acknowledges and agrees that the Company shall be the indemnitor of first resort with respect to any indemnification, advancement of expenses and/or insurance provided in the Company's certificate of incorporation, bylaws and/or indemnification agreement (including Section 5.05 hereof) to any Section 4.12 Person, in his or her capacity as a director of the Company or any of its subsidiaries, as applicable (such that the Company's obligations to such indemnitees in their capacities as directors are primary and any obligation of the Silver Lake Indemnitors to advance expenses or to provide indemnification or insurance for the same expenses or liabilities incurred by such indemnitees are secondary). Such indemnitees shall, in their capacities as directors, be entitled to all the rights to indemnification, advancement of expenses and entitled to insurance to the extent provided under (i) the certificate of incorporation and/or bylaws of the Company as in effect from time to time and/or (ii) such other agreement (including Section 5.05 hereof), if any, between the Company and such indemnitees, without regard to any rights such indemnitees may have against the Silver Lake Indemnitors. No advancement or payment by the Silver Lake Indemnitors on behalf of such indemnitees with respect to any claim for which such indemnitees have sought indemnification, advancement of expenses or insurance from the Company in their capacities as directors shall affect the foregoing and the Silver Lake Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such indemnitees against the Company.

Section 4.13. Conversion Price Matters . The Conversion Price on the Closing Date will equal $42.00, and the Conversion Rate on the Closing Date (the " Initial Conversion Rate ") shall be the quotient (rounded to four decimal places) of $1,000 divided by such Conversion Price; provided , that if any event shall occur between the date hereof and the Closing Date (inclusive) that would have resulted in an adjustment to the Conversion Rate pursuant to Article 10 of the Indenture if the Notes had been issued and outstanding since the date hereof, the Initial Conversion Rate and the share amounts in the table of "Make-Whole Applicable Increases" set forth in Section 10.14(b) of the Indenture shall be adjusted in the same manner as would have been required by Article 10 of the Indenture if the Notes had been issued and outstanding since the date hereof and the Conversion Price, Initial Conversion Rate and "Make-Whole Applicable Increases" table included in the Indenture shall reflect such adjustment.

Section 4.14. Transfers of SL Securities that are Global Securities . The Purchaser agrees that (i) except in the case of a foreclosure under a Permitted Loan pursuant to which the lender thereunder is obligated to exchange the foreclosed interest in SL Securities that are Global Securities for a Global Security other than an SL Security, Purchaser and its Affiliates will only transfer their interests in SL Securities that are Global Securities to a Third Party if such Person receives such transferred interest in a Global Security other than an SL Security and (ii) Purchaser and its Affiliates may only transfer an interest in SL Securities that are Global Securities to an Affiliate of Purchaser if such Affiliate continues to hold such transferred interest in Global Securities that are SL Securities and not any other Global Security.

Section 4.15. Par Value . While the Purchaser owns any Notes, the Company will not, without the consent of the Purchaser, increase the par value per share of the Company Common Stock to above $0.0001 per share.

Section 4.16. Participation Rights .

(a) Until the earlier of (i) such time as there is no SL Director serving on the Board of Directors and the Purchaser is no longer entitled to designate a director nominee pursuant to Section 4.07 and (ii) the eighteen (18) month anniversary of the Closing Date, whenever the Company or any of its Subsidiaries proposes to issue, directly or indirectly (including, through any underwriters) any Additional Securities that are not Excluded Securities (such proposed issuance, an "Additional Investment"), the Company will consult with the Purchaser reasonably in advance of undertaking such issuance and, if and only if the Purchaser notifies the Company within five (5) Business Days following such consultation of its preliminary interest in receiving an offer to participate in such issuance (which indication shall not be binding upon the Purchaser), the Company will provide written notice of such proposed issuance to the Purchaser (an "Offer Notice") at least ten (10) Business Days prior to the proposed date of the purchase agreement, investment agreement or other agreement (the "Additional Investment Agreement"). Each Offer Notice shall include the applicable purchase price per security for such Additional Investment, the aggregate amount of the proposed Additional Investment and the other material terms and conditions of such Additional Investment, including the proposed closing date. The Offer Notice shall constitute the Company's offer to issue such Additional Investment to the Purchaser substantially on the terms and conditions specified in the Offer Notice, which offer shall be irrevocable for five (5) Business Days following the date the Offer Notice is received by the Purchaser (the "Participation Notice Period"). The Purchaser may elect to purchase up to all of the Additional Securities on the terms proposed; provided that to the extent the issuance of Additional Securities to the Purchaser would result in a Stockholder Approval Requirement, the Purchaser may elect to purchase up to an amount of Additional Securities that would not cause the Stockholder Approval Requirement. If the Company believes the issuance of Additional Securities to the Purchaser would result in a Stockholder Approval Requirement, the Company shall notify the Purchaser reasonably in advance of undertaking such issuance, and the Company will consider in good faith any proposed revisions made by the Purchaser to the terms of the proposed Additional Investment that (i) would only be applicable to the Purchaser, (ii) would not result in the Company needing to obtain stockholder approval in connection with the Additional Investment as a result of the issuance of Additional Securities to the Purchaser and (iii) are not, in the aggregate, materially adverse to the terms of the Additional Investment. If the Purchaser elects to purchase all or a portion of such Additional Investment specified in the Offer Notice, the Purchaser shall deliver to the Company during the Participation Notice Period a written notice stating the aggregate amount of the proposed Additional Investment that the Purchaser offers to purchase (the "Participation Notice"). Notwithstanding the foregoing, in the event that the Company is seeking stockholder approval for any Third Party in connection with the Additional Investment or for any other matter that may be needed to consummate the proposed issuance of Additional Securities, then the Company shall also seek stockholder approval in connection with the issuance of the Additional Securities to the Purchaser.

(b) If the Purchaser does not deliver a Participation Notice during the Participation Notice Period (or if, prior to the expiration of the Participation Notice Period, the Purchaser delivers to the Company a written notice declining to participate in the Additional Investment specified in the Offer Notice), the Purchaser shall be deemed to have waived its right to participate in such Additional Investment under this Section 4.16 and the Company shall thereafter be free to issue during the sixty (60) Business Day period following the expiration of the Participation Notice Period (or the receipt by the Company of a written notice from the Purchaser declining to participate in such Additional Investment) such proposed Additional Investment to one or more Third Parties on terms and conditions no more favorable to any such Third Party than those set forth in the Offer Notice, unless otherwise agreed by the Purchaser and the Company. Any obligation of the Company and the Purchaser to participate in any Additional Investment shall in all cases be conditioned on applicable antitrust clearance or approval under antitrust or other applicable law, and the closing date for such Additional Investment by the Purchaser shall not occur until the later of (x) at least fifteen (15) Business Days after the Purchaser's receipt of such clearance or approval or the Purchaser's waiver of such conditions and (y) at least eleven (11) Business Days after the Company and the Purchaser enter into the Additional Investment Agreement in respect of such Additional Investment, in each case of (x) and (y), unless otherwise agreed by the Purchaser and the Company. The Purchaser may from time to time designate one or more of its Affiliates through which the participation right in this Section 4.16 may be exercised.

(c) The issuance of " Additional Securities " means the issuance of any equity security, or instrument convertible into or exchangeable for any equity security, of the Company or any of its Subsidiaries, or the granting of any option, warrant, commitment or right by the Company or any of its Subsidiaries with respect to any of the foregoing. The issuance of " Excluded Securities " means any issuance of (i) Additional Securities as initial and/or deferred consideration to the selling Persons in an acquisition by the Company or its Subsidiaries (including, for the avoidance of doubt, whether structured as a merger, consolidation, asset or stock purchase, or other similar transaction), (ii) Additional Securities to a third-party financial institution in connection with a bona fide borrowing by the Company or its Subsidiaries, (iii) Additional Securities to the Company's directors, employees, advisors or consultants (including as a result of the exercise of any option to subscribe for, purchase or otherwise acquire shares of Company Common Stock or upon the vesting or delivery of any award of restricted stock units (including performance-based restricted stock units) that corresponds to Company Common Stock and/or an option to subscribe for, purchase or otherwise acquire shares of Company Common Stock, including under the Company's employee stock purchase plan), (iv) Additional Securities by a wholly-owned Subsidiary of the Company to the Company or another wholly-owned Subsidiary of the Company, (v) Additional Securities in connection with any stock split, stock combination, stock dividend, distribution or recapitalization, (vi) Additional Securities in a bona fide underwritten public offering (including a marketed "Rule 144A" offering of debt securities to accredited investors through one or more initial purchasers and hedging activities related thereto), (vii) Additional Securities issued upon the conversion of the notes described in the 2013 Indenture or the exercise of any warrants outstanding as of the date of this Agreement, and (viii) Additional Securities issued in connection with a strategic partnership or commercial arrangement, other than (x) with a private equity firm or similar financial institution or (y) an issuance whose primary purpose is the provision of financing. If the Purchaser elects to purchase the Additional Securities pursuant to this Section 4.16, the Purchaser, at its expense, shall make any filings required in connection with such participation under antitrust or other applicable law promptly following the delivery to the Company of the corresponding Participation Notice and shall use reasonable efforts to obtain applicable antitrust clearance and/or approval under antitrust or other applicable laws.

(d) Notwithstanding anything to the contrary contained herein, if the Company enters into a definitive agreement providing for the consolidation or merger of the Company with or into any Person in a transaction that would, when consummated, constitute a Change in Control (excluding for purposes of this Section 4.16, clauses (i), (ii) and (iv) of such definition), then, the Purchaser's rights under this Section 4.16 shall forever terminate upon the consummation of such Change in Control.

Section 4.17. Conduct of Business . The Company agrees that, prior to the earlier of the Closing Date and the termination of this Agreement pursuant to Section 2.03, without the prior written consent of Purchaser, the Company will not, and will cause each of the Subsidiaries not to, take any action or fail to take any action that would violate Section 4.07 of the Indenture (assuming, for the purpose of determining compliance with this Section 4.17, that the Notes were issued on the date hereof).

Section 4.18. Standstill .

(a) The Purchaser agrees that, during the Standstill Period, it shall not, and shall cause each of its Affiliates not to, directly or indirectly, in any manner, alone or in concert with others take any of the following actions without the prior consent of the Company (acting through a resolution of the Company's directors not including any SL Directors):

(i) make, engage in, or in any way participate in, directly or indirectly, any "solicitation" of proxies (as such terms are used in the proxy rules of the SEC but without regard to the exclusion set forth in Rule 14a-1(l)(2)(iv)) or consents to vote, or seek to advise, encourage or influence any person with respect to the voting of any securities of the Company for the election of individuals to the Board of Directors or to approve any proposals submitted to a vote of the stockholders of the Company that have not been authorized and approved, or recommended for approval, by the Board of Directors, or become a "participant" in any contested "solicitation" (as such terms are defined or used under the Exchange Act) for the election of directors with respect to the Company, other than a "solicitation" or acting as a "participant" in support of all of the nominees of the Board of the Directors at any stockholder meeting, or make or be the proponent of any stockholder proposal (pursuant to Rule 14a-8 under the Exchange Act or otherwise);

(ii) form, join, encourage, influence, advise or in any way participate in any "group" (as such term is defined in Section 13(d)(3) of the Exchange Act) with any persons who are not its Affiliates with respect to any securities of the Company or otherwise in any manner agree, attempt, seek or propose to deposit any securities of the Company or any securities convertible or exchangeable into or exercisable for any such securities in any voting trust or similar arrangement, or subject any securities of the Company to any arrangement or agreement with respect to the voting thereof, except as expressly permitted by this Agreement;

(iii) acquire, offer or propose to acquire, or agree to acquire, directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another person, by joining a partnership, limited partnership, syndicate or other group (including any group of persons that would be treated as a single "person" under Section 13(d) of the Exchange Act), through swap or hedging transactions or otherwise, any securities of the Company or any rights decoupled from the underlying securities that would result in the Purchaser (together with its Affiliates), having Beneficial Ownership of more than 19.9% in the aggregate of the shares of the Company Common Stock outstanding at such time (assuming all the Notes are converted), excluding any issuance by the Company of shares of Company Common Stock or options, warrants or other rights to acquire Company Common Stock (or the exercise thereof) to any SL Director as compensation for their membership on the Board of Directors; provided that nothing herein will require any Notes or shares of Company Common Stock to be sold to the extent the Purchaser and its Affiliates, collectively, exceeds the ownership limit under this paragraph as the result of a share repurchase or any other Company actions that reduces the number of outstanding shares of Company Common Stock. For purposes of this Section 4.18(a)(iii), no securities Beneficially Owned by a portfolio company of the Purchaser or its Affiliates will be deemed to be Beneficially Owned by Purchaser or any of its Affiliates only so long as (x) such portfolio company is not an Affiliate of the Purchaser for purposes of this Agreement, (y) neither the Purchaser nor any of its Affiliates has encouraged, instructed, directed, supported, assisted or advised, or coordinated with, such portfolio company with respect to the acquisition, voting or disposition of securities of the Company by the portfolio company and (z) neither the Purchaser or any of its Affiliates is a member of a group (as such term is defined in Section 13(d)(3) of the Exchange Act) with that portfolio company with respect to any securities of the Company;

(iv) effect or seek to effect, offer or propose to effect, cause or participate in, or in any way assist or facilitate any other person to effect or seek, offer or propose to effect or participate in, any tender or exchange offer, merger, consolidation, acquisition, scheme of arrangement, business combination, recapitalization, reorganization, sale or acquisition of all or substantially all assets, liquidation, dissolution or other extraordinary transaction involving the Company or any of its Subsidiaries or joint ventures or any of their respective securities (each, an " Extraordinary Transaction "), or make any public statement with respect to an Extraordinary Transaction; provided , however , that this clause shall not preclude the tender by the Purchaser or any of its Affiliates of any securities of the Company into any Third Party Tender/Exchange Offer (and any related conversion of Notes to the extent required to effect such tender) or the vote by the Purchaser or any of its Affiliates of any voting securities of the Company with respect to any Extraordinary Transaction in accordance with the recommendation of the Board of Directors;

(v) (A) call or seek to call any meeting of stockholders of the Company, including by written consent, (B) seek representation on the Board of Directors, except as expressly set forth herein, (C) seek the removal of any member of the Board of Directors (other than a Purchaser Designee in accordance with Section 4.07), (D) solicit consents from stockholders or otherwise act or seek to act by written consent with respect to the Company, (E) conduct a referendum of stockholders of the Company or (F) make a request for any stockholder list or other Company books and records, whether pursuant to Section 220 of the DGCL or otherwise;

(vi) take any action in support of or make any proposal or request that constitutes: (A) controlling or changing the Board of Directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any vacancies on the Board of Directors, (B) any material change in the capitalization or dividend policy of the Company, or (C) any other material change in the Company's management, business or corporate structure (except pursuant to any action or transaction permitted by Section 4.18(a)(iv));

(vii) (A) seeking to have the Company waive or make amendments or modifications to the Company's certificate of incorporation or bylaws, or other actions that may impede or facilitate the acquisition of control of the Company by any person, (B) causing a class of securities of the Company to be delisted from, or to cease to be authorized to be quoted on, any securities exchange; or (C) causing a class of equity securities of the Company to become eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act;

(viii) make any public disclosure, announcement or statement regarding any intent, purpose, plan or proposal with respect to the Board of Directors, the Company, its management, policies or affairs, any of its securities or assets or this Agreement that is inconsistent with the provisions of this Agreement; or

(ix) enter into any discussions, negotiations, agreements or understandings with any Third Party with respect to any of the foregoing, or advise, assist, knowingly encourage or seek to persuade any Third Party to take any action or make any statement with respect to any of the foregoing.

(b) The foregoing provisions of Section 4.18(a) shall not be deemed to prohibit (i) any action that may be taken by any Purchaser Designee acting solely as a director of the Company consistent with his fiduciary duties as a director of the Company if such action does not include or result in any public announcement or disclosure by such Purchaser Designee, the Purchaser or any of its Affiliates, (ii) the Purchaser or any of its Affiliates or their respective directors, executive officers, partners, employees, managing members, advisors or agents (acting in such capacity) from communicating on a confidential basis with the Company's directors, officers or advisors or (iii) the Purchaser or any of its Affiliates from (A) making a confidential proposal to the Company or the Board of Directors for a negotiated transaction with the Company involving a Change in Control, (B) pursuing and entering into any such transaction with the Company and (C) taking any actions in furtherance of the foregoing.

(c) Notwithstanding the foregoing provisions of Section 4.18(a) or anything in this Agreement to the contrary, the Purchaser and its Affiliates shall not be restricted from (i) acquiring securities with the prior written consent of the Company, (ii) acquiring securities pursuant to Section 4.16, (iii) participating in rights or securities offerings conducted by the Company, (iv) receiving stock dividends or similar distributions made by the Company, (v) tendering Company Common Stock as permitted by Section 4.02 or in a Third Party Tender/Exchange Offer after the Restricted Period (or effecting any Permitted Loan or Permitted Debt Financing Transaction under Section 4.02), (vi) disposing of Company Common Stock by operation of a statutory amalgamation, statutory arrangement or other statutory procedure involving the Company or (vii) any conversion of the Notes or other securities acquired not in contravention of this Section 4.18.

Section 4.19. Indenture Amendments and Supplements; Cooperation . For so long as the Silver Lake Group collectively Beneficially Owns at least 50% of the Notes Beneficially Owned by the Silver Lake Group immediately following the Closing, the Company shall not make any amendment or supplement to, or consent to a waiver of any provision of, the Indenture or the Securities (as defined in the Indenture) of a type to which the first or second sentence of Section 9.02 of the Indenture applies, without the written consent of the Purchaser. The Company shall keep the Purchaser reasonably informed with respect to the Transactions.

Section 4.20. Anti-Takeover Provisions . The Company shall, and shall cause each of its Subsidiaries to, (a) take all action necessary within their control (other than waiving any of the Company's rights) so that no "fair price," "moratorium," "control share acquisition" or other form of antitakeover statute or regulation is applicable to the Silver Lake Group Beneficially Owning the Notes and the Company Common Stock to be issued upon conversion of the Notes, acquiring additional Company Common Stock pursuant to Section 4.16 and transferring the Notes and the Company Common Stock to be issued upon conversion of the Notes consistent with the terms of this Article IV, (b) not adopt or repeal, as the case may be, any anti-takeover provision in the certificate of incorporation, bylaws or other similar organizational documents of the Company's Subsidiaries that is applicable to any of the foregoing, and (c) not adopt or repeal, as the case may be, any shareholder rights plan, "poison pill" or similar measure that is applicable to any of the foregoing.

Section 4.21. Tax Treatment . The Company and the Purchaser agree to (i) treat the Notes as indebtedness of the Company for U.S. federal and state income tax purposes, (ii) not treat the Notes as "contingent payment debt instruments" under U.S. Treasury Regulation section 1.1275-4 and (iii) treat the Notes as being issued with "original issue discount" and, in each case, neither party shall take any inconsistent tax position in a tax return, tax filing, tax audit or other submission to a tax authority unless otherwise required by a final "determination" as defined under section 1313 of the Internal Revenue Code of 1986, as amended.

Section 4.22. Indemnification .

(a) The Purchaser, its Affiliates and their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents, including any SL Person or Purchaser Designee (each an "Indemnitee") shall be indemnified by the Company for any and all Losses to which such Indemnitees may become subject as a result of, arising in connection with, or relating to any actual or threatened claim, suit, action, arbitration, cause of action, complaint, allegation, criminal prosecution, investigation, demand letter, or proceeding, whether at law or at equity and whether public or private, before or by any Governmental Entity, any arbitrator or other tribunal (each, an "Action") by any Person (including, without limitation, any stockholder of the Company and regardless of whether such Action is against an Indemnitee) arising out of or relating to the Transactions; provided, that the Company will not be liable to indemnify any Indemnitee for any such Losses to the extent that such Losses (w) have resulted from an Action by the Company against the Purchaser in connection with the Purchaser's breach of this Agreement or an Indemnitee's breach of the Prior Confidentiality Agreement or the New Confidentiality Agreement, (x) are as a result of an Action brought against an Indemnitee by any Person who is a limited partner of, or other investor in, such Indemnitee in such Person's capacity as a limited partner of, or other investor in, such Indemnitee, (y) as a result of any Action brought against the Purchaser or its Affiliates by any Person providing a Permitted Loan, a Permitted Debt Financing Transaction or other financing or hedging arrangement to the Purchaser or its Affiliates in connection with the Purchaser's or its Affiliates' investment in the Notes or (z) have resulted from an Indemnitee's fraud or violation of applicable law in connection with the Transactions. The parties agree, for the avoidance of doubt, that this Section 4.18 shall not apply to any matter for which indemnification is otherwise provided in Section 5.05.

(b) Each Indemnitee shall give the Company prompt written notice (an " Indemnification Notice ") of any third party Action it has actual knowledge of that might give rise to Losses, which notice shall set forth a description of those elements of such Action of which such Indemnitee has knowledge; provided, that any delay or failure to give such Indemnification Notice shall not affect the indemnification obligations of the Company hereunder except to the extent the Company is materially prejudiced by such delay or failure.

(c) The Company shall have the right, exercisable by written notice to the applicable Indemnitee(s) within thirty (30) days of receipt of the applicable Indemnification Notice, to select counsel to defend and control the defense of any third party claim set forth in such Indemnification Notice; provided, that the Company shall not be entitled to so select counsel or control the defense of any claim if (i) such claim seeks primarily non-monetary or injunctive relief against the Indemnitee or alleges any violation of criminal law, (ii) the Company does not, subsequent to its assumption of such defense in accordance with this clause (c), conduct the defense of such claim actively and diligently, (iii) such claim includes as the named parties both the Company and the applicable Indemnitee(s) and such Indemnitees reasonably determine upon the advice of counsel that representation of all such Indemnitees by the same counsel would be prohibited by applicable codes of professional conduct, or (iv) in the event that, based on the reasonable advice of counsel for the applicable Indemnitee(s), there are one or more material defenses available to the applicable Indemnitee(s) that are not available to the Company. If the Company does not assume the defense of any third party claim in accordance with this clause (c), the applicable Indemnitee(s) may continue to defend such claim at the sole cost of the Company and the Company may still participate in, but not control, the defense of such third party claim at the Company's sole cost and expense. In no event shall the Company, in connection with any Action or separate but substantially similar Actions arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all Indemnitees chosen by the Silver Lake Group, except to the extent that local counsel, in addition to regular counsel, is required in order to effectively defend the Action.

(d) No Indemnitee shall consent to a settlement of, or the entry of any judgment arising from, any claim for which such Indemnitee is indemnified pursuant to this Section 4.22, without the prior written consent of the Company (such consent not to be unreasonably withheld, conditioned or delayed). Except with the prior written consent of the applicable Indemnitee(s), the Company, in the defense of any such claim, shall not consent to the entry of any judgment or enter into any settlement that (i) provides for injunctive or other nonmonetary relief affecting any Indemnitee or (ii) does not include as an unconditional term thereof the giving by each claimant or plaintiff to each such Indemnitee(s) of an unconditional release of such Indemnitee(s) from all liability with respect to such Action. In any such third party claim where the Company has assumed control of the defense thereof pursuant to clause (c), the Company shall keep the applicable Indemnitee(s) reasonably informed as to the status of such claim at all stages thereof (including all settlement negotiations and offers), promptly submit to such Indemnitee(s) copies of all pleadings, responsive pleadings, motions and other similar legal documents and paper received or filed in connection therewith, permit such Indemnitee(s) and their respective counsels to confer with the Company and its counsel with respect to the conduct of the defense thereof, and permit such Indemnitee(s) and their respective counsel(s) a reasonable opportunity to review all legal papers to be submitted prior to their submission.

Section 4.23. Certain Amendments . The Company shall not amend, restate, modify, waive or supplement the Note Purchase Agreement or any provisions thereof without the prior written consent of the Purchaser (not to be unreasonably withheld, conditioned or delayed, except with respect to any amendments, restatements, modifications, waivers or supplements of or to Sections 1 or 2 (and Schedule A to the extent referenced in such sections) or Schedule B thereof, which may be consented to or not in the sole discretion of the Purchaser).

Section 4.24. Guaranteed Obligations .

(a) The Guarantor hereby, irrevocably and unconditionally and as a primary obligation, guarantees, subject to the terms and conditions set forth in this Agreement, the payment by the Purchaser of its obligations for payment under this Agreement if, when and as due by the Purchaser at the Closing under Sections 2.01 and 2.02 (the "Guaranteed Obligations"). If the Purchaser fails to pay any such Guaranteed Obligations if, when and as due under Sections 2.01 and Section 2.02, the Guarantor shall, upon the written request of the Company, promptly pay, such Guaranteed Obligations. The guarantee made by the Guarantor pursuant to this Section 4.24 (the "Guarantee") is a guarantee of payment and not of collection. The Guarantor's maximum aggregate liability under this Section 4.24 shall not exceed the Purchase Price. The Company hereby agrees that in no event shall the Guarantor be required to pay any amount to the Company or any other Person under this Agreement other than as expressly set forth in this Section 4.24.

(b) This Guarantee and all of the Guarantor's obligations under this Section 4.24 shall terminate and expire on the earlier of (i) the date this Agreement is validly terminated in accordance with Section 2.03 and (ii) upon the Closing. No claims may be made under this Guarantee (x) after the Closing or the date on which the Company (y) brings any Action against the Guarantor for any amounts in excess of the Guaranteed Obligations or (z) commences any Action against the Guarantor other than for enforcement of this Guarantee pursuant and subject to the terms of to this Section 4.24

(c) This Guarantee may not be amended or modified except by an instrument in writing signed by the Company and the Guarantor. This Guarantee constitutes the entire agreement and understanding of the Guarantor and the Company relating to the subject matter hereof. Any waiver of any term or condition of this Guarantee must be in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of any term or condition of this Guarantee shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Guarantee.

(d) This Guarantee may only be enforced against the Guarantor and no Specified Person shall have any liability for any obligation under this Section 4.24.

ARTICLE V

REGISTRATION RIGHTS

Section 5.01. Registration Statement .

(a) The Company will use reasonable efforts to prepare and file and use reasonable efforts to cause to be declared effective or otherwise become effective pursuant to the Securities Act (x) for the registration of resales of Company Common Stock, as soon as reasonably practicable following the Closing Date (and, in any event, no later than three (3) months following the Closing Date) and (y) for all other registration requests, as soon as reasonably practicable following a written request of holders of a majority in aggregate principal amount of Notes that are Registrable Securities and, in any event, no later than the date that is the later of (A) six (6) months following the Closing Date and (B) three (3) months following the date of such request (such later date, the "Target Registration Date"), a Registration Statement (the "Initial Registration Statement") in order to provide for resales of Registrable Securities to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, which Registration Statement will (except to the extent the SEC objects in written comments upon the SEC's review of such Registration Statement) include the Plan of Distribution. In addition, the Company will from time to time after the Initial Registration Statement has been declared effective use reasonable efforts to file such additional Registration Statements to cover resales of any Registrable Securities requested to be registered by the Silver Lake Group that are not registered for resale pursuant to a pre-existing Registration Statement and will use its reasonable efforts to cause such Registration Statement to be declared effective or otherwise to become effective under the Securities Act and, subject to Section 5.02, will use its reasonable efforts to keep the Registration Statement continuously effective under the Securities Act at all times until the Registration Termination Date. Any Registration Statement filed pursuant to this Article V shall cover only Registrable Securities, shall be on Form S-3 (or a successor form) if the Company is eligible to use such form and shall be an automatically effective Registration Statement if the Company is a WKSI (in which case, the Registration Statement may request registration of an unspecified amount of Registrable Securities to be sold by unspecified holders).

(b) Subject to the provisions of Section 5.02 and further subject to the availability of a Registration Statement on Form S-3 (or any successor form thereto) to the Company pursuant to the Securities Act and the rules and interpretations of the SEC, the Company will use its reasonable efforts to keep the Registration Statement (or any replacement Registration Statement) continuously effective until the earlier of (such earlier date, the " Registration Termination Date "): (i) the date on which all Registrable Securities covered by the Registration Statement have been sold thereunder in accordance with the plan of distribution disclosed in the prospectus included in the Registration Statement and (ii) there otherwise cease to be any Registrable Securities.

(c) Notwithstanding anything herein to the contrary, during such period of time from and after the Target Registration Date that the Company ceases to be eligible to file or use a Registration Statement on Form S-3 (or any successor form thereto), upon the written request of any holder of Registrable Securities, the Company shall use its reasonable efforts to file a Registration Statement on Form S-1 (or any successor form) under the Securities Act covering the Registrable Securities of the requesting party and use reasonable efforts to cause such Registration Statement to be declared effective pursuant to the Securities Act as soon as reasonably practicable after filing thereof and file and cause to become effective such amendments thereto as are necessary in order to keep such Registration Statement continuously available. Each such written request must specify the amount and intended manner of disposition of such Registrable Securities; provided , that the minimum amount of such Registrable Securities shall be $50,000,000. When the Company regains the ability to file a Registration Statement on Form S-3 covering the Registrable Securities it shall as promptly as practicably do so in accordance with Section 5.01(a).

Section 5.02. Registration Limitations and Obligations .

(a) Subject to Section 5.01, the Company will use reasonable efforts to prepare such supplements or amendments (including a post-effective amendment), if required by applicable law, to each applicable Registration Statement and file any other required document so that such Registration Statement will be Available at all times during the period for which such Registration Statement is, or is required pursuant to this Agreement to be, effective; provided , that no such supplement, amendment or filing will be required during a Blackout Period. In order to facilitate the Company's determination of whether to initiate a Blackout Period, the Purchaser shall give the Company notice of a proposed sale of Registrable Securities pursuant to the Registration Statement at least two (2) Business Days (or, if two Business Days is not practicable, one (1) Business Day) prior to the proposed date of sale (which notice shall not bind the Purchaser to make any sale).

(b) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, from time to time, by providing written notice to the holders of Registrable Securities, to require such holders of Registrable Securities to suspend the use of the prospectus for sales of Registrable Securities under the Registration Statement during any Blackout Period; provided , for purposes of this Section 5.02, the Company shall only be obligated to provide written notice to any holder or Beneficial Owner of Registrable Securities of any such Blackout Period, or the certificate described in the following sentence, if such holder or Beneficial Owner has specified in writing (including electronic mail) to the Company for purposes of receiving such notice such holder's or Beneficial Owner's address (including electronic mail), contact and fax number information. No sales may be made under the applicable Registration Statement during any Blackout Period. In the event of a Blackout Period, the Company shall (x) deliver to the holders of Registrable Securities a certificate signed by the chief executive officer, chief financial officer or general counsel of the Company confirming that the conditions described in the definition of Blackout Period are met (but which certificate need not specify the nature of the event causing such conditions to have been met), which certificate shall contain an approximation of the anticipated delay, and (y) notify each holder of Registrable Securities promptly upon each of the commencement and the termination of each Blackout Period, which notice of termination shall be delivered to each holder of Registrable Securities no later than the close of business of the last day of the Blackout Period. In connection with the expiration of any Blackout Period and without any further request from a holder of Registrable Securities, the Company to the extent necessary and as required by applicable law shall as promptly as reasonably practicable prepare supplements or amendments, including a post-effective amendment, to the Registration Statement or the prospectus, or any document incorporated therein by reference, or file any other required document so that the Registration Statement will be Available. A Blackout Period shall be deemed to have expired when the Company has notified the holders of Registrable Securities that the Blackout Period is over and the Registration Statement is Available. Notwithstanding anything in this Agreement to the contrary, the absence of an Available Registration Statement at any time from and after the Target Registration Date shall be considered a Blackout Period and subject to the limitations therein.

(c) At any time that a Registration Statement is effective and prior to the Registration Termination Date, if a holder of Registrable Securities (an " Initiating Holder ") delivers a notice to the Company (a " Take-Down Notice ") stating that it intends to sell at least $25,000,000 of Registrable Securities held by such holder (provided that, if a Purchaser and its Affiliates do not own at least $25,000,000 of Registrable Securities, they shall be permitted to deliver a Take-Down Notice to sell all of the Registrable Securities held by them), in each case, pursuant to the Registration Statement, then, the Company shall (i) amend or supplement the Registration Statement as may be necessary and to the extent required by law so that the Registration Statement remains Available in order to enable such Registrable Securities to be distributed in an Underwritten Offering (subject to Section 5.02(b)) and (ii) (x) within one (1) Business Day of receipt of the Take-Down Notice and confirmation of such receipt by the treasurer or chief financial officer of the Company and by counsel to the Company, deliver a written notice (a " Take-Down Participation Notice ") of any such request to all other holders of Registrable Securities (the " Eligible Participation Holders "), which Take-Down Participation Notice shall offer each such holder the opportunity to include in such registration that number of Registrable Securities of the same type (i.e., Notes or Company Common Stock) to be offered by the Initiating Holder as each such holder (a " Participating Holder ") may request. The Company shall include in such registration all such Registrable Securities with respect to which the Company has received from a holder entitled to receive a Take-Down Participation Notice pursuant to the preceding sentence written requests for inclusion therein within (i) in the case of an Underwritten Offering that is not a Marketed Underwritten Offering, one (1) Business Day after the date the Take-Down Participation Notice was delivered and confirmed received by the treasurer or chief financial officer of the Company and by counsel to the Company and (ii) in the case of a Marketed Underwritten Offering, three (3) Business Days after the date the Take-Down Participation Notice was delivered; provided , that each Selling Holder will retain the right to withdraw their Registrable Securities from such registration in writing to the underwriters prior to the pricing of the applicable offering. In connection with any Underwritten Offering of Registrable Securities for which a holder delivers a Take-Down Notice and satisfies the dollar thresholds set forth in the first sentence of this Section 5.02(c) and the Take-Down Notice contemplates a Marketed Underwritten Offering, the Company will use reasonable efforts to cooperate and make its senior officers available for participation in such marketing efforts (which marketing efforts will not, for the avoidance of doubt, include a "road show" requiring such officers to travel outside of the city in which they are primarily located). A Majority in Interest of Selling Holders shall have the right hereunder to, in their sole discretion: (i) select the underwriter(s) for each Underwritten Offering, (ii) determine the pricing of the Registrable Securities offered pursuant to any such Registration Statement, including the underwriting discount and fees payable by the Selling Holders to the underwriters in such Underwritten Offering, as well as any other financial terms, (iii) determine the timing of any such registration and sale and (iv) determine the total number of Registrable Securities that can be included in such Underwritten Offering in consultation with the managing underwriters (collectively, the " Offering Terms "); provided , that the Initiating Holder shall consult with each other Participating Holder (other than any Participating Holder that is not a member of the Silver Lake Group) in respect of the Offering Terms. Each Selling Holder shall be solely responsible for all such discounts and fees payable to such underwriters in such Underwritten Offering for the Registrable Securities sold by such Selling Holder. Without the consent of a Majority in Interest of Selling Holders, no Underwritten Offering pursuant to this Agreement shall include any securities other than Registrable Securities of the type (i.e., Notes or Company Common Stock) offered by the Initiating Holder in such Underwritten Offering.

(d) If the managing underwriter or underwriters of any firm commitment Underwritten Offering advise the Selling Holders in writing that, in their view, the total amount of Registrable Securities proposed to be sold in such Underwritten Offering (including, without limitation, Registrable Securities proposed to be included by any Participating Holder) exceeds the largest amount (the " Orderly Sale Amount ") that can be sold in an orderly manner in such Underwritten Offering within a price range acceptable to the Majority in Interest of Selling Holders, then there shall be included in such firm commitment Underwritten Offering an amount of Registrable Securities not exceeding the Orderly Sale Amount, and such included amount of Registrable Securities shall be allocated pro rata among the Selling Holders on the basis of the number and type of Subject Securities then proposed to be sold by the respective Selling Holders (e.g., if Notes are being offered and sold, the pro rata amounts will be calculated based on the aggregate principal amount of Notes proposed to be sold without regard to shares of Company Common Stock Beneficially Owned by the respecting Selling Holders).

(e) If requested by the managing underwriter of an Underwritten Offering for which a member of the Silver Lake Group is the Initiating Holder, unless such Initiating Holder otherwise agrees, no Eligible Participation Holder or Initiating Holder shall offer for sale (including by short sale), grant any option for the purchase of, or otherwise transfer (whether by actual disposition or effective economic disposition due to cash settlement, derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of the Registrable Securities or otherwise), any Notes or Company Common Stock (or interests therein) or securities convertible into or exchangeable for Notes or Company Common Stock without the prior written consent of such managing underwriter for a period designated by such managing underwriter in writing to the Eligible Participation Holders and the Initiating Holder, which shall begin the earlier of the date of the underwriting agreement and the commencement of marketing efforts, and shall not in any event last longer than sixty (60) days following such effective date. If requested by the managing underwriter of any such Underwritten Offering, each Eligible Participation Holder shall execute a separate agreement to the foregoing effect; provided , that each Eligible Participation Holder shall negotiate its respective lock-up agreement; provided , further , that if any such lock-up agreement (i) provides for exceptions from any restrictions contained therein, such exceptions shall automatically apply equally to each Selling Holder or (ii) is terminated or waived in whole or in part for any Selling Holder, such termination or waiver shall automatically apply to each other Selling Holder. Each lock-up agreement shall permit, and this Section 5.02(e) shall be deemed to permit, transfers pursuant to the terms of Permitted Loans, Permitted Debt Financing Transactions and other customary lock-up exceptions, including for gifts, distributions and other transfers not for value (and including in respect of customary charitable donations substantially contemporaneously with distribution to the donor, free of further lock-up agreement transfer restrictions by the donee, by a Selling Holder or its direct or indirect distributees). The obligations of any person under this Section 5.02(e) are not in limitation of lock-up or transfer restrictions that may otherwise apply to any Registrable Securities.

(f) In addition to the registration rights provided in Section 5.02(c), holders of the Notes shall have analogous rights to sell such securities in a marketed offering under Rule 144A under the Securities Act through one or more initial purchasers on a firm-commitment basis, using procedures that are substantially equivalent to those specified in Section 5.02 and Section 5.03. The Company agrees to use its reasonable efforts to cooperate to effect any such sales under such Rule 144A. Nothing in this Section 5.02(f) shall impose any additional or more burdensome obligations on the Company than would apply under Section 5.02 and Section 5.03, in each case, *mutatis mutandis* in respect of a registered Underwritten Offering, or require that the Company take any actions that it would not be required to take in an Underwritten Offering of such Notes.

(g) Notwithstanding anything herein to the contrary, (i) if holders of Registrable Securities engage or propose to engage in a "distribution" (as defined in Regulation M under the Exchange Act) of Registrable Securities, such holders shall discuss the timing of such distribution with the Company reasonably prior to commencing such distribution, and (ii) such distribution must not be for less than $25,000,000 of Registrable Securities held by such holders (provided that, if collectively Purchaser and its Affiliates do not own at least $25,000,000 of Registrable Securities, they shall be permitted to engage in such distribution with respect to all of the Registrable Securities held by them).

(h) In connection with a distribution of Registrable Securities in which a holder of Registrable Securities is selling at least $50,000,000 of Registrable Securities, the Company shall, to be extent requested by the managing underwriter(s) of such a distribution, be subject to a restricted period of the same length of time as such holder agrees with the managing underwriter(s) (but not to exceed 60 days) during which the Company may not offer, sell or grant any option to purchase Company Common Stock (in the case of an offering of Company Common Stock or securities convertible or exchangeable for Company Common Stock) and any debt securities (in the case of an offering of debt securities) of the Company, subject to customary carve-outs that include, but are not limited to, (i) issuances pursuant to the Company's employee or director stock plans and issuances of shares upon the exercise of options or other equity awards under such stock plans and (ii) in connection with acquisitions, joint ventures and other strategic transactions.

S ection 5.03. Registration Procedures .

(a) In connection with the registration of any Registrable Securities under the Securities Act and in connection with any distribution of registered securities pursuant thereto as contemplated by this Agreement, or any analogous Rule 144A offering pursuant to Section 5.02(f), the Company shall as promptly as reasonably practicable, subject to the other provisions of this Agreement:

(i) subject to the provisions of Section 5.01(a), use reasonable efforts to prepare and file with the SEC a Registration Statement to effect such registration in accordance with the intended method or methods of distribution of such securities and thereafter use reasonable efforts to cause such Registration Statement to become and remain effective pursuant to the terms of this Article V; provided , however, that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the Registration Statement relating thereto; provided , further , that before filing such Registration Statement or any amendments or supplements thereto, including any prospectus supplements in connection with a sale referred to in a Take-Down Notice (but excluding amendments and supplements that do nothing more than name Selling Holders (as defined below) and provide information with respect thereto), the Company will furnish to the holders which are including Registrable Securities in such registration (" Selling Holders ") and the lead managing underwriter(s), if any, copies of all such documents proposed to be filed, which documents will be subject to the review and reasonable comment (which comments will be considered in good faith by the Company) of the counsel (if any) to such holders and counsel (if any) to such underwriter(s), and other documents reasonably requested by any such counsel, including any comment letters from the SEC, and, if requested by any such counsel, provide such counsel and the lead managing underwriter(s), if any, reasonable opportunity to participate in the preparation of such Registration Statement and each prospectus (including any prospectus supplement) included or deemed included therein and such other opportunities to conduct a customary and reasonable due diligence investigation (in the context of a registered underwritten offering) of the Company, including reasonable access to (including responses to any reasonable inquiries by the lead managing underwriter(s) and their counsel) the Company's books and records, officers, accountants and other advisors; provided that such persons shall first agree in writing with the Company that any information that is reasonably designated by the Company as confidential at the time of delivery shall be kept confidential by such persons subject to customary exceptions;

(ii) at or before any Registration Statement covering the Notes is declared or otherwise becomes effective, qualify the Indenture under the Trust Indenture Act of 1939, as amended, and appoint a new trustee under the Indenture to the extent such qualification requires the appointment of a new trustee thereunder;

(iii) subject to Section 5.02, prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary and to the extent required by applicable law to keep such Registration Statement effective and Available pursuant to the terms of this Article V;

(iv) if requested by the lead managing underwriter(s), promptly include in a prospectus supplement or post-effective amendment such information as the lead managing underwriter(s), if any, and such holders may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received such request; provided, however, that the Company shall not be required to take any actions under this Section 5.03(a)(iv) that are not, in the opinion of counsel for the Company, in compliance with applicable law;

(v) furnish to the Selling Holders and each underwriter, if any, of the securities being sold by such Selling Holders such number of conformed copies of such Registration Statement and of each amendment and supplement thereto, such number of copies of the prospectus and any prospectus supplement contained in or deemed part of such Registration Statement (including each preliminary prospectus supplement) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a " Free Writing Prospectus ") utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as such Selling Holders and underwriter(s), if any, may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such Selling Holders;

(vi) use reasonable efforts to cause such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed, and to apply for any necessary "CUSIPs" or analogous codes to identify such securities;

(vii) use reasonable efforts to provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement;

(viii) as promptly as practicable notify in writing the holders of Registrable Securities and the underwriters, if any, of the following events: (A) the filing of the Registration Statement, any amendment thereto, the prospectus or any prospectus supplement related thereto or post-effective amendment to such Registration Statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to such Registration Statement or any post-effective amendment thereto, when the same has become effective; (B) any request by the SEC or any other U.S. or state governmental authority for amendments or supplements to such Registration Statement or the prospectus; (C) the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings by any person for that purpose; (D) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or the initiation or threat of any proceeding for such purpose; (E) if at any time the representations and warranties of the Company contained in any agreement (including any underwriting agreement) related to such registration cease to be true and correct in any material respect; and (F) upon the happening of any event that makes any statement made in such Registration Statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such registration statement, prospectus or documents so that, in the case of such Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided , in the case of clause (F), that such notice need not include the nature or details concerning such event;

(ix) use reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such Registration Statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction at the earliest reasonable practicable date, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation or as a dealer in securities in any jurisdiction wherein it would not but for the requirements of this clause (ix) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction or (C) file a general consent to service of process in any such jurisdiction;

(x) cooperate with each seller of Registrable Securities and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the Financial Industry Regulatory Authority, Inc.;

(xi) prior to any public offering of Registrable Securities, use reasonable efforts to register or qualify or cooperate with the Selling Holders in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the applicable state securities or "blue sky" laws of those jurisdictions within the United States as any holder reasonably requests in writing to keep each such registration or qualification (or exemption therefrom) effective until the Registration Termination Date; provided, that the Company will not be required to (A) qualify generally to do business as a foreign corporation or as a dealer in securities in any jurisdiction wherein it would not but for the requirements of this clause (xi) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction or (C) file a general consent to service of process in any such jurisdiction;

(xii) use reasonable efforts to cooperate with the holders to facilitate the timely preparation and delivery of certificates or book-entry securities representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statements, which certificates or book-entry securities shall be free, to the extent permitted by the Indenture and applicable law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such holders may request in writing; and in connection therewith, if required by the Company's transfer agent, the Company will promptly after the effectiveness of the Registration Statement cause to be delivered to its transfer agent when and as required by such transfer agent from time to time, any authorizations, certificates, directions and other evidence required by the transfer agent which authorize and direct the transfer agent to issue such Registrable Securities without legend upon sale by the holder of such shares of Registrable Securities under the Registration Statement; and

(xiii) agrees with each holder of Registrable Securities that, in connection with any Underwritten Offering or other resale pursuant to the Registration Statement in accordance with the terms hereof, it will use reasonable efforts to negotiate in good faith and execute all customary indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements (in each case on terms reasonably acceptable to the Company), including using reasonable efforts to procure customary legal opinions and auditor "comfort" letters.

(b) The Company may require each Selling Holder and each underwriter, if any, to (i) furnish the Company in writing such information regarding each Selling Holder or underwriter and the distribution of such Registrable Securities as the Company may from time to time reasonably request in writing to complete or amend the information required by such Registration Statement and/or any other documents relating to such registered offering, and (ii) execute and deliver, or cause the execution or delivery of, and to perform under, or cause the performance under, any agreements and instruments reasonably requested by the Company to effectuate such registered offering, including, without limitation, opinions of counsel and questionnaires. If the Company requests that the holders of Registrable Securities take any of the actions referred to in this Section 5.03(b), such holders shall take such action promptly and as soon as reasonably practicable following the date of such request.

(c) Each Selling Holder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clauses (B), (C), (D), (E) and (F) of Section 5.03(a)(viii), such Selling Holder shall forthwith discontinue such Selling Holder's disposition of Registrable Securities pursuant to the applicable Registration Statement and prospectus relating thereto until such Selling Holder is advised in writing by the Company that the use of the applicable prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus. The Company shall use reasonable efforts to cure the events described in clauses (B), (C), (D), (E) and (F) of Section 5.03(a)(viii) so that the use of the applicable prospectus may be resumed at the earliest reasonably practicable moment.

Section 5.04. Expenses. The Company shall pay all Registration Expenses in connection with a registration pursuant to this Article V, provided that each holder of Registrable Securities participating in an offering shall pay all applicable underwriting discounts and commissions, agency fees, brokers' commissions and transfer taxes, if any, on the Registrable Securities sold by such holder, and similar charges.

Section 5.05. Registration Indemnification.

(a) The Company agrees, without limitation as to time, to indemnify and hold harmless, to the fullest extent permitted by law, each Selling Holder and its Affiliates and their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such Selling Holder or such other Indemnified Person (as defined below) and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents of each such controlling Person, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such underwriter (collectively, the "Indemnified Persons"), from and against all Losses, as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement, prospectus or preliminary prospectus or Free Writing Prospectus, in each case related to such Registration Statement, or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (without limitation of the preceding portions of this Section 5.05(a)) will reimburse each such Selling Holder, each of its Affiliates, and each of their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents and each such Person who controls each such Selling Holder and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents of each such controlling Person, each such underwriter and each such Person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, except insofar as the same are caused by any information regarding a holder of Registrable Securities or underwriter furnished in writing to the Company by any such person or any selling holder or underwriter expressly for use therein.

(b) In connection with any Registration Statement in which a Selling Holder is participating, without limitation as to time, each such Selling Holder shall, severally and not jointly, indemnify the Company, its directors and officers, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Company, from and against all Losses, as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of material fact contained in the Registration Statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (without limitation of the preceding portions of this Section 5.05(b)) will reimburse the Company, its directors and officers and each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, in each case solely to the extent, but only to the extent, that such untrue statement or omission is made in such Registration Statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information regarding the Selling Holder furnished to the Company by such Selling Holder for inclusion in such Registration Statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto.

(c) Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided, however, the failure to give such notice shall not release the indemnifying party from its obligation, except to the extent that the indemnifying party has been actually and materially prejudiced by such failure to provide such notice on a timely basis.

(d) In any case in which any such action is brought against any indemnified party, the indemnified party shall promptly notify in writing the indemnifying party of the commencement thereof, and the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and acknowledging the obligations of the indemnifying party with respect to such proceeding, the indemnifying party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this paragraph) be liable to such indemnified party hereunder for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, supervision and monitoring (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party or a conflict of interest otherwise exists or (ii) the indemnifying party shall have failed within a reasonable period of time to assume such defense and the indemnified party is or would reasonably be expected to be materially prejudiced by such delay, in either event the indemnified party shall be promptly reimbursed by the indemnifying party for the expenses incurred in connection with retaining one separate legal counsel (for the avoidance of doubt, for all indemnified parties in connection therewith)). For the avoidance of doubt, notwithstanding any such assumption by an indemnifying party, the indemnified party shall have the right to employ separate counsel in any such matter and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party except as provided in the previous sentence. An indemnifying party shall not be liable for any settlement of an action or claim effected without its consent (which consent shall not be unreasonably withheld, conditioned or delayed). No matter shall be settled by an indemnifying party without the consent of the indemnified party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement (x) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such claim or proceeding, (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party and (z) is settled solely for cash for which the indemnified party would be entitled to indemnification hereunder. The failure of an indemnified party to give notice to an indemnifying party of any action brought against such indemnified party shall not relieve the indemnifying party of its obligations or liabilities pursuant to this Agreement, except to the extent such failure adversely prejudices the indemnifying party.

(e) The indemnification provided for under this Agreement shall survive the sale or other transfer of the Registrable Securities and the termination of this Agreement.

(f) If recovery is not available under the foregoing indemnification provisions for any reason or reasons other than as specified therein, any Person who would otherwise be entitled to indemnification by the terms thereof shall nevertheless be entitled to contribution with respect to any Losses with respect to which such Person would be entitled to such indemnification but for such reason or reasons, in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party, the Persons' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and other equitable considerations appropriate under the circumstances. It is hereby agreed that it would not necessarily be equitable if the amount of such contribution were determined by pro rata or per capita allocation that does not take into account the equitable considerations referred to in the immediately preceding sentence. Notwithstanding any other provision of this Agreement, no holder of Registrable Securities shall be required to indemnify or contribute, in the aggregate, any amount in excess of its net proceeds from the sale of the Registrable Securities subject to any actions or proceedings over the amount of any damages, indemnity or contribution that such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not found guilty of such fraudulent misrepresentation.

(g) The indemnification and contribution agreements contained in this Section 5.05 are in addition to any liability that the indemnifying party may have to the indemnified party and do not limit other provisions of this Agreement that provide for indemnification.

Section 5.06. Facilitation of Sales Pursuant to Rule 144 . For as long as the Purchaser or its Affiliates, or any financial institution pursuant to a Permitted Debt Financing Transaction or any Lender under any Permitted Loan Beneficially Owns Notes or any Company Common Stock issued or issuable upon conversion thereof, to the extent it shall be required to do so under the Exchange Act, the Company shall use reasonable efforts to timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144) and submit all required Interactive Data Files (as defined in Rule 11 of Regulation S-T of the SEC), and shall use reasonable efforts to take such further necessary action as any holder of Subject Securities may reasonably request in connection with the removal of any restrictive legend on the Subject Securities being sold, all to the extent required from time to time to enable such holder to sell the Subject Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Survival of Representations and Warranties . All covenants and agreements contained herein, other than those which by their terms apply in whole or in part after the Closing (which shall survive the Closing), shall terminate as of the Closing, provided nothing herein shall relieve any party of liability for any breach of such covenant or agreement before it terminated. Except for the warranties and representations contained in clauses (a)(i), (b), (c), (d), (e), (f)(i), (l) and (o) of Section 3.01 and the representations and warranties contained in Section 3.02, which shall survive the Closing until expiration of the applicable statute of limitations, the warranties and representations made herein shall survive for one (1) year following the Closing Date and shall then expire; provided that nothing herein shall relieve any party of liability for any inaccuracy or breach of such representation or warranty to the extent that any good faith allegation of such inaccuracy or breach is made in writing prior to such expiration.

Section 6.02. Notices . All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, by facsimile, sent by overnight courier or sent via email (with receipt confirmed) as follows:

(a) If to Purchaser, to:

c/o Silver Lake
2775 Sand Hill Road, Suite 100
Menlo Park, CA 94025
Attention: Karen King
Fax: +1 (650) 233-8125
Email: Karen.King@SilverLake.com

and:

c/o Silver Lake
9 West 57th Street, 32nd Floor
New York, NY 10019
Attention: Andrew J. Schader
Fax: +1 (212) 981-3535
Email: Andy.Schader@SilverLake.com

With a copy (which shall not constitute actual or constructive notice) to:

Simpson Thacher & Bartlett LLP
2475 Hanover Street
Palo Alto, CA 94304
Attention: Robert Langdon
Daniel N. Webb
Fax: +1 (650) 251-5002
Email: Robert.Langdon@stblaw.com
DWebb@stblaw.com

(b) If to the Company, to:

Cornerstone OnDemand, Inc.
1601 Cloverfield Blvd., Suite 620S
Santa Monica, CA 90404
Attention: Adam Weiss
Fax: +1 (650) 429-9137
Email: aweiss@csod.com

With a copy (which shall not constitute actual or constructive notice) to:

Goodwin Procter LLP
100 Northern Avenue
Boston, MA 02210
Attention: Stuart M. Cable
Lisa R. Haddad
Fax: +1 (617) 523-1231
Email: scable@goodwinlaw.com; lhaddad@goodwinlaw.com

or to such other address or addresses as shall be designated in writing. All notices shall be deemed effective (a) when delivered personally (with written confirmation of receipt, by other than automatic means, whether electronic or otherwise), (b) when sent by facsimile (with written confirmation of receipt, by other than automatic means, whether electronic or otherwise) or (c) one (1) Business Day following the day sent by overnight courier.

Section 6.03. Entire Agreement; Third Party Beneficiaries; Amendment . This Agreement, together with the New Confidentiality Agreement (when executed) and the Prior Confidentiality Agreement, sets forth the entire agreement between the parties hereto with respect to the Transactions, and is not intended to and shall not confer upon any person other than the parties hereto, their successors and permitted assigns any rights or remedies hereunder, provided that (i) Section 4.07(h) shall be the benefit of and fully enforceable by each of the Covered Persons, (ii) Section 4.12 shall be for the benefit of and fully enforceable by each of the Section 4.12 Persons and the Silver Lake Indemnitors, (iv) Section 4.22 shall be for the benefit of and fully enforceable by each of the Indemnitees, (iv) Section 5.05 shall be for the benefit of and fully enforceable by each of the Indemnified Persons and (v) Section 6.12 shall be for the benefit of and fully enforceable by each of the Specified Persons. Any provision of this Agreement may be amended or modified in whole or in part at any time by an agreement in writing between the parties hereto executed in the same manner as this Agreement. No failure on the part of any party to exercise, and no delay in exercising, any right shall operate as a waiver thereof nor shall any single or partial exercise by any party of any right preclude any other or future exercise thereof or the exercise of any other right. The Company agrees that the Prior Confidentiality Agreement will automatically terminate in all respects concurrent with the Closing; provided that no such termination shall relieve any party thereto of liability for any breach of the Prior Confidentiality Agreement that occurred prior to such termination.

Section 6.04. Counterparts . This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute any original, but all of which together shall constitute one and the same document. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document will have the same effect as physical delivery of the paper document bearing the original signature.

Section 6.05. Public Announcements . No press release or public announcement related to this Agreement or the transactions contemplated herein shall be issued or made by the Purchaser or its Affiliates without the prior written approval of the Company, unless required by law (based on the advice of counsel) in which case the Company shall have the right to review and reasonably comment on such press release, announcement or communication prior to issuance, distribution or publication. Notwithstanding the foregoing (but subject to the terms of the Prior Confidentiality Agreement or New Confidentiality Agreement, as applicable), the Purchaser and its Affiliates shall not be restricted from communicating with their respective investors and potential investors in connection with marketing, informational or reporting activities; provided that the recipient of such information is subject to a customary obligation to keep such information confidential. The Company may issue or make one or more press releases or public announcements (in which case the Purchaser shall have the right to review and reasonably comment on such press release, announcement or communication prior to issuance, distribution or publication) and may file this Agreement with the SEC and may provide information about the subject matter of this Agreement in connection with equity or debt issuances, share repurchases, or marketing, informational or reporting activities.

Section 6.06. Expenses . From and after the date of this Agreement, at any time and from time to time, the Purchaser shall have the right to request that the Company reimburse all documented out-of-pocket expenses (including attorneys' fees) incurred by the Purchaser or its Affiliates in connection with their evaluation of the Company and the transactions contemplated pursuant to this Agreement, including all expenses related to the due diligence review and the structuring, drafting, negotiating and entry into this Agreement and the other Transaction Agreements, up to one million two hundred thousand dollars ($1,200,000) in the aggregate, which the Company shall do promptly and in any event within three (3) Business Days of such request. As of the Closing (and without duplication with the deduction for expenses contemplated in the definition of Purchase Price), the Company shall reimburse all such fees incurred by the Purchaser and its Affiliates in connection with the foregoing to the extent not previously paid pursuant to the first sentence of this Section 6.06.

Section 6.07. Successors and Assigns . Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the Company's successors and assigns and Purchaser's successors and assigns, and no other person; provided , that neither the Company nor the Purchaser may assign its respective rights or delegate its respective obligations under this Agreement, whether by operation of law or otherwise, and any assignment by the Company or the Purchaser in contravention hereof shall be null and void; provided , that (i) prior to the Closing the Purchaser may assign all of its rights and obligations under this Agreement or any portion thereof to one or more Affiliates who execute and deliver a Joinder, and such Affiliate shall be deemed a Purchaser hereunder and shall have all rights and obligations of a Purchaser or any portion thereof (as set forth in the Joinder); provided that no such assignment will relieve the Purchaser of its obligations hereunder, (ii) any Affiliate of the Purchaser who after the Closing Date executes and delivers a Joinder and is a permitted transferee of any Notes or shares of Company Common Stock shall be deemed a Purchaser hereunder and have all the rights and obligations of a Purchaser or any portion thereof (as set forth in the Joinder); provided that no such assignment will relieve the Purchaser of its obligations hereunder, (iii) if the Company consolidates or merges with or into any Person and the Company Common Stock is, in whole or in part, converted into or exchanged for securities of a different issuer, then as a condition to such transaction the Company will cause such issuer to assume all of the Company's rights and obligations under this Agreement in a written instrument delivered to the Purchaser, and (iv) the rights of a holder of Registrable Securities under Article V may be transferred but only together with Subject Securities (w) in a transfer of (1) Notes in an aggregate principal amount of at least $25,000,000 and (2) Company Common Stock or other Subject Securities issued or issuable upon conversion of at least $25,000,000 in aggregate principal amount of Notes, (x) to an Affiliate of the transferor that executes and delivers to the Company a Joinder (subject to 4.02(a)), or (y) to a lender in connection with a Permitted Loan or (z) to a financial institution in connection with a Permitted Debt Financing Transaction. For the avoidance of doubt, no Third Party to whom any of the Notes or shares of Company Common Stock are transferred shall have any rights or obligations under this Agreement except (and then only to the extent of) any rights and obligations under Article V to the extent transferable in accordance with this Section 6.07. Notwithstanding anything to the contrary set forth herein, the Purchaser may without the consent of any other party grant powers of attorney, operative only upon an event of default of the Company in respect of its obligation under Article II to issue the Notes upon payment of the Purchase Price in accordance with the terms of this Agreement (including satisfaction of the conditions set forth in Section 2.02(d)), to any lender, administrative agent or collateral agent under any Permitted Loan or to any financial institution in connection with a Permitted Debt Financing Transaction, in each case to act on behalf of the Purchaser to enforce such obligation.

Section 6.08. Governing Law; Jurisdiction; Waiver of Jury Trial .

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In addition, each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, solely if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). Each of the parties hereto hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the aforesaid courts. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (i) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve in accordance with this Section 6.08(a), (ii) any claim that it or its property is exempt or immune from the jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (iii) to the fullest extent permitted by the applicable law, any claim that (A) the suit, action or proceeding in such court is brought in an inconvenient forum, (B) the venue of such suit, action or proceeding is improper or (C) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each of the parties hereby agrees that service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 6.02 shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby.

(b) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS CONTAINED IN THIS SECTION 6.08.

Section 6.09. Severability . If any provision of this Agreement is determined to be invalid, illegal or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect provided that the economic and legal substance of, any of the Transactions is not affected in any manner materially adverse to any party. In the event of any such determination, the parties agree to negotiate in good faith to modify this Agreement to fulfill as closely as possible the original intent and purpose hereof. To the extent permitted by law, the parties hereby to the same extent waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

Section 6.10. Specific Performance . The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each party agrees that in the event of any breach or threatened breach by any other party of any covenant or obligation contained in this Agreement, the non-breaching party shall be entitled (in addition to any other remedy that may be available to it, whether in law or equity) to obtain (i) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation, and (ii) an injunction restraining such breach or threatened breach. Each of the parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction.

Section 6.11. Headings . The headings of Articles and Sections contained in this Agreement are for reference purposes only and are not part of this Agreement.

Section 6.12. Non-Recourse .

(a) Notwithstanding anything to the contrary in this Agreement, the Purchaser's liability for any liability, loss, damage or recovery of any kind (including special, exemplary, consequential, indirect or punitive damages or damages arising from loss of profits, business opportunities or goodwill, diminution in value or any other losses or damages, whether at law, in equity, in contract, in tort or otherwise) arising under or in connection with any breach of this Agreement or any other Transaction Agreement (whether willfully, intentionally, unintentionally or otherwise) or in respect of any oral representations made or alleged to have been made in connection herewith shall be no greater than an amount equal to the Purchase Price and the Purchaser shall have no further liability or obligation relating to or arising out of this Agreement, any other Transaction Agreement or the Transactions in excess of such amount. For the avoidance of doubt, the foregoing shall not limit the Company's rights under Section 6.10.

(b) This Agreement may only be enforced against, and any claim or cause of action based upon, arising out of, or related to this Agreement or the transactions contemplated hereby may only be brought against the entities that are expressly named as parties hereto and their respective successors and assigns (including any Person that executes and delivers a Joinder). Except as set forth in the immediately preceding sentence, no past, present or future director, officer, employee, incorporator, member, partners, stockholder, Affiliate, agent, attorney, advisor or representative of any party hereto (collectively, the "Specified Persons") shall have any liability for any obligations or liabilities of any party hereto under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby (other than the Guarantor with respect to the obligations set forth in Section 4.24).

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto or by their respective duly authorized officers, all as of the date first above written.

CORNERSTONE ONDEMAND, INC.

By: /s/ Adam Miller
Name: Adam Miller
Title: Chief Executive Officer

[Signature Page to Investment Agreement]

SILVER LAKE CREDIT PARTNERS, L.P.

By: Silver Lake Credit Associates, L.P., its general partner

By: SLCA (GP), L.L.C., its general partner

By: Silver Lake Group, L.L.C., its managing member

By: /s/ Joseph Osnoss
Name: Joseph Osnoss
Title: Managing Director

[Signature Page to Investment Agreement]

Solely for purposes of Section 4.24

SILVER LAKE GROUP, L.L.C.

By: /s/ Joseph Osnoss
Name: Joseph Osnoss
Title: Managing Director

[Signature Page to Investment Agreement]

EXHIBIT A
FORM OF INDENTURE

CORNERSTONE ONDEMAND, INC.
and
[U.S. BANK NATIONAL ASSOCIATION] [1]
as Trustee

INDENTURE
Dated as of **[•]** , 2017

5.75% CONVERTIBLE SENIOR NOTES DUE 2021

[1] Company to confirm trustee.

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EXHIBITS

CORNERSTONE ONDEMAND, INC.
Reconciliation and tie between Trust Indenture Act of 1939 and
Indenture, dated as of [•], 2017

§ 310(a)(1)	7.09
(a)(2)	7.09
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(a)(5)	7.09
(b)	7.09
§ 311(a)	7.1
(b)	7.1
(c)	Not Applicable
§ 312(a)	2.05
(b)	13.02
(c)	13.02
§ 313(a)	7.11
(b)(1)	7.11
(b)(2)	7.11
(c)	7.11
(d)	7.11
§ 314(a)	4.03, 13.01, 13.04
(b)	Not Applicable
(c)(1)	13.03
(c)(2)	13.03
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	13.04
(f)	Not Applicable
§ 315(a)	7.01
(b)	7.05
(c)	7.01
(d)	7.01
(e)	6.11
§ 316(a)(last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	Not Applicable
(b)	6.07
(c)	2.12
§ 317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
§ 318(a)	13.17

Note: This reconciliation and tie shall not, for any purpose, be deemed to be part of the Indenture.

INDENTURE , dated as of [•], 2017, between Cornerstone OnDemand, Inc., a Delaware corporation (the " **Company** ," as more fully set forth in Section 1.01), and [U.S. Bank National Association], as trustee (the " **Trustee** ," as more fully set forth in Section 1.01).

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders (as defined below) of the Company's 5.75% Convertible Senior Notes due 2021 (the " **Securities** ").

ARTICLE 1

DEFINITIONS

Section 1.01. *Definitions.* The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01.

" **Affiliate** " means, with respect to a specified Person, any Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For this purpose, " **control** " shall mean the power to direct the management and policies of a Person through the ownership of securities, by contract or otherwise.

" **Applicable Calculation Date** " means the applicable date of calculation for (i) the Consolidated Total Debt Ratio or (ii) the Consolidated Net Debt Ratio.

" **Applicable Measurement Period** " means the most recently completed four consecutive fiscal quarters of the Company ending on or immediately preceding the Applicable Calculation Date for which internal financial statements are available; *provided* that prior to the first date financial statements have been furnished pursuant to Section 4.03, the Applicable Measurement Period in effect will be the period of four consecutive fiscal quarters of the Company ended [•], 2017.

" **Applicable Procedures** " means, with respect to any transfer or exchange of or for the beneficial interests in any Global Security, the rules and procedures of the Depository that apply to such transfer or exchange.

" **Bankruptcy Custodian** " means any receiver, trustee, liquidator or similar official under any Bankruptcy Law.

" **Bankruptcy Law** " means Title 11, U.S. Code or any similar U.S. Federal or State law for the relief of debtors, or any analogous foreign law applicable to the Company or its Subsidiaries, as the case may be.

" **Board of Directors** " means the board of directors of the Company or any committee thereof authorized to act for it.

“ **Board Resolution** ” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“ **Business Day** ” means any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York is authorized or required by law or executive order to close or be closed.

“ **Capital Stock** ” of any Person means any and all shares, interests, participations or other equivalents (however designated) of capital stock of such Person and all warrants or options to acquire such capital stock.

“ **Cash and Cash Equivalents** ” means (i) unrestricted cash and cash equivalents, as defined in accordance with GAAP, and (ii) unrestricted securities of the following types: commercial paper, certificates of deposit, guaranteed investment contracts and repurchase agreements where the obligor to the Company is rated A (or equivalent rating) or above by Fitch, S&P or Moody’s (or in the case of commercial paper, rated P-1 or higher by Moody’s or A-1 or higher by S&P).

“ **Change in Control** ” shall be deemed to have occurred at such time as:

(a) any “person” or “group” (as those terms are used in Sections 13(d) and 14(d) of the Exchange Act), files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect “beneficial owner” (as that term is used in Rule 13d-3 under the Exchange Act) of more than fifty percent (50%) of the total outstanding voting power of all classes of the Company’s Capital Stock entitled to vote generally in the election of directors (“ **Voting Stock** ”);

(b) the consummation of a sale, transfer, lease, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the consolidated property or assets of the Company and its Subsidiaries, taken as a whole, to any “person” or “group” (as those terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company and/or one or more of the Company’s direct or indirect Subsidiaries (for the avoidance of doubt a merger or consolidation of the Company with or into another Person is not subject to this clause (b));

(c) any transaction or series of related transactions is consummated in connection with which (whether by means of merger, exchange, liquidation, tender offer, consolidation, combination, reclassification, recapitalization, acquisition or otherwise) all or substantially all of the Common Stock are exchanged for, converted into, acquired for or constitutes solely the right to receive other securities, other property, assets or cash, but excluding the consummation of any merger, exchange, tender offer, consolidation or acquisition of the Company with or by another Person pursuant to which the Persons that “beneficially owned,” directly or indirectly, the shares of the Company’s Voting Stock immediately prior to such transaction “beneficially own,” directly or indirectly, immediately after such transaction, shares of the surviving, continuing or acquiring corporation’s Voting Stock representing at least a majority of the total outstanding voting power of all outstanding classes of Voting Stock of the surviving, continuing or acquiring corporation in substantially the same proportion relative to each other as such ownership immediately prior to such transaction, other than changes in proportionality as a result of any cash/stock election provided under the terms of the definitive agreement regarding such transaction; or

(d) the adoption of a plan relating to the Company's liquidation or dissolution.

Notwithstanding the foregoing, (x) any transaction that constitutes a Change in Control pursuant to both clause (a) and clause (c) shall be deemed a Change in Control solely under clause (c) above and (y) a transaction or transactions described in any of clause (a) through (c) above (including any merger of the Company solely for the purpose of changing the Company's jurisdiction of incorporation) shall not constitute a " **Change in Control** " if (i) at least ninety percent (90%) of the consideration received or to be received by holders of the Common Stock or Reference Property into which the Securities have become convertible pursuant to Section 10.11 (other than cash payments for fractional shares or pursuant to statutory appraisal rights) in connection with such transaction or transactions consists of common equity listed or quoted on The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) (or which will be so traded when issued or exchanged in connection with such consolidation or merger) and (ii) as a result of such transaction or transactions, the Securities become convertible or exchangeable for such consideration pursuant to Section 10.11.

" **Close of Business** " means 5:00 p.m., New York City time.

" **Closing Sale Price** " on any date means the per share price of the Common Stock on such date, determined (i) on the basis of the closing sale price per share (or if no closing sale price per share is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in the composite transactions for the Relevant Stock Exchange; or (ii) if the Common Stock is not listed on a U.S. national securities exchange on the relevant date, the last quoted bid price for the Common Stock on the relevant date, as reported by OTC Markets Group, Inc. or a similar organization; *provided* , *however* , that in the absence of any such report or quotation, the " **Closing Sale Price** " shall be the price determined by a nationally recognized independent investment banking firm retained by the Company for such purpose as most accurately reflecting the per share price that a fully informed buyer, acting on his own accord, would pay to a fully informed seller, acting on his own accord in an arm's-length transaction, for one share of Common Stock. The Closing Sale Price shall be determined without reference to after-hours or extended market trading.

" **Common Stock** " means the common stock, par value $0.0001 per share, of the Company at the date of this Indenture, subject to Section 10.11.

" **Company** " means the party named as such above until a successor replaces it pursuant to the applicable provision hereof and thereafter means the successor. The foregoing sentence shall likewise apply to any such successor or subsequent successor.

" **Company Order** " means a written request or order signed on behalf of the Company by an Officer and delivered to the Trustee.

" **Consolidated Adjusted EBITDA** " means with reference to any period, Consolidated Net Income for such period plus:

(i) to the extent deducted in determining Consolidated Net Income, depreciation, amortization, interest expense, income taxes, and stock-based compensation expense;

(ii) any items (regardless of whether any such item is positive or negative), to the extent such items are included as "Adjustments to Net Income (Loss)" in bridging from "GAAP Net Income (Loss)" to "non-GAAP Net Income (Loss)" in the Company's press release announcing the Company's financial results for such period; and

(iii) to the extent included in determining Consolidated Net Income, unrealized and realized non-cash gains or losses resulting from the impact of foreign currency changes on the valuation of assets and liabilities on the Company's balance sheet; and

minus, to the extent included as income in determining Consolidated Net Income, interest income and any extraordinary and other non-recurring gains of the Company and its Subsidiaries on a consolidated basis.

Consolidated Net Income will further be adjusted as follows to account for Accounting Standards Codification ("ASC") 842 and ASC 606:

(a) ASC 842: Consolidated Net Income will be determined on the basis of the accounting for lease obligations in place prior to the adoption of ASC 842.

(b) ASC 606: (A) for fiscal year 2018 and prior periods, Consolidated Net Income and the related adjustment above shall be the amount pertaining to the standards in place prior to the adoption of ASC 606 included in the footnotes to the consolidated financial statements of the Company included in the Company's most recent periodic report that the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, and (B) beginning with the first quarter of fiscal year 2019 and all subsequent periods, the amount of Net Income and related adjustments above shall be the amount included on the income statement included in the Company's most recent periodic report that the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

All the foregoing adjustments shall be made without duplication.

" **Consolidated Net Debt Ratio** " means, as of any date of determination, the ratio of (i) Consolidated Total Indebtedness of the Company and its Subsidiaries as of the Applicable Calculation Date *minus* the aggregate amount of Securities outstanding as of the Applicable Calculation Date *minus* all Cash and Cash Equivalents of the Company and its Subsidiaries determined on a consolidated basis to (ii) the Consolidated Adjusted EBITDA of the Company and its Subsidiaries for the Applicable Measurement Period.

" **Consolidated Net Income** " means, with reference to any period, the net income (or loss) of the Company and its Subsidiaries for such period, on a consolidated basis, *provided* that there shall be excluded any net income, gain or losses during such period from (i) any change in accounting principles in accordance with GAAP, (ii) any prior period adjustment resulting from any change in accounting principles in accordance with GAAP and (iii) any discontinued operations.

" **Consolidated Total Debt Ratio** " means, as of any date of determination, the ratio of (i) Consolidated Total Indebtedness of the Company and its Subsidiaries as of the Applicable Calculation Date *minus* the aggregate amount of Securities outstanding as of the Applicable Calculation Date to (ii) the Consolidated Adjusted EBITDA of the Company and its Subsidiaries for the Applicable Measurement Period.

" **Consolidated Total Indebtedness** " means, as at any date of determination, an amount equal to the aggregate principal amount of all outstanding Indebtedness of the Company and its Subsidiaries on a consolidated basis consisting of Indebtedness for borrowed money, unreimbursed drawings under letters of credit, Obligations in respect of Financing Lease Obligations and third-party debt obligations evidenced by promissory notes and similar instruments (and excluding, for the avoidance of doubt, (i) all undrawn amounts under revolving credit facilities, (ii) performance bonds or any similar instruments and (iii) lease obligations that are not Financing Lease Obligations), in each case determined on a consolidated basis in accordance with GAAP.

" **Conversion Date** " with respect to a Security means the date on which a Holder satisfies all the requirements for such conversion specified under Section 10.01(b).

" **Conversion Notice** " means a "Conversion Notice" in the form attached as Attachment 2 to the Form of Security attached hereto as Exhibit A.

" **Conversion Price** " means as of any date, $1,000 *divided by* the Conversion Rate as of such date.

" **Conversion Rate** " shall initially be [23.8095] [2] , subject to adjustment as provided in Article 10.

" **Corporate Trust Office of the Trustee** " means the principal office of the Trustee at which at any time this Indenture shall be administered, which office as of the date hereof is located at [633 West 5th Street, 24th Floor, Los Angeles, California 90071], Attention: [Corporate Trust Services (Cornerstone OnDemand, Inc.'s 5.75% Convertible Senior Notes due 2021)]. With respect to presentation for transfer or exchange, conversions or principal payment, such address shall be [633 West 5th Street, 24th Floor, Los Angeles, California 90071], Attention: [Corporate Trust Services (Cornerstone OnDemand, Inc.'s 5.75% Convertible Senior Notes due 2021)], or such other address as the Trustee may designate from time to time by written notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by written notice to the Holders and the Company).

[2] To be adjusted in the final indenture pursuant to Section 4.13 of the Investment Agreement, if applicable.

“ **Daily VWAP** ” means, for each Trading Day during the relevant period, the per share volume-weighted average price as displayed under the heading “Bloomberg VWAP” on Bloomberg page “[CSOD.Q <equity> AQR]”(or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one share of Common Stock on such Trading Day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by the Company). The “ **Daily VWAP** ” shall be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

“ **Default** ” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“ **Depository** ” means The Depository Trust Company, its nominees and successors.

“ **Ex Date** ” means the first date on which the Common Stock trades on the Relevant Stock Exchange, regular way, without the right to receive the issuance, dividend or distribution in question from the Company or, if applicable, from the seller of Common Stock on the Relevant Stock Exchange (in the form of due bills or otherwise) as determined by the Relevant Stock Exchange.

“ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“ **Financing Lease Obligation** ” means an obligation that is required to be accounted for as a financing or capital lease (and, for the avoidance of doubt, not an operating lease) on the balance sheet for financial reporting purposes in accordance with GAAP, adjusted for the impact of the adoption of ASC 842 expected to be effective January 1, 2019. At the time any determination thereof is to be made, the amount of the liability in respect of a financing or capital lease would be the amount required to be reflected as a liability on such balance sheet (excluding the footnotes thereto) in accordance with GAAP, before giving effect to the impact of the adoption of ASC 842.

“ **Fitch** ” means Fitch Rating Service, Inc. and any successor to its rating agency business.

“ **Fundamental Change** ” shall be deemed to occur upon the occurrence of either a Change in Control or a Termination of Trading.

“ **GAAP** ” means generally accepted accounting principles in the United States of America as in effect and, to the extent optional, adopted by the Company, on the Issue Date, consistently applied, except as set forth with respect to ASC 842 and ASC 606 in the foregoing definitions of Consolidated Adjusted EBITDA and Financing Lease Obligation.

Hedging Agreement ” means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement (any such master agreement, together with any related schedules, a “ **Master Agreement** ”), including any such obligations or liabilities under any Master Agreement.

“ **Hedging Obligations** ” means, with respect to any Person, the obligations of such Person under any Hedging Agreements.

“ **Holder** ” means a Person in whose name a Security is registered on the Registrar’s books.

“ **Indebtedness** ” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables, except as provided in clause (e) below), whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(c) in respect of banker’s acceptances;

(d) representing Financing Lease Obligations in respect of sale and leaseback transactions;

(e) representing the balance of deferred and unpaid purchase price of any property or services with a scheduled due date more than six months after such property is acquired or such services are completed, to the extent that such obligation has become a liability on the balance sheet of such Person in accordance with GAAP; or

(f) representing the net amount owing under any Hedging Obligations, if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP.

The amount of any Indebtedness outstanding as of any date will be the principal amount of such Indebtedness or, in respect of any Indebtedness guaranteed by the specified Person, the lesser of (i) the principal amount of such Indebtedness of such other Person and (ii) the maximum amount of such Indebtedness payable under the guarantee. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person; *provided* that the amount of such Indebtedness shall be deemed not to exceed the lesser of the amount secured by such Lien and the value of the Person's property securing such Lien.

" **Indenture** " means this Indenture as amended or supplemented from time to time.

" **Indirect Participant** " means a Person who holds a beneficial interest in a Global Security through a Participant.

" **Interest Payment Date** " means January 1 and July 1 of each year, beginning on January 1, 2018.

" **Investment Agreement** " means the Investment Agreement, dated as of [•], 2017, by and among Cornerstone OnDemand, Inc. and the other parties thereto.

" **Issue Date** " means [•], 2017. [3]

" **Lien** " means, with respect to any asset, any mortgage, lien (other than statutory liens that are not overdue by 30 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted), pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that in no event shall an operating lease (as determined prior to the adoption of ASC 842) be deemed to constitute a Lien.

" **Make-Whole Fundamental Change** " means an event described in the definition of Fundamental Change, after giving effect to any exceptions to or exclusions from the definition of Change in Control (including, without limitation, the exception described in the paragraph immediately following such clauses), but without regard to the exclusion set forth in clause (c) of the definition of Change in Control.

" **Market Disruption Event** " means, with respect to the Common Stock or any other security, (i) a failure by the Relevant Stock Exchange to open for trading during its regular trading session or (ii) the occurrence or existence for more than one-half hour period in the aggregate on any Scheduled Trading Day for Common Stock or such other security of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or otherwise) of the Common Stock or such other security or in any options contracts or future contracts relating to the Common Stock or such other security, and such suspension or limitation occurs or exists at any time before 1:00 p.m., New York City time, on such day.

[3] The Issue Date will be the Closing Date, as defined in the Investment Agreement.

“ **Maturity Date** ” means July 1, 2021.

“ **Moody’s** ” means Moody’s Investors Service, Inc. and any successor to its rating agency business.

“ **Obligations** ” means any principal, interest (including any interest accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers’ acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, premium, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

“ **Officer** ” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Legal Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary, or any Assistant Treasurer or Assistant Secretary of the Company.

“ **Officers’ Certificate** ” means a certificate signed by (i) by the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, the Chief Financial Officer or any of the Executive Vice Presidents or Senior Vice Presidents of the Company, and (ii) by the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary or any of the Vice Presidents of the Company, delivered to the Trustee.

“ **Open of Business** ” means 9:00 a.m., New York City time.

“ **Opinion of Counsel** ” means a written opinion that meets the requirements of Section 13.04 from legal counsel who may be an employee of or counsel for the Company, or other counsel, including counsel for the transferor or transferee, reasonably acceptable to the Trustee.

“ **Person** ” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or other agency or political subdivision thereof.

“ **Physical Security** ” means permanent certificated Securities in registered non-global form issued in denominations of $1,000 principal amount and integral multiples thereof.

“ **record date** ” means, unless the context requires otherwise, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock (or other security) have the right to receive any cash, securities or other property or in which Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of shareholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

“ **Record Date** ” for interest payable in respect of any Security on any Interest Payment Date means, the December 15 or June 15 (whether or not a Business Day), as the case may be, immediately preceding such Interest Payment Date.

“ **Relevant Stock Exchange** ” means The NASDAQ Global Select Market or, if the Common Stock (or other security for which the Closing Sale Price must be determined) is not then listed on The NASDAQ Global Select Market, the principal other U.S. national securities exchange or market on which the Common Stock (or such other security) is then listed.

“ **Repurchase Notice** ” means a “Repurchase Notice” in the form attached as Attachment 3 to the form of Security attached hereto as Exhibit A.

“ **Responsible Officer** ” shall mean, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“ **Restricted Global Security** ” means a Global Security that bears the Security Private Placement Legend.

“ **Restricted Security** ” means a Security that constitutes a “restricted security” within the meaning of Rule 144(a)(3) under the Securities Act until such time as such Security is freely tradable by a Person who is not (and has not been for the three months preceding the applicable transfer) an “affiliate” (as defined in such rule) pursuant to such rule. Each of the Securities issued on the Issue Date that bear the Security Private Placement Legend shall be Restricted Securities as of the Issue Date.

“ **S&P** ” means Standard & Poor’s Rating Services, a division of McGraw-Hill Financial, Inc., and any successor to its rating agency business.

“ **Scheduled Trading Day** ” means a day that is scheduled to be a Trading Day on the Relevant Stock Exchange. If the Common Stock is not listed on any U.S. national securities exchange, “ **Scheduled Trading Day** ” means a Business Day.

“ **SEC** ” means the Securities and Exchange Commission.

“ **Securities Act** ” means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“ **Securities Agent** ” means any Registrar, Paying Agent or Conversion Agent.

“ **Significant Subsidiary** ” means any Subsidiary of a Person that would be a “Significant Subsidiary” of the Person within the meaning of Article 1, Rule 1-02(w) under Regulation S-X under the Exchange Act; *provided* that, in the case of a Subsidiary that meets the criteria of clause (3) of such definition of “significant subsidiary” but not clause (1) or (2) of such definition, such Subsidiary shall not be deemed to be a Significant Subsidiary unless such Subsidiary’s income from continuing operations before income taxes, extraordinary items and cumulative effect of changes in accounting principles exclusive of amounts attributable to any non-controlling interests for the last completed fiscal year prior to the date of such determination exceeds $50,000,000.

“ **SL Securities** ” [means any Global Securities or any temporary Securities in which one or more members of the Silver Lake Group (as defined in the Investment Agreement) has a beneficial interest or any Physical Securities held in the name of any member of the Silver Lake Group.] [4] [means (a) any Restricted Global Securities identified by CUSIP number [•] and ISIN number [•] pursuant to Section 2.13, (b) any Unrestricted Global Securities identified by CUSIP number [•] and ISIN number [•] pursuant to Section 2.13, (c) any Physical Securities held in the name of any member of the Silver Lake Group (as defined in the Investment Agreement) and (d) any temporary Securities issued in exchange for or in lieu of the Securities referred to in clauses (a), (b) or (c) in which one or more members of the Silver Lake Group has a beneficial interest.] [5]

“ **Subsidiary** ” of any Person means any corporation, association, partnership or other business entity of which more than fifty percent (50%) of the total voting power of the shares, interests, participations or other equivalents (however designated) of Capital Stock ordinarily entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, trustees or other voting members of the governing body thereof is at the time owned or controlled, directly or indirectly, by (a) such Person, (b) such Person and one or more Subsidiaries of such Person or (c) one or more Subsidiaries of such Person.

“ **Termination of Trading** ” shall be deemed to occur if the Common Stock (or other common equity into which the Securities are then convertible) is not listed for trading on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors).

“ **TIA** ” means the Trust Indenture Act of 1939, as amended and in effect from time to time.

“ **Trading Day** ” means a day on which (i) there is no Market Disruption Event, (ii) trading in the Common Stock generally occurs on the Relevant Stock Exchange or, if the Common Stock is not then listed on a U.S. national securities exchange, on the principal other market on which the Common Stock is then traded, and (iii) a Closing Sale Price for the Common Stock is available on such securities exchange or market; *provided* that if the Common Stock (or other security for which a Closing Sale Price must be determined) is not so listed or traded, “ **Trading Day** ” means a Business Day.

[4] To be used if the Securities are initially issued in physical form.

[5] To be used if the Securities are initially issued in global form.

“ **Trustee** ” means the party named as such in this Indenture until a successor replaces it in accordance with the provisions hereof and thereafter means the successor. The foregoing sentence shall likewise apply to any such successor or subsequent successor.

“ **Unrestricted Global Security** ” means a Global Security that does not bear the Security Private Placement Legend.

Section 1.02. *Other Definitions* .

Term	Defined in Section
“Additional Interest”	4.03(e)
“Applicable Price”	10.14(d)
“Authorized Officers”	13.01(c)
“Clause A Distribution”	10.06(c)
“Clause B Distribution”	10.06(c)
“Clause C Distribution”	10.06(c)
“Common Stock Private Placement Legend”	2.17(b)
“Conversion Agent”	2.03
“Conversion Obligation”	10.01(a)
“Distributed Property”	10.06(c)
“Effective Date”	10.14(a)
“Electronic Means”	13.01(c)
“Event of Default”	6.01
“Fundamental Change Notice”	3.01(b)
“Fundamental Change Repurchase Date”	3.01(a)
“Fundamental Change Repurchase Price”	3.01(a)
“Fundamental Change Repurchase Right”	3.01(a)
“Global Securities”	2.01
“Instructions”	13.01(c)
“Make-Whole Applicable Increase”	10.14(b)
“Make-Whole Conversion Period”	10.14(a)
“Master Agreement”	1.01 (Definition of “Hedging Agreement”)
“Merger Event”	10.11
“Participants”	2.15(a)
“Paying Agent”	2.03
“Reference Property”	10.11
“Registrar”	2.03
“Repurchase Upon Fundamental Change”	3.01(a)
“Resale Restriction Termination Date”	2.17(a)
“Securities”	Preamble
“Security Private Placement Legend”	2.17
“Special Interest”	6.01(j)
“Spin-Off”	10.06(c)
“Trigger Event”	10.06(c)
“Valuation Period”	10.06(c)
“Voting Stock”	1.01 (Definition of “Change in Control”)

Section 1.03. *Rules of Construction* . Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with U.S. generally accepted accounting principles in effect from time to time;

(iii) "or" is not exclusive;

(iv) "including" means "including without limitation";

(v) words in the singular include the plural and in the plural include the singular;

(vi) provisions apply to successive events and transactions;

(vii) the term "principal" means the principal of any Security payable under the terms of such Securities, unless the context otherwise requires;

(viii) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision of this Indenture;

(ix) references to currency shall mean the lawful currency of the United States of America, unless the context requires otherwise; and

(x) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified.

Section 1.04. *Incorporation by Reference of Trust Indenture Act* . Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Securities.

"indenture security holder" means a holder of the Securities.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company and any successor obligor upon the Securities.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA and not otherwise defined herein are used herein as so defined.

Section 1.05. *References to Interest* . Unless the context otherwise requires, any reference to interest on, or in respect of, any Security in this Indenture shall be deemed to include Additional Interest and Special Interest if, in such context, Additional Interest and/or Special Interest is, was or would be payable. Unless the context otherwise requires, any express mention of Additional Interest or Special Interest in any provision hereof shall not be construed as excluding Additional Interest or Special Interest, as the case may be, in those provisions hereof where such express mention is not made.

ARTICLE 2

THE SECURITIES

Section 2.01. *Form and Dating.* The Securities and the Trustee's certificate of authentication shall be substantially in the form set forth in Exhibit A, which is incorporated in and forms a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage; *provided* that such notations, legends or endorsements are in a form acceptable to the Company. Each Security shall be dated the date of its authentication.

So long as the Securities, or portion thereof, are eligible for book-entry settlement with the Depository, unless otherwise required by law, subject to Section 2.15, such Securities may be represented by one or more Securities in global form registered in the name of the Depository or the nominee of the Depository (" **Global Securities** "). The transfer and exchange of beneficial interests in any such Global Securities shall be effected through the Depository in accordance with this Indenture and the Applicable Procedures. Except as provided in Section 2.15, beneficial owners of a Global Security shall not be entitled to have certificates registered in their names, will not receive or be entitled to receive Physical Securities and such beneficial owners will not be considered Holders of such Global Security.

(a) *Initial Securities* . The Securities shall be issued initially in the form of [Physical][Global] Securities and, if applicable, bearing any legends required by Section 2.17. Physical Securities may be issued in exchange for Global Securities solely pursuant to Section 2.15. Physical Securities may be exchanged for interests in a Global Security pursuant to Section 2.06.

(b) *Global Securities Generally* . Any Global Securities shall represent such of the outstanding Securities as shall be specified therein and shall provide that it shall represent the aggregate amount of outstanding Securities from time to time endorsed thereon and that the aggregate amount of outstanding Securities represented thereby may from time to time be increased or reduced to reflect issuances, repurchases, conversions, transfers or exchanges permitted hereby. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the amount of outstanding Securities represented thereby shall be made by the Trustee or the custodian for the Global Security, at the written direction of the Trustee, in such manner and upon instructions given by the Holder of such Securities in accordance with this

Indenture. Payment of principal of, and interest on, any Global Securities (including the Fundamental Change Repurchase Price, if applicable) shall be made to the Depository in immediately available funds. The Company initially appoints the Trustee to act as the Depository's custodian with respect to the Global Securities. The Company has entered into a letter of representations with the Depository in the form provided by the Depository and the Trustee and each Securities Agent are hereby authorized to act in accordance with such letter and the Applicable Procedures.

Section 2.02. *Execution and Authentication.* One duly authorized Officer shall sign the Securities for the Company by manual or facsimile signature.

A Security's validity shall not be affected by the failure of an Officer whose signature is on such Security to hold, at the time the Security is authenticated, the same office at the Company.

A Security shall not be valid until duly authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

Upon a Company Order, the Trustee shall authenticate Securities for original issue in the aggregate principal amount of $300,000,000. The aggregate principal amount of Securities outstanding at any time may not exceed $300,000,000, subject to the immediately succeeding paragraph and except for Securities authenticated and delivered in lieu of lost, destroyed or wrongfully taken Securities pursuant to Section 2.07.

The Company may not, without the consent of Holders of one hundred percent (100%) in aggregate principal amount of the outstanding Securities, increase the aggregate principal amount of Securities by issuing additional Securities in the future (except for Securities authenticated and delivered upon registration of transfer or exchange for or in lieu of other Securities pursuant to Sections 2.06, 2.07, 2.10, 2.15, 2.16, 2.17, 3.01(h) and 10.02(f)).

Upon a Company Order, the Trustee shall authenticate Securities, including Securities not bearing the Security Private Placement Legend, to be issued to the transferees when sold pursuant to an effective registration statement under the Securities Act as set forth in Section 2.16(b) or when not otherwise required under this Indenture to bear the Security Private Placement Legend.

The Trustee shall act as the initial authenticating agent. Thereafter, the Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such authenticating agent. An authenticating agent so appointed has the same rights as a Securities Agent to deal with the Company and its Affiliates.

If a Company Order pursuant to this Section 2.02 has been, or simultaneously is, delivered, then any instructions by the Company to the Trustee with respect to endorsement, delivery or redelivery of a Security that is a Global Security shall be in writing. The Securities shall be issuable only in registered form without interest coupons and only in minimum denominations of $1,000 principal amount and any integral multiple thereof.

Section 2.03. *Registrar, Paying Agent and Conversion Agent.* The Company shall maintain, or shall cause to be maintained, (i) an office or agency where Securities may be presented for registration of transfer or for exchange (" **Registrar** "), (ii) an office or agency where Securities may be presented for payment (" **Paying Agent** ") and (iii) an office or agency where Securities may be presented for conversion (" **Conversion Agent** "). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may appoint or change one or more co-registrars, one or more additional paying agents and one or more additional conversion agents, subject to providing written notification to the Trustee of any such new registrar, paying agent or conversion agent, and may act in any such capacity on its own behalf. The term " **Registrar** " includes any co-registrar; the term " **Paying Agent** " includes any additional paying agent; and the term " **Conversion Agent** " includes any additional conversion agent.

The Company shall use reasonable best efforts to enter into an appropriate agency agreement with any Securities Agent not a party to this Indenture, if any. Such agency agreement, if any, shall implement the provisions of this Indenture that relate to such Securities Agent. The Company shall notify the Trustee in writing of the name and address of any Securities Agent not a party to this Indenture. If the Company fails to maintain an entity other than the Trustee as Registrar, Paying Agent or Conversion Agent, the Trustee shall act as such.

The Company initially appoints the Trustee as Paying Agent, Registrar and Conversion Agent.

Section 2.04. *Paying Agent to Hold Money in Trust* . Each Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all moneys held by the Paying Agent for the payment of the Securities, and shall notify the Trustee in writing of any Default by the Company in making any such payment. While any such Default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and account for any funds so paid by it. Upon payment over to the Trustee, the Paying Agent shall have no further liability for such money. If the Company acts as Paying Agent, it shall segregate and hold as a separate trust fund all money held by it as Paying Agent; *provided* that the Company may not act as Paying Agent upon the occurrence and continuance of an Event of Default.

Section 2.05. *Holder Lists* . The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders and shall otherwise comply with Section 312(a) of the TIA. If the Trustee is not the Registrar, the Company shall furnish, or shall cause to be furnished, to the Trustee before each Interest Payment Date and at such other times as the Trustee may request in writing a list, in such form and as of such date as the Trustee may reasonably require, of the names and addresses of Holders appearing in the security register of the Registrar and the Company shall otherwise comply with Section 312(a) of the TIA.

Section 2.06. *Transfer and Exchange.* (a) Subject to Section 2.15 and Section 2.16, where Securities are presented to the Registrar with a request to register their transfer or to exchange them for an equal principal amount of Securities of other authorized denominations, the Registrar shall register the transfer or make the exchange if its requirements under this Indenture for such transaction are met. To permit registrations of such transfers and exchanges, the Trustee shall authenticate Securities at the Registrar's request or upon the Trustee's receipt of a Company Order therefor. The Company, the Registrar or the Trustee, as the case may be, shall not be required to register the transfer or exchange of any Security for which a Repurchase Notice has been delivered, and not withdrawn, in accordance with this Indenture, except if the Company has defaulted in the payment of the Fundamental Change Repurchase Price with respect to such Security or to the extent that a portion of such Security is not subject to such Repurchase Notice.

No service charge shall be made for any transfer, exchange or conversion of Securities, but the Company and the Trustee may require payment of a sum sufficient to cover any documentary, stamp, issue or transfer tax or similar governmental charge that may be imposed in connection with any transfer, exchange or conversion of Securities, other than exchanges pursuant to Section 2.07, Section 2.10, Section 3.01, Section 9.04 or Section 10.02, in each case, not involving any transfer.

(b) *Exchanges of Physical Securities for Beneficial Interests in Global Securities* . A Holder may request a transfer or exchange of a Physical Security for a beneficial interest in a Global Security and the Company shall use commercially reasonable efforts to cause the Physical Securities to be eligible for book-entry settlement with the Depository, if upon such transfer or exchange such interest could be held in an Unrestricted Global Security. If and when the Company is successful in causing the Physical Securities to be eligible for book-entry settlement with the Depository a holder may transfer or exchange a Physical Security for a beneficial interest in a Global Security by (i) surrendering such Physical Security for registration of transfer or exchange, together with any endorsements or instruments of transfer required by any of the Company, the Trustee or the Registrar, at any office or agency maintained by the Company for such purposes pursuant to Section 4.02; (ii) if such Physical Security is a Restricted Security, delivering any documentation required by Section 2.16; (iii) complying with Section 2.16(e), if applicable, (iv) satisfying all other requirements for such transfer set forth in this Section 2.06 and Section 2.15; and (v) providing written instructions to the Trustee to make, or to direct the Registrar to make, an adjustment in its books and records with respect to the applicable Global Security to reflect an increase in the aggregate principal amount of the Securities represented by such Global Security, which instructions will contain information regarding the Depository account to be credited with such increase. Upon the satisfaction of conditions (i), (ii), (iii), (iv) and (v), as applicable, the Trustee will cancel such Physical Security and cause, in accordance with the Applicable Procedures, the aggregate principal amount of Securities represented by such Global Security to be increased by the aggregate principal amount of such Physical Security, and will credit or cause to be credited the account of the Person specified in the instructions provided by the exchanging Holder in an amount equal to the aggregate principal amount of such Physical Security. If no Global Securities are then outstanding, the Company, in accordance with Section 2.02, will promptly execute and deliver to the Trustee, and the Trustee, upon receipt of a Company Order and in accordance with Section 2.02, will authenticate, a new Global Security in the appropriate aggregate principal amount.

Section 2.07. *Replacement Securities.* If the Holder of a Security claims that the Security has been mutilated, lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate, at the Holder's expense, a replacement Security upon surrender to the Trustee of the mutilated Security, or upon delivery to the Trustee of evidence of the loss, destruction or theft of the Security satisfactory to the Trustee and the Company. In the case of a lost, destroyed or wrongfully taken Security, if required by the Trustee or the Company, indemnity (including in the form of a bond) must be provided by the Holder that is reasonably satisfactory to the Trustee and the Company to indemnify and hold harmless the Company, the Trustee or any Securities Agent from any loss that any of them may suffer if such Security is replaced.

In case any such mutilated, lost, destroyed or wrongfully taken Security has become due and payable, the Company in its discretion may, instead of issuing a new Security, pay the amounts due in respect of such Security as provided hereunder.

Every replacement Security is an additional obligation of the Company only as provided in Section 2.08.

Section 2.08. *Outstanding Securities.* Securities outstanding at any time are all the Securities authenticated by the Trustee except for those converted, those cancelled by it, those delivered to it for cancellation and those described in this Section 2.08 as not outstanding. Except to the extent provided in Section 2.09, a Security does not cease to be outstanding because the Company or one of its Subsidiaries or Affiliates holds the Security.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it, or a court holds, that the replaced Security is held by a protected purchaser.

If the Paying Agent (in the case of a Paying Agent other than the Company) holds, as of 11:00 a.m. New York City time on a Fundamental Change Repurchase Date or the Maturity Date, money sufficient to pay the aggregate Fundamental Change Repurchase Price or principal amount (plus accrued and unpaid interest, if any), as the case may be, with respect to all Securities to be repurchased or paid on such Fundamental Change Repurchase Date or the Maturity Date, as the case may be, in each case, payable as herein provided on such Fundamental Change Repurchase Date or the Maturity Date, then (unless there shall be a Default in the payment of such aggregate Fundamental Change Repurchase Price or principal amount, or of such accrued and unpaid interest), except as otherwise provided herein, on and after such date such Securities shall be deemed to be no longer outstanding, interest on such Securities shall cease to accrue, and such Securities shall be deemed to be paid whether or not such Securities are delivered to the Paying Agent. Thereafter, all rights of the Holders of such Securities shall terminate with respect to such Securities, other than the right to receive the Fundamental Change Repurchase Price or principal amount, as the case may be, plus, if applicable, such accrued and unpaid interest in accordance with this Indenture. For the avoidance of doubt, any Securities that are not submitted by a Holder for a Repurchase Upon Fundamental Change pursuant to Section 3.01 shall remain outstanding and shall be unaffected by this paragraph.

If a Security is converted in accordance with Article 10 then, from and after the time of such conversion on the Conversion Date, such Security shall cease to be outstanding, and interest, if any, shall cease to accrue on such Security unless there shall be a Default in the payment or delivery of the consideration payable and/or deliverable hereunder upon such conversion (except that any such Security will remain outstanding solely for the purpose of receiving any interest or other amounts due following such conversion as set forth in this Indenture).

Section 2.09. *Securities Held by the Company or an Affiliate.* In determining whether the Holders of the required aggregate principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or any of its Subsidiaries or Affiliates shall be considered as though not outstanding, except that, for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be considered to be outstanding for purposes of this Section 2.09 if the pledgee establishes, to the satisfaction of the Trustee, the pledgee's right so to concur with respect to such Securities and that the pledgee is not, and is not acting at the direction or on behalf of, the Company, any other obligor on the Securities, an Affiliate of the Company or an Affiliate of any such other obligor. In case of a dispute as to whether the pledgee has established the foregoing, any decision by the Trustee taken upon the advice of counsel shall provide full protection to the Trustee. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Securities, if any, known by the Company to be owned or held by or for the account of any of the above described Persons; and the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities not listed therein are outstanding for the purpose of any such determination. Notwithstanding Section 316(a)(1) of the TIA (which, for the avoidance of doubt, shall not apply to this Indenture until this Indenture is qualified under the TIA) or anything herein to the contrary, to the fullest extent permitted by law, no SL Securities shall be deemed to be owned by the Company or any of its Subsidiaries or Affiliates for purposes of this Indenture, the Securities and any direction, waiver or consent with respect thereto.

Section 2.10. *Temporary Securities.* Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall, upon receipt of a Company Order therefor, authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee, upon receipt of a Company Order therefor, shall authenticate definitive Securities in exchange for temporary Securities. Until so exchanged, each temporary Security shall in all respects be entitled to the same benefits under this Indenture as definitive Securities, and such temporary Security shall be exchangeable for definitive Securities in accordance with the terms of this Indenture.

Section 2.11. *Cancellation.* The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar, Paying Agent and Conversion Agent shall forward to the Trustee any Securities surrendered to them for transfer, exchange, payment or conversion. The Trustee shall promptly cancel all Securities surrendered for transfer, exchange, payment, conversion or cancellation in accordance with its customary procedures. The Company may not issue new Securities to replace Securities that it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article 10. All cancelled Securities held by the Trustee shall be disposed of in accordance with its customary procedure for the disposal of cancelled securities.

Section 2.12. *Defaulted Interest.* If, and to the extent, the Company defaults in a payment of interest on the Securities, the Company shall pay in cash the defaulted interest in any lawful manner plus, to the extent not prohibited by applicable statute or case law, interest on such defaulted interest at the rate provided in the Securities. The Company may pay the defaulted interest (plus interest on such defaulted interest) to the Persons who are Holders on a subsequent special record date. The Company shall fix such special record date and payment date. At least fifteen (15) calendar days before the special record date, the Company shall send to Holders a notice that states the special record date, payment date and amount of interest to be paid. Upon the due payment in full, interest shall no longer accrue on such defaulted interest pursuant to this Section 2.12.

Section 2.13. *CUSIP Numbers.* The Company in issuing the Securities may use one or more "CUSIP" numbers, and, if so, the Trustee shall use the CUSIP numbers in notices as a convenience to Holders; *provided* , *however* , that no representation is hereby deemed to be made by the Trustee as to the correctness or accuracy of the CUSIP numbers printed on the notice or on the Securities; and *provided further* that reliance may be placed only on the other identification numbers printed on the Securities, and the effectiveness of any such notice shall not be affected by any defect in, or omission of, such CUSIP numbers. The Company shall promptly notify the Trustee in writing of any change in the CUSIP numbers.

[On the Issue Date, the Securities shall initially bear the CUSIP and ISIN numbers set forth in the following sentence. The CUSIP and ISIN numbers for the SL Securities that are Restricted Global Securities shall be [•] and [•], respectively; the CUSIP and ISIN numbers for the SL Securities that are Unrestricted Global Securities shall be [•] and [•], respectively; the CUSIP and ISIN numbers for Restricted Global Securities other than SL Securities shall be [•] and [•], respectively; and the CUSIP and ISIN numbers for Unrestricted Global Securities other than SL Securities shall be [•] and [•], respectively.] [6]

Section 2.14. *Deposit of Moneys.* Prior to 11:00 a.m., New York City time, on each Interest Payment Date, the Maturity Date or any Fundamental Change Repurchase Date, the Company shall deposit with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust in accordance with Section 2.04) money, in funds immediately available on such date, sufficient to make cash payments, if any, due on such Interest Payment Date, the Maturity Date or such Fundamental Change Repurchase Date, as the case may be, in a timely manner which permits the Paying Agent to remit payment to the Holders on such Interest Payment Date, the Maturity Date or such Fundamental Change Repurchase Date, as the case may be.

[6] In the event Global Securities are issued, CUSIPs/ISINs for each type of Security to be included.

If any Interest Payment Date, the Maturity Date or any Fundamental Change Repurchase Date falls on a date that is not a Business Day, the payment due on such Interest Payment Date, the Maturity Date or such Fundamental Change Repurchase Date, as the case may be, shall be postponed until the next succeeding Business Day, and no interest or other amount shall accrue as a result of such postponement.

Section 2.15. *Book-Entry Provisions for Global Securities.* (a) Global Securities initially shall (i) be registered in the name of the Depository, its successors or their respective nominees, (ii) be delivered to the Trustee as custodian for the Depository, its successors or their respective nominees, as the case may be, and (iii) bear the legends such Global Securities are required to bear under Section 2.17.

Members of, or participants in, the Depository (" **Participants** ") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository, or the Trustee as its custodian, or under the Global Security, and the Depository (or its nominee) may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of the Global Security for all purposes whatsoever; *provided* , *however* , that each SL Security that is a Global Security shall be subject to the rights under Section 9.02 and Section 10.02(c) of the beneficial owners of such SL Security. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, any Securities Agent or any of their respective agents from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and Participants, the operation of customary practices governing the exercise of the rights of a Holder of any Security.

(b) Except as otherwise set forth in this Section 2.15 or Section 2.16, transfers of Global Securities shall be limited to transfers in whole, but not in part, to the Depository, its successors or their respective nominees. In addition, one or more Physical Securities shall be transferred to each owner of a beneficial interest in a Global Security, as identified by the Depository, in exchange for its beneficial interest in the Global Securities if (i) the Depository notifies the Company that the Depository is unwilling or unable to continue as depository for any Global Security, or the Depository ceases to be a "clearing agency" registered under Section 17A of the Exchange Act, and, in either case, a successor Depository is not appointed by the Company within ninety (90) days of such notice or cessation or (ii) an Event of Default has occurred and is continuing and the Registrar has received a written request from the beneficial owner (via the Depository) of the relevant Securities to issue Physical Securities. For the avoidance of doubt, if any event described in clause (i) of the immediately preceding sentence occurs, any owner of a beneficial interest in any Global Security will be entitled to receive one or more Physical Securities in exchange for its beneficial interest or interests in the Global Securities, and if any event described in clause (ii) of the immediately preceding sentence occurs, only the beneficial owner that has made a written request to the Registrar (via the Depository) will be entitled to receive one or more Physical Securities in exchange for its beneficial interest or interests in the Global Securities. The Company may also exchange beneficial interests in a Global Security for one or more Physical Securities registered in the name of the owner of beneficial interests if the Company and the owner of such beneficial interests agree to so exchange.

(c) The transfer and exchange of beneficial interests in the Global Securities shall be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Transfers of beneficial interests in the Global Securities also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as, to the extent applicable, the other provisions of this Section 2.15(c) that follow:

(i) *Transfer of Beneficial Interests in the Same Global Security* . Beneficial interests in any Restricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Security (or a Restricted Global Security with the same CUSIP number) in accordance with the transfer restrictions set forth in the Security Private Placement Legend. Beneficial interests in any Unrestricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this clause (i).

(ii) *All Other Transfers and Exchanges of Beneficial Interests in Global Securities* . In connection with all transfers and exchanges of a beneficial interest in a Global Security that are not addressed by Section 2.15(c)(i), there must be delivered (A) such instruction or order from a Participant or an Indirect Participant to the Depository, as may be required by the Applicable Procedures, directing the Depository to credit or cause to be credited a beneficial interest in another Global Security in an amount equal to the beneficial interest to be transferred or exchanged and (B) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in a Global Security contained in this Indenture, the Trustee shall adjust the principal amount of the Global Securities pursuant to Section 2.15(d).

(iii) *Transfer and Exchange of Beneficial Interests in a Restricted Global Security for Beneficial Interests in an Unrestricted Global Security* . A beneficial interest in any Restricted Global Security may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Security or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security if the exchange or transfer complies with the requirements of this Section 2.15(c) and the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Security, a certificate from such Holder substantially in the form of Exhibit E; or

(B) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security, a certificate from such holder in the form of Exhibit D;

and, in each such case set forth in this clause (iii), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that no registration under the Securities Act is required in connection with such exchange or transfer of beneficial interests to the relevant Person or in connection with any re-sales of the beneficial interests in the Unrestricted Global Security that are beneficially owned by such Person on the date of such opinion.

Beneficial interests in an Unrestricted Global Security cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Security.

(iv) *Transfer and Exchange of Beneficial Interests in one Restricted Global Security for Beneficial Interests in another Restricted Global Security* . A beneficial interest in any Restricted Global Security may be exchanged by any holder thereof for a beneficial interest in a Restricted Global Security with a different CUSIP or different legends or transferred to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Security with a different CUSIP or different legends if the exchange or transfer complies with the requirements of this Section 2.15(c) and the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a beneficial interest in a Restricted Global Security with a different CUSIP or different legends, a certificate from such Holder substantially in the form of Exhibit E; or

(B) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in a Restricted Global Security with a different CUSIP or different legends, a certificate from such holder in the form of Exhibit D.

Notwithstanding the foregoing or anything to the contrary provided herein, a holder of a beneficial interest in a Security that is not an SL Security may not exchange or transfer such beneficial interest for a beneficial interest in an SL Security.

(d) At such time as all beneficial interests in a particular Global Security have been exchanged for Physical Securities or a particular Global Security has been repurchased or canceled in whole and not in part, each such Global Security shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security or for Physical Securities, the principal amount of Securities represented by such Global Security shall be reduced accordingly and an endorsement shall be made on such Global Security by the Trustee or by the Depository at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security, such other Global Security shall be increased accordingly and an endorsement shall be made on such Global Security by the Trustee or by the Depository at the direction of the Trustee to reflect such increase.

(e) In connection with the transfer of a Global Security in its entirety to beneficial owners pursuant to Section 2.15(b), such Global Security shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall upon written instructions from the Company authenticate and deliver, to each beneficial owner identified by the Depository in exchange for its beneficial interest in such Global Security, an equal aggregate principal amount of Physical Securities of authorized denominations.

(f) Any Physical Security delivered in exchange for an interest in a Global Security pursuant to Section 2.15(b), shall bear the same legend(s), if any, from Exhibit B-1A that are borne by the relevant Global Security, except to the extent the requirements of Section 2.15(c)(iii) or Section 2.15(c)(iv) are satisfied with respect to the removal or addition of any legend, *mutatis mutandis* for the fact that a Physical Security is being issued rather than a beneficial interest in a Global Security.

(g) The Holder of any Global Security may grant proxies and otherwise authorize any Person, including Participants and Persons that may hold interests through Participants, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(h) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on the transfer of any interest in any Securities imposed under this Indenture or under applicable law (including any transfers between or among Participants or beneficial owners of interests in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(i) Neither the Trustee nor any Securities Agent shall have any responsibility for any actions taken or not taken by the Depository.

(j) No service charge shall be made to or by a holder of a beneficial interest in a Global Security or to or by a Holder of a Physical Security for any registration of transfer or exchange.

(k) All Global Securities and Physical Securities issued upon any registration of transfer or exchange of Global Securities or Physical Securities shall evidence the same debt of the Company and entitled to the same benefits under this Indenture, as the Global Securities or Physical Securities surrendered upon such registration of transfer or exchange.

(l) Prior to due presentment for the registration of a transfer of any Security, the Trustee and the Company may deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Securities and, subject to Section 2.09, for all other purposes, and neither of the Trustee or the Company shall be affected by notice to the contrary.

(m) Upon surrender for registration of transfer of any Security at the office or agency of the Company designated pursuant to Section 4.02, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more replacement Securities of any authorized denomination or denominations of a like aggregate principal amount.

(n) At the option of the Holder, Securities may be exchanged for other Securities of any authorized denomination or denominations of a like aggregate principal amount upon surrender of the Securities to be exchanged at such office or agency. Whenever any Global Securities or Physical Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and send, the replacement Global Securities and Physical Securities which the Holder making the exchange is entitled to in accordance with the provisions of Section 2.02.

(o) Neither the Trustee nor any Securities Agent shall have any responsibility or obligation to any beneficial owner of an interest in the Global Securities, an agent member of, or a participant in, the Depository or other person with respect to the accuracy of the records of the Depository or its nominees or of any Participant or member thereof, with respect to any ownership interest in the Global Securities or with respect to the delivery to any Participant, agent member, beneficial owner or other Person (other than the Depository) of any notice or the payment of any amount or delivery of any Securities (or other security or property) under or with respect to such Securities. The rights of beneficial owners in any Global Securities shall be exercised only through the Depository, subject to its applicable rules and procedures. The Trustee and each agent may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its agent members, Participants and any beneficial owners.

Section 2.16. *Special Transfer Provisions.* (a) Notwithstanding any other provisions of this Indenture, but except as provided in Section 2.15(b), a Global Security may not be transferred except as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(b) Upon the transfer, exchange or replacement of Securities not bearing the Security Private Placement Legend, unless the Company notifies the Trustee in writing otherwise, the Trustee shall deliver Securities that do not bear the Security Private Placement Legend. Upon the transfer, exchange or replacement of Securities bearing the Security Private Placement Legend, the Trustee shall deliver only Securities that bear the Security Private Placement Legend unless (i) the requested transfer, exchange or replacement is after the Resale Restriction Termination Date, (ii) there is delivered to the Trustee and the Company an Opinion of Counsel reasonably satisfactory to the Company and addressed to the Company to the effect that no registration under the Securities Act is required in connection with such transfer, exchange or replacement of such Securities in connection with any re-sales of such Securities on the date of such opinion or (iii) such Security has been sold pursuant to an effective registration statement under the Securities Act and the Holder selling such Securities has delivered to the Registrar a notice in the form of Exhibit C hereto.

(c) By its acceptance of any Security or any Common Stock bearing the Security Private Placement Legend or the Common Stock Private Placement Legend, each holder thereof acknowledges the restrictions on transfer of such security set forth in this Indenture and in the Security Private Placement Legend or Common Stock Private Placement Legend, as applicable, and agrees that it will transfer such security only as provided in this Indenture and as permitted by applicable law.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.15 or this Section 2.16 in accordance with its customary document retention policies. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

(d) The Company may, to the extent permitted by law, purchase the Securities in the open market or by tender offer at any price or by private agreement without giving prior notice to Holders. The Company may, at its option, surrender to the Trustee for cancellation any Securities the Company purchases in this manner. Securities surrendered to the Trustee for cancellation may not be reissued or resold and shall be promptly cancelled pursuant to Section 2.11.

(e) Any Physical Securities that are purchased or owned by the Company, any Subsidiary of the Company or any other Affiliate of the Company or its Subsidiaries may not be resold by the Company, such Subsidiary or such Affiliate in a transaction in which the transferee takes its interest in the form of a beneficial interest in a Global Security unless registered under the Securities Act or resold pursuant to an exemption from the registration requirements of the Securities Act in a transaction that results in such Securities no longer being Restricted Securities.

Section 2.17. *Restrictive Legends* .

(a) Each Global Security and Physical Security that constitutes a Restricted Security shall bear the legend (the " **Security Private Placement Legend** ") as set forth in Exhibit B-1A on the face thereof until the date such Securities no longer constitute Restricted Securities as reasonably determined by the Company in good faith and evidenced by an Officers' Certificate (such date, the " **Resale Restriction Termination Date** ").

No transfer of any Security prior to the Resale Restriction Termination Date will be registered by the Registrar unless the applicable box has been checked on the Form of Assignment attached as Attachment 1 to the Form of Security attached hereto as Exhibit A.

Any Security (or security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of such Security for exchange to the Trustee in accordance with the provisions of this Article 2, be exchanged for a new Security or Securities, of like tenor and aggregate principal amount, which shall not bear the Security Private Placement Legend required by this Section 2.17(a) and shall not be assigned a restricted CUSIP number. In addition, on and after the Resale Restriction Termination Date, upon the request of any Holder and upon surrender of its Security for

exchange, the Company shall exchange a Physical Security with the Security Private Placement Legend for a Physical Security without Security Private Placement Legend so long as the Holder covenants to the Company that it will offer, sell, pledge or otherwise transfer such Security in compliance with the Securities Act. The Company shall be entitled to instruct the Trustee in writing to cancel any Global Security as to which such restrictions on transfer shall have expired in accordance with their terms for exchange, and, upon such instruction, the Trustee shall provide evidence of cancellation of such Global Security; and any new Global Security exchanged therefor shall not bear the Security Private Placement Legend specified in this Section 2.17(a) and shall not be assigned a restricted CUSIP number. The Company shall promptly notify the Trustee in writing upon the occurrence of the Resale Restriction Termination Date and promptly after a registration statement, if any, with respect to the Securities or any Common Stock issued upon conversion of the Securities has been declared effective under the Securities Act.

(b) Until the Resale Restriction Termination Date, any stock certificate representing Common Stock issued upon conversion of such Security, if any, shall, if such shares constitute Restricted Securities at their time of issuance, bear the legend (the " **Common Stock Private Placement Legend** ") as set forth in Exhibit B-1B unless such Common Stock have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or have been sold pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company in writing.

(c) Each Global Security shall also bear the legend as set forth in Exhibit B-2.

(d) Each Security issued with "original issue discount" for United States federal income tax purposes shall also bear the legend as set forth in Exhibit B-3.

ARTICLE 3

REPURCHASE UPON A FUNDAMENTAL CHANGE

Section 3.01. *Repurchase at Option of Holder Upon a Fundamental Change.* (a) If a Fundamental Change occurs at any time prior to the Maturity Date, each Holder of Securities shall have the right (the " **Fundamental Change Repurchase Right** "), at such Holder's option, to require the Company to repurchase (a " **Repurchase Upon Fundamental Change** ") all of such Holder's Securities (or any portion thereof that is equal to $1,000 in principal amount or an integral multiple thereof), on a date selected by the Company (the " **Fundamental Change Repurchase Date** "), which shall be no later than thirty five (35) Business Days, and no earlier than twenty (20) Business Days (or as such period may be extended pursuant to Section 3.01(j)), after the date the Fundamental Change Notice is sent in accordance with Section 3.01(b), at a price, payable in cash, equal to one hundred percent (100%) of the principal amount of the Securities (or portion thereof) to be so repurchased, plus the sum of the amounts of all remaining scheduled interest payments through and including the Maturity Date (the " **Fundamental Change Repurchase Price** "), subject to satisfaction of the following conditions:

(i) delivery to the Company (if it is acting as its own Paying Agent), or to a Paying Agent designated by the Company for such purpose in the Fundamental Change Notice, no later than the Close of Business on the Business Day immediately preceding the Fundamental Change Repurchase Date, of a Repurchase Notice, in the form set forth in the Securities or any other form of written notice substantially similar thereto, in each case, duly completed and signed, with appropriate signature guarantee, stating:

(A) the certificate number(s) of the Securities that the Holder will deliver to be repurchased, if such Securities are Physical Securities;

(B) the principal amount of Securities to be repurchased, which must be $1,000 or an integral multiple thereof; and

(C) that such principal amount of Securities are to be repurchased pursuant to the terms and conditions specified in this Section 3.01; and

(ii) delivery to the Company (if it is acting as its own Paying Agent), or to a Paying Agent designated by the Company for such purpose in the Fundamental Change Notice, at any time after the delivery of such Repurchase Notice, of such Securities (together with all necessary endorsements) with respect to which the Fundamental Change Repurchase Right is being exercised, if such Securities are Physical Securities, or book-entry transfer of the Securities, if the Securities are Global Securities, in compliance with the Applicable Procedures;

provided , *however* , that if such Fundamental Change Repurchase Date is after a Record Date for the payment of an installment of interest and on or before the related Interest Payment Date, then the full amount of accrued and unpaid interest, if any, to, but excluding, such Interest Payment Date shall be paid on such Interest Payment Date to the Holder of record of such Securities at the Close of Business on such Record Date (without any surrender of such Securities by such Holder), and the Fundamental Change Repurchase Price shall not include such accrued but unpaid interest.

If such Securities are held in book-entry form through the Depository, the delivery of any Securities, Repurchase Notice, Fundamental Change Notice or notice of withdrawal pursuant to the second immediately succeeding paragraph shall comply with the Applicable Procedures.

Notwithstanding anything herein to the contrary, any Holder that has delivered the Repurchase Notice contemplated by this Section 3.01(a) to the Company (if it is acting as its own Paying Agent) or to a Paying Agent designated by the Company for such purpose in the Fundamental Change Notice shall have the right to withdraw such Repurchase Notice by delivery, at any time prior to the Close of Business on the Business Day immediately preceding the Fundamental Change Repurchase Date (or, if there shall be a Default in the payment of the Fundamental Change Repurchase, at any time during which such Default is continuing), of a written notice of withdrawal to the Company (if acting as its own Paying Agent) or the Paying Agent, which notice shall be delivered in accordance with, and contain the information specified in, Section 3.01(b)(x).

The Paying Agent shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

(b) On or before the 20th Business Day after the consummation of a Fundamental Change, the Company shall send, or cause to be sent, to all Holders of the Securities in accordance with Section 13.01 a notice (the " **Fundamental Change Notice** ") of the occurrence of such Fundamental Change and the Fundamental Change Repurchase Right arising as a result thereof. The Company shall deliver a copy of the Fundamental Change Notice to the Trustee at the time such notice is delivered to the Holders. Each Fundamental Change Notice shall state:

(i) the events causing the Fundamental Change;

(ii) the date of the Fundamental Change;

(iii) the Fundamental Change Repurchase Date;

(iv) the last date on which the Fundamental Change Repurchase Right may be exercised, which shall be the Business Day immediately preceding the Fundamental Change Repurchase Date;

(v) the Fundamental Change Repurchase Price;

(vi) the names and addresses of the Paying Agent and the Conversion Agent;

(vii) the procedures that a Holder must follow to exercise the Fundamental Change Repurchase Right;

(viii) that the Fundamental Change Repurchase Price for any Security as to which a Repurchase Notice has been given and not withdrawn will be paid no later than the later of such Fundamental Change Repurchase Date and the time of book-entry transfer or delivery of the Security (together with all necessary endorsements);

(ix) that, except as otherwise provided herein with respect to a Fundamental Change Repurchase Date that is after a Record Date for the payment of an installment of interest and on or before the related Interest Payment Date, on and after such Fundamental Change Repurchase Date (unless there shall be a Default in the payment of the Fundamental Change Repurchase Price), interest on Securities subject to Repurchase Upon Fundamental Change will cease to accrue, and all rights of the Holders of such Securities shall terminate, other than the right to receive, in accordance herewith, the Fundamental Change Repurchase Price;

(x) that a Holder will be entitled to withdraw its election in the Repurchase Notice prior to the Close of Business on the Business Day immediately preceding the Fundamental Change Repurchase Date, or such longer period as may be required by law, delivered in the same manner as the related Repurchase Notice was delivered and setting forth the name of such Holder, a statement that such Holder is withdrawing its election to have Securities purchased by the Company on such Fundamental Change Repurchase

Date pursuant to a Repurchase Upon Fundamental Change, the certificate number(s) of such Securities to be so withdrawn (if such Securities are Physical Securities), the principal amount of the Securities of such Holder to be so withdrawn, which amount must be $1,000 or an integral multiple thereof and the principal amount, if any, of the Securities of such Holder that remain subject to the Repurchase Notice delivered by such Holder in accordance with this Section 3.01, which amount must be $1,000 or an integral multiple thereof; *provided* , *however* , that if there shall be a Default in the payment of the Fundamental Change Repurchase Price, a Holder shall be entitled to withdraw its election in the Repurchase Notice at any time during which such Default is continuing;

(xi) the Conversion Rate and any adjustments to the Conversion Rate that will result from such Fundamental Change (if applicable);

(xii) that Securities with respect to which a Repurchase Notice is given by a Holder may be converted pursuant to Article 10 only if such Repurchase Notice has been withdrawn in accordance with this Section 3.01 or the Company defaults in the payment of the Fundamental Change Repurchase Price; and

(xiii) the CUSIP number or numbers, as the case may be, of the Securities.

At the Company's request, upon prior notice reasonably acceptable to the Trustee, the Trustee shall send such Fundamental Change Notice in the Company's name and at the Company's expense; *provided* , *however* , that the form and content of such Fundamental Change Notice shall be prepared by the Company.

No failure of the Company to give a Fundamental Change Notice shall limit any Holder's right pursuant hereto to exercise a Fundamental Change Repurchase Right.

(c) Subject to the provisions of this Section 3.01, the Company shall pay, or cause to be paid, the Fundamental Change Repurchase Price with respect to each Security as to which the Fundamental Change Repurchase Right shall have been exercised to the Holder thereof no later than the later of the Fundamental Change Repurchase Date and the time of book-entry transfer or when such Security is surrendered to the Paying Agent together with any necessary endorsements.

(d) The Company shall, in accordance with Section 2.14, deposit with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust in accordance with Section 2.04) money, in funds immediately available on the Fundamental Change Repurchase Date, sufficient to pay the Fundamental Change Repurchase Price upon Repurchase Upon Fundamental Change for all of the Securities that are to be repurchased by the Company on such Fundamental Change Repurchase Date pursuant to a Repurchase Upon Fundamental Change. The Paying Agent shall, promptly after delivering the Fundamental Change Repurchase Price to Holders entitled thereto and upon written demand by the Company, return to the Company as soon as practicable, any money in excess of the Fundamental Change Repurchase Price.

(e) Once the Fundamental Change Notice and the Repurchase Notice have been duly given in accordance with this Section 3.01, the Securities to be repurchased pursuant to a Repurchase Upon Fundamental Change shall, on the Fundamental Change Repurchase Date, become due and payable in accordance herewith, and, on and after such date (unless there shall be a Default in the payment of the Fundamental Change Repurchase Price), except as otherwise provided herein with respect to a Fundamental Change Repurchase Date that is after a Record Date for the payment of an installment of interest and on or before the related Interest Payment Date, such Securities shall cease to bear interest (whether or not book-entry transfer of the Securities has been made or the Securities have been delivered to the Paying Agent), and all rights of the relevant Holders of such Securities shall terminate, other than the right to receive, in accordance herewith, such consideration and any other applicable rights under those sections set forth in the proviso in Section 8.01.

(f) Securities with respect to which a Repurchase Notice has been duly delivered in accordance with this Section 3.01 may be converted pursuant to Article 10 only if such Repurchase Notice has been withdrawn in accordance with this Section 3.01 or the Company defaults in the payment of the Fundamental Change Repurchase Price.

(g) If any Security shall not be paid on the Fundamental Change Repurchase Date upon book-entry transfer or surrender thereof for Repurchase Upon Fundamental Change, the principal of, and accrued and unpaid interest on, such Security shall, until paid, bear interest, payable in cash, at the rate borne by such Security on the principal amount of such Security, and such Security shall be convertible pursuant to Article 10 if any Repurchase Notice with respect to such Security is withdrawn pursuant to this Section 3.01.

(h) Any Security that is to be submitted for Repurchase Upon Fundamental Change only in part shall be delivered pursuant to this Section 3.01 (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or its attorney duly authorized in writing, with a notarization or medallion guarantee), and the Company shall promptly execute, and the Trustee shall promptly authenticate and make available for delivery to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder, of the same tenor and in aggregate principal amount equal to the portion of such Security not duly submitted for Repurchase Upon Fundamental Change.

(i) Notwithstanding anything herein to the contrary, except in the case of an acceleration resulting from a Default relating to the payment of the Fundamental Change Repurchase Price, there shall be no purchase of any Securities pursuant to this Section 3.01 on any date if, on such date, the principal amount of the Securities shall have been accelerated in accordance with this Indenture and such acceleration shall not have been rescinded on or prior to such date in accordance with this Indenture. The Paying Agent will promptly return to the respective Holders thereof any Securities held by it during the continuance of such an acceleration.

(j) In connection with any Repurchase Upon Fundamental Change, the Company shall, to the extent required (i) comply with the provisions of Rule 13e-4, Rule 14e-1, Regulation 14E under the Exchange Act, and with all other applicable laws; (ii) file a Schedule TO or any other schedules required under the Exchange Act or any other applicable laws; and (iii) otherwise comply with all applicable United States federal and state securities laws in connection with any offer by the Company to repurchase the Securities; *provided* that any time period specified in this Article 3 shall be extended to the extent necessary for such compliance.

ARTICLE 4

COVENANTS

Section 4.01. *Payment of Securities.* The Company shall pay all amounts and make deliveries of securities due with respect to the Securities on the dates and in the manner provided in the Securities and this Indenture. All such amounts shall be considered paid on the date due if the Paying Agent holds (or, if the Company is acting as Paying Agent, the Company has segregated and holds in trust in accordance with Section 2.04) on that date money sufficient to pay the amount then due with respect to the Securities. The Company will pay, in money of the United States that at the time of payment is legal tender for payment of public and private debts, all amounts due in cash with respect to the Securities, which amounts shall be paid (a) in the case of a Global Security, by wire transfer of immediately available funds to the account designated by the Depository or its nominee; and (b) in the case of a Physical Security, by wire transfer of immediately available funds to the account within the United States as specified in writing to the Paying Agent by such Holder or, if such Holder does not specify an account, by mailing a check to the address of such Holder set forth in the register of the Registrar. With respect to principal payments, presentation and surrender of Securities is required prior to final payment.

The Company shall pay, in cash, interest on any overdue amount (including, to the extent permitted by applicable law, overdue interest) at the rate borne by the Securities.

Section 4.02. *Maintenance of Office or Agency.* The Company will maintain, or cause to be maintained, an office or agency (which may be an office of the Trustee or an Affiliate of the Trustee or Registrar) where Securities may be surrendered for registration of transfer or exchange, payment or conversion. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain, or fail to cause to be maintained, any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations and surrenders may be made or served at the Corporate Trust Office of the Trustee.

The Company will maintain, or cause to be maintained, an office or agency where notices and demands to or upon the Company in respect of the Securities and this Indenture (other than the type contemplated by Section 13.09(c)) may be served, *provided* that such office or agency may instead be at the principal office of the Company located in the United States (and, notwithstanding the final sentence of this Section 4.02, shall initially be at such office until the Company notifies the Trustee otherwise).

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby initially designates the Corporate Trust Office of the Trustee as an agency of the Company in accordance with Section 2.03.

Section 4.03. *Annual Reports.* (a) The Company shall provide to the Trustee a copy of each report the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act no later than the date 15 Business Days after such report is required to be filed with the SEC pursuant to the Exchange Act (after giving effect to any grace period provided by Rule 12b-25 under the Exchange Act); *provided* , *however* , that each such report will be deemed to be so provided to the Trustee if the Company files such report with the SEC through the SEC's EDGAR database no later than the time such report is required to be filed with the SEC pursuant to the Exchange Act (taking into account any applicable grace periods provided thereunder). To the extent the TIA then applies to this Indenture, the Company shall comply with TIA § 314(a).

(b) In addition, while the Securities remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is not subject to Section 13 or 15(d) of the Exchange Act, furnish to holders of the Securities and prospective investors, upon request, the information required to be delivered pursuant to Rule 144(c)(2) under the Securities Act.

(c) Delivery of such reports, information and documents to the Trustee pursuant to this Section 4.03 is for informational purposes only, and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on an Officers' Certificate).

(d) The Trustee shall have no obligation or duty to determine or monitor whether the Company has delivered reports in accordance with this Section 4.03.

(e) If, at any time during the six-month period beginning on, and including, the date which is six months after the last date of original issuance of the Securities and ending on the one-year anniversary of the last original issuance date of the Securities, the Company fails to timely file any periodic report that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (other than current reports on Form 8-K), and the Company does not cure such failure to file within 14 calendar days, the Company shall pay interest (the " **Additional Interest** ") on the Securities, accruing from the due date of the first missed filing that gives rise to such obligation and continuing until the earlier of (i) the one-year anniversary of the last original issuance date of the Securities and (ii) the date on which the Company corrects its failure to file such reports. During the first 90 days on which such Additional Interest is payable, such Additional Interest shall accrue at a rate of 0.25% per annum; thereafter, such Additional Interest shall accrue at a rate of 0.50% per annum.

(f) In addition, if any Securities (other than Securities held by an "affiliate" of the Company as defined in Rule 144, or acquired from such an affiliate less than one year earlier than the date of determination (giving effect to any applicable tacking under Rule 144(d))) or any shares of Common Stock issuable upon conversion of Securities (other than Securities held by an "affiliate" of the Company as defined in Rule 144, or acquired from such an affiliate less than one year earlier than the date of determination (giving effect to any applicable tacking under Rule 144(d))) are Restricted Securities on or at any time after the one-year anniversary of the last original issuance date of such Securities (or the next succeeding Business Day if such date is not a Business Day), the Company will pay Additional Interest on such Securities accruing from the one-year anniversary of the last original issuance date of such Securities and until the date on which such Securities and any shares of Common Stock issuable upon the conversion of such Securities cease to be Restricted Securities. During the first 90 days on which such Additional Interest is payable, such Additional Interest will accrue at a rate of 0.25% per annum; thereafter, such Additional Interest will accrue at a rate of 0.50% per annum.

(g) Notwithstanding anything else in this Indenture, in no event will (i) the combined rate of any Additional Interest payable under this Section 4.03 and of any Special Interest payable under Section 6.01(j) exceed 0.50% per annum; or (ii) Additional Interest accrue on any day in which (A) (1) the Company has filed a shelf registration statement for the resale of the Securities, (2) such shelf registration statement is effective and usable by Holders for the resale of the Securities, and (3) the Holders may register the resale of their Securities under such shelf registration statement on terms customary for the resale of convertible securities offered in reliance on Rule 144A; or (B) in which conditions (A)(1) through (A)(3) of this sentence have been satisfied for a period of two years.

(h) Whenever Additional Interest is accruing on a Record Date, the Company will pay all accrued and unpaid Additional Interest to the Holders of record on such Record Date on the corresponding Interest Payment Date. If Additional Interest is not accruing on a Record Date, but has accrued since the immediately preceding Record Date, the Company shall pay any accrued and unpaid Additional Interest on the Interest Payment Date corresponding to the latter Record Date to Holders of record on the latter Record Date.

If the Company is required to pay Additional Interest or Special Interest to Holders, the Company shall provide a direction or order in the form of a written notice to the Trustee (and if the Trustee is not the Paying Agent, to the Paying Agent) of the Company's obligation to pay such Additional Interest or Special Interest no later than three Business Days prior to the date on which any such Additional Interest or Special Interest is scheduled to be paid. Such notice shall set forth the amount of Additional Interest or Special Interest to be paid by the Company on such payment date and direct the Trustee (or, if the Trustee is not the Paying Agent, to the Paying Agent) to make payment to the extent it receives funds from the Company to do so. The Trustee shall not at any time be under any duty or responsibility to any Holder to determine whether the Additional Interest or Special Interest is payable, or with respect to the nature, extent, or calculation of the amount of the Additional Interest or Special Interest owed, or with respect to the method employed in such calculation of the Additional Interest or Special Interest.

Section 4.04. *Compliance Certificate.* The Company shall deliver to the Trustee, within one hundred and twenty (120) calendar days after the end of each fiscal year of the Company, commencing with the fiscal year ending December 31, 2017, a certificate from the principal executive, financial or accounting officer of the Company stating that such officer has conducted or supervised a review of the activities of the Company and its performance of obligations under this Indenture and the Securities and that, based upon such review, no Default or Event of Default exists hereunder or thereunder or, if a Default or Event of Default then exists, specifying such event, status and the remedial action proposed to be taken by the Company with respect to such Default or Event of Default.

Section 4.05. *Stay, Extension and Usury Laws.* The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture or the Securities; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.06. *Notice of Default.* Within 30 days of the Company's becoming aware of the occurrence of any Default or Event of Default, the Company shall give written notice to the Trustee of such Default or Event of Default, and any remedial action proposed to be taken.

Section 4.07. *Limitation on the Incurrence of Indebtedness* . The Company shall not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, " **incur** " and collectively, an " **incurrence** ") with respect to any Indebtedness unless (a) the Consolidated Total Debt Ratio for the Company and its Subsidiaries on the date on which such Indebtedness is incurred would have been equal to or less than 2.50 to 1.00 and (b) the Consolidated Net Debt Ratio for the Company and its Subsidiaries on the date on which such Indebtedness is incurred would have been equal to or less than 2.00 to 1.00, in each case, determined on a pro forma basis giving effect to such incurrence and the application of the proceeds thereof; *provided* that, notwithstanding the foregoing, nothing in this Section 4.07 shall prohibit the Company and its Subsidiaries, taken together, from incurring Indebtedness in respect of purchase money indebtedness not to exceed in the aggregate $10.0 million at any one time outstanding.

ARTICLE 5

SUCCESSORS

Section 5.01. *When Company May Merge, Etc.* Subject to Section 5.02, the Company shall not consolidate with, or merge with or into, or sell, transfer, lease, convey or otherwise dispose of all or substantially all of the consolidated property or assets of the Company and its Subsidiaries, taken as a whole, to another Person (other than one or more Subsidiaries of the Company (it being understood that this Article 5 shall not apply to a sale, transfer, lease, conveyance or other disposition of property or assets between or among the Company and its

Subsidiaries)), whether in a single transaction or series of related transactions, unless (i)(x) the Company is the continuing Person or (y) such other Person is organized and existing under the laws of the United States of America, any state of the United States of America or the District of Columbia, such other Person assumes by supplemental indenture all of the obligations of the Company under the Securities and this Indenture and following such transaction or series of related transactions the Reference Property does not include interests in an entity that is a partnership for U.S. federal income tax purposes and (ii) immediately after giving effect to such transaction or series of transactions, no Default or Event of Default shall have occurred and be continuing under this Indenture.

For purposes of this Section 5.01, the sale, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of one or more Subsidiaries of the Company to another Person other than the Company or one or more other Subsidiaries of the Company, which properties or assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the consolidated properties or assets of the Company and its Subsidiaries, taken as a whole, shall be deemed to be the sale, transfer, lease, conveyance or other disposition of all or substantially all of the consolidated properties or assets of the Company and its Subsidiaries, taken as a whole, to another Person.

The Company shall deliver to the Trustee substantially concurrently with or prior to the consummation of the proposed transaction an Officers' Certificate and an Opinion of Counsel (which may rely upon such Officers' Certificate as to the absence of Defaults and Events of Default and other statements of fact) stating that the proposed transaction and, if required, such supplemental indenture (if any) will, upon consummation of the proposed transaction, comply with the applicable provisions of this Indenture.

Section 5.02. *Successor Substituted* . In case of any such consolidation, merger or any sale, transfer, lease, conveyance or other disposition of all or substantially all of the consolidated property or assets of the Company and its Subsidiaries, taken as a whole, and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and accrued and unpaid interest on all of the Securities, the due and punctual payment of the Fundamental Change Repurchase Price with respect to all Securities repurchased on each Fundamental Change Repurchase Date, the due and punctual delivery or payment, as the case may be, of any consideration due upon conversion of the Securities and the due and punctual performance of all of the covenants and conditions of this Indenture and the Securities to be performed by the Company, such successor Person shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of the first part. Such successor Person thereupon may cause to be signed, and may issue either in its own name or in the name of the Company any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor Person instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Securities that previously shall have been signed and delivered by the Officers of the Company to the Trustee for authentication, and any Securities that such successor Person thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this

Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof. In the event of any such consolidation, merger or any sale, transfer, conveyance or other disposition (but not in the case of a lease), upon compliance with this Article 5, the Person named as the "Company" in the first paragraph of this Indenture or any successor that shall thereafter have become such in the manner prescribed in this Article 5, except in the case of a lease, shall be released from its liabilities as obligor and maker of the Securities and its obligations under this Indenture shall terminate.

In case of any such consolidation, merger or any sale, transfer, lease, conveyance or other disposition, such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01. *Events of Default* . An " **Event of Default** " occurs if:

(a) the Company fails to pay the principal of any Security when due, whether on the Maturity Date, on a Fundamental Change Repurchase Date with respect to a Fundamental Change, upon acceleration or otherwise;

(b) the Company fails to pay an installment of interest on any Security when due, if the failure continues for thirty (30) days after the date when due;

(c) the Company fails to satisfy its conversion obligations upon exercise of a Holder's conversion rights pursuant hereto;

(d) the Company fails to (i) comply with its obligations under Article 5 or (ii) issue a Fundamental Change Notice in accordance with Section 3.01(b) when due;

(e) the Company fails to comply with any other term, covenant or agreement set forth in the Securities or this Indenture and such failure continues for the period, and after the notice, specified in the last paragraph of this Section 6.01;

(f) the Company or any Significant Subsidiary of the Company fails to pay when due (whether at stated maturity or otherwise), after the expiration of any applicable grace period, the principal or interest on indebtedness for borrowed money, where the amount of such unpaid principal and/or interest is in an aggregate amount in excess of $50,000,000 (or its foreign currency equivalent), or a default occurs that results in the acceleration of maturity, of any indebtedness for borrowed money of the Company or any Significant Subsidiary of the Company in an aggregate amount in excess of $50,000,000 (or its foreign currency equivalent), and such failure or default continues for thirty (30) days after written notice of such failure or default is given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least twenty five percent (25%) in aggregate principal amount of the Securities then outstanding;

(g) a final judgment for the payment in excess of $50,000,000 (or its foreign currency equivalent) (excluding any amounts covered by insurance or subject to a binding indemnity from a financially responsible third party with resources sufficient to pay such indemnity obligation when due) is rendered against the Company or any Significant Subsidiary of the Company, which judgment is not discharged or stayed within thirty (30) days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished;

(h) the Company or any of its Significant Subsidiaries, pursuant to, or within the meaning of, any Bankruptcy Law, insolvency law, or other similar law now or hereafter in effect or otherwise, either:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a Bankruptcy Custodian of it or for all or substantially all of its property, or

(iv) makes a general assignment for the benefit of its creditors; or

(i) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company or any of its Significant Subsidiaries in an involuntary case or proceeding with respect to the Company or any of its Significant Subsidiaries, or adjudicates the Company or any of its Significant Subsidiaries insolvent or bankrupt,

(ii) appoints a Bankruptcy Custodian of the Company or any of its Significant Subsidiaries for any substantial part of the Company's or any of its Significant Subsidiaries' property, as the case may be, or

(iii) orders the winding up or liquidation of the Company or any of its Significant Subsidiaries,

and, in the case of each of the foregoing clauses (i), (ii) and (iii) of this Section 6.01(i), the order or decree remains unstayed and in effect for at least sixty (60) consecutive days.

A Default under clause (e) above shall not be an Event of Default until (A) the Trustee notifies the Company in writing, or the Holders of at least twenty five percent (25%) in aggregate principal amount of the Securities then outstanding notify the Company and the Trustee in writing, of the Default and (B) the Default is not cured within sixty (60) days after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default." If the Holders of at least twenty five percent (25%) in aggregate principal amount of the outstanding Securities request the Trustee to give such notice on their behalf, the Trustee shall do so. When a Default is cured, it ceases to exist for all purposes under this Indenture.

(j) Notwithstanding anything to the contrary in the Securities or elsewhere in this Indenture, at the election of the Company, the sole remedy for an Event of Default specified in Section 6.01(e) relating to the failure by the Company to comply with Section 4.03(a) (the " **Company's Filing Obligations** "), shall consist exclusively of the right to receive interest (the " **Special Interest** ") on the Securities. (i) For the first 180 days of the 270-day period on which such Event of Default is continuing beginning on, and including, the date on which such an Event of Default first occurs, the Special Interest will accrue at a rate equal to 0.25% per annum, and (ii) for the last 90 days of such 270-day period as long as such Event of Default is continuing, the Special Interest will accrue at a rate equal to 0.50% per annum. The Special Interest will be in addition to any Additional Interest that the Company is required to pay under Section 4.03 and will be payable in the same manner as Additional Interest; *provided* , *however* , that in no event will the combined rate of the Special Interest and any Additional Interest due under Section 4.03 exceed 0.50% per annum. This Special Interest, as applicable, will accrue on the Securities from and including the date on which an Event of Default relating to a failure to comply with the Company's Filing Obligations first occurs to and including the 270th day thereafter (or such earlier date on which the Event of Default relating to such obligations shall have been cured or waived pursuant to Section 6.04). On such 271st day (or, if such Event of Default is cured or waived pursuant to Section 6.04 prior to such 271st day, on the date such Event of Default is so cured or waived), such Special Interest will cease to accrue and, if such Event of Default has not been cured or waived pursuant to Section 6.04 prior to such 271st day, then the Trustee or the Holders of at least twenty five percent (25%) in aggregate principal amount of the Securities then outstanding may declare one hundred percent (100%) of the principal of, and accrued and unpaid interest on, all of the Securities to be immediately due and payable. This provision shall not affect the rights of Holders in the event of the occurrence of any other Event of Default. If the Company elects to pay the Special Interest as the sole remedy for an Event of Default specified in Section 6.01(e) relating to the failure by the Company to comply with the Company's Filing Obligations, the Company shall notify, in the manner provided for in Section 13.01, the Holders, the Paying Agent and the Trustee of such election at any time on or before the Close of Business on the date on which such Event of Default first occurs (which notice shall include a statement as to the date from which Special Interest is payable). Upon the Company's failure to give such notice, the Securities will be immediately subject to acceleration as provided in Section 6.02. If the Special Interest has been paid by the Company directly to the Persons entitled to it, the Company shall deliver to the Trustee a certificate setting forth the particulars of such payment.

Section 6.02. *Acceleration* . (a) Subject to Section 6.02(b), if applicable, if an Event of Default (excluding an Event of Default specified in Section 6.01(h) or Section 6.01(i) with respect to the Company) has occurred and is continuing, either the Trustee, by written notice to the Company, or the Holders of at least twenty five percent (25%) in aggregate principal amount of the Securities then outstanding, by written notice to the Company and the Trustee, may declare one hundred percent (100%) of the principal of, and accrued and unpaid interest on, all the Securities to be immediately due and payable in full. Upon such declaration, the principal of, and any accrued and unpaid interest on, all Securities shall be due and payable immediately. If an Event of Default specified in Section 6.01(h) or Section 6.01(i) occurs with respect to the Company (and not solely with respect to one or more of its Significant Subsidiaries), one hundred percent (100%) of the principal of, and accrued and unpaid interest on, all the Securities

shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. The Holders of a majority in aggregate principal amount of the Securities then outstanding by written notice to the Trustee may rescind or annul an acceleration and its consequences if (i) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (ii) all existing Events of Default, except the nonpayment of principal or interest that has become due solely because of the acceleration, have been cured or waived (or are waived concurrently with such rescission or annulment) and (iii) all amounts due to the Trustee under Section 7.06 have been paid. Upon any such rescission or annulment, the Events of Default that were the subject of such acceleration shall cease to exist and deemed to have been cured for every purpose.

Section 6.03. *Other Remedies* . Notwithstanding any other provision of this Indenture, if an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of amounts due with respect to the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the Holders of the Securities, and it shall not be necessary to make any Holders of the Securities parties to any such proceedings.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of any waiver pursuant hereto or any rescission and annulment pursuant hereto or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Holders and the Trustee shall, subject to any determination in such proceeding, be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Holders and the Trustee shall continue as though no such proceeding had been instituted.

Section 6.04. *Waiver of Past Defaults* . Subject to Section 6.07 and Section 9.02, the Holders of a majority in aggregate principal amount of the Securities then outstanding may on behalf of all Holders of Securities, by written notice to the Trustee, waive any past Default or Event of Default and its consequences, other than a Default or Event of Default (a) in the payment of the principal of, or interest on, any Security, or in the payment of the Fundamental Change Repurchase Price, as the case may be, (b) arising from a failure by the Company to convert any Securities in accordance with this Indenture or (c) in respect of any provision of this Indenture or the Securities which, under Section 9.02, cannot be modified or amended without the consent of the Holder of each outstanding Security affected, if:

(i) all existing Defaults or Events of Default, other than the nonpayment of the principal of and interest on the Securities that have become due solely by the declaration of acceleration, have been cured or waived; and

(ii) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

When a Default or an Event of Default is waived, it is cured and ceases to exist for all purposes under this Indenture, but no such waiver will extend to any subsequent or other Default or Event of Default or impair any rights of Holders or the Trustee related thereto.

Section 6.05. *Control by Majority* . The Holders of a majority in aggregate principal amount of the Securities then outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it with respect to the Securities. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability unless the Trustee is offered indemnity satisfactory to it; *provided* that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

Section 6.06. *Limitation on Suits* . Except with respect to any proceeding instituted in accordance with Section 6.07, a Holder shall not have any right to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver or a trustee, or for any other remedy under this Indenture unless:

(a) such Holder previously shall have given the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least twenty five percent (25%) in aggregate principal amount of the Securities then outstanding shall have made a written request to the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder;

(c) such Holder or Holders shall have offered and if requested, provided to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense to or of the Trustee in connection with pursuing such remedy; and

(d) the Trustee shall have failed to comply with the request for sixty (60) days after receipt of such notice, request and offer of indemnity, and during such sixty (60) day period, the Holders of a majority in aggregate principal amount of the Securities then outstanding have not given the Trustee a direction that is inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders). A Holder shall have the right to not enforce any right under this Indenture except in the manner herein.

Section 6.07. *Rights of Holders to Receive Payment and to Convert Securities* . Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of all amounts (including any principal, interest or the Fundamental Change Repurchase Price) due with respect to the Securities, on or after the respective due dates as provided herein, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

In addition, notwithstanding any other provision of this Indenture, the right of any Holder to receive consideration due upon conversion of the Securities in accordance with Article 10, or to bring suit for the enforcement of such right, shall not be impaired or affected without the consent of the Holder.

Section 6.08. *Collection Suit by Trustee* . If an Event of Default specified in Section 6.01(a) or Section 6.01(b) has occurred and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount due with respect to the Securities, including any unpaid and accrued interest.

Section 6.09. *Trustee May File Proofs of Claim* . The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee, any predecessor Trustee and the Holders allowed in any judicial proceedings relative to the Company or its creditors or properties.

The Trustee may collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same, and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.06.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. *Priorities* . If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order

First:	to the Trustee for amounts due under Section 7.06;
Second:	to Holders for all amounts due and unpaid on the Securities, without preference or priority of any kind, according to the amounts due and payable on the Securities; and
Third:	the balance, if any, to the Company.

The Trustee, upon prior written notice to the Company, may fix a record date and payment date for any payment by it to Holders pursuant to this Section 6.10. At least fifteen (15) days before each such record date, the Trustee shall send to each Holder and the Company a written notice that states such record date and payment date and the amount of such payment.

Section 6.11. *Undertaking for Costs* . In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit other than the Trustee of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by a Holder or group of Holders of more than ten percent (10%) in aggregate principal amount of the outstanding Securities.

ARTICLE 7

TRUSTEE

Section 7.01. *Duties of Trustee* . (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to the provisions of this Section 7.01.

(e) The Trustee shall not be liable for interest on or the investment of any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

Section 7.02. *Rights of Trustee* . (a) The Trustee may conclusively rely on any document believed by it in good faith to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document; if, however, the Trustee shall determine to make such further inquiry or investigation, it shall be entitled during normal business hours to examine the relevant books, records and premises of the Company, personally or by agent or attorney upon reasonable prior notice, at the sole cost of the Company, and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate and/or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel.

(c) Any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Order, and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution.

(d) The Trustee may consult with counsel of its own selection, and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(f) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its discretion, rights or powers conferred upon it by this Indenture; *provided* that the Trustee's action does not constitute willful misconduct or negligence.

(g) Except with respect to Section 4.01, where it acts as Paying Agent, the Trustee shall have no duty to inquire as to the performance of the Company with respect to the covenants contained in Article 4. In addition, the Trustee shall not be deemed to have knowledge of an Event of Default except (i) any Default or Event of Default occurring pursuant to Section 6.01(a) or (b) for which it acts as Paying Agent or (ii) any Default or

Event of Default of which a Responsible Officer of the Trustee who shall have direct responsibility for the administration of this Indenture shall have received written notification or obtained actual knowledge. Delivery of reports, information and documents to the Trustee under Article 4 (other than Section 4.04 and 4.06) is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely on Officers' Certificates).

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested by this Indenture at the request or demand of any of the Holders pursuant to this Indenture unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or demand.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each Securities Agent, agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of Officers authorized at such time to take specified actions pursuant to this Indenture, which certificate may be signed by any Person authorized to sign an Officers' Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

(k) Anything in this Indenture to the contrary notwithstanding, in no event shall the Trustee or any Securities Agent be liable under or in connection with this Indenture and the Securities for indirect, special, incidental, punitive or consequential losses or damages of any kind whatsoever, including but not limited to lost profits, whether or not foreseeable, even if the Trustee or such Securities Agent has been advised of the possibility thereof and regardless of the form of action in which such damages are sought.

(l) No bond or surety shall be required of the Trustee with respect to performance of the Trustee's duties and powers hereunder.

(m) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by this Indenture or the Securities.

(n) Any discretion, permissive right, or privilege of the Trustee hereunder shall not be deemed to be or otherwise construed as a duty or obligation of the Trustee hereunder.

Section 7.03. *Individual Rights of Trustee* . The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or any of its Affiliates with the same rights the Trustee would have if it were not Trustee. Any Securities Agent may do the same with like rights. The Trustee, however, must comply with Section 7.09.

Section 7.04. *Trustee's Disclaimer* . The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities; the Trustee shall not be accountable for the Company's use of the proceeds from the Securities; and the Trustee shall not be responsible for any statement in the Securities other than its certificate of authentication.

Section 7.05. *Notice of Defaults* . If a Default or Event of Default occurs and is continuing as to which the Trustee is deemed to have knowledge in accordance with Section 7.02(g), then the Trustee shall send to each Holder a notice of the Default or Event of Default within thirty (30) days after receipt of such notice or after acquiring such knowledge, as applicable, unless such Default or Event of Default has been cured or waived; *provided* , *however* , that, except in the case of a Default or Event of Default in payment or delivery of any amounts due (including principal, interest, the Fundamental Change Repurchase Price or the consideration due upon conversion) with respect to any Security, the Trustee may withhold such notice if, and so long as it in good faith determines that, withholding such notice is in the best interests of Holders.

Section 7.06. *Compensation and Indemnity* . The Company shall pay to the Trustee from time to time such compensation for its services hereunder as shall be mutually agreed upon in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it pursuant to, and in accordance with, any provision hereof, except for any such expenses as shall have been caused by the Trustee's own negligence or willful misconduct. Such expenses shall include the reasonable compensation and out-of-pocket expenses of the Trustee's agents and counsel. The Trustee shall provide the Company with reasonable notice of any expense not in the ordinary course of business.

The Company shall indemnify each of the Trustee, each predecessor Trustee and their respective agents for, and hold each of them harmless against, any and all loss, liability, damage, claim, cost or expense (including the reasonable fees and expenses of counsel and taxes other than those based upon the income of the Trustee) incurred by it in connection with the acceptance or administration of this trust, the performance of its duties and/or the exercise of its rights hereunder, or in connection with enforcing the provisions of this Section 7.06, including the reasonable costs and expenses of defending itself against any claim (whether asserted by the Company, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers and duties hereunder. The Company need not pay for any settlement made without its consent. The Trustee shall notify the Company promptly of any claim for which it may seek indemnification; *provided* that failure to give such notice shall not relieve the Company of its obligations under this Section 7.06. The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through the Trustee's own negligence or willful misconduct.

To secure the Company's payment obligations in this Section 7.06, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay amounts due on particular Securities.

The indemnity obligations of the Company with respect to the Trustee provided for in this Section 7.06 shall survive any resignation or removal of the Trustee and any termination of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(h) or Section 6.01(i) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.07. *Replacement of Trustee* . A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.07. For the avoidance of doubt, the Trustee shall continue its role until the appointment of a successor Trustee is effective.

The Trustee may resign by so notifying the Company in writing thirty (30) days prior to such resignation. The Holders of a majority in aggregate principal amount of the Securities then outstanding may remove the Trustee by so notifying the Trustee and the Company in writing and may appoint a successor Trustee with the Company's consent. The Company may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.09;

(b) the Trustee is adjudged bankrupt or insolvent;

(c) a receiver or other public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed for any reason, the Company shall promptly appoint a successor Trustee so that no vacancy exists in the role of Trustee.

If a successor Trustee does not take office within thirty (30) days after the retiring Trustee resigns or is removed, the retiring Trustee (at the Company's expense), the Company or the Holders of at least ten percent (10%) in aggregate principal amount of the outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.09, the Company or any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall send a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.06.

Section 7.08. *Successor Trustee by Merger, Etc.* If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee, if such successor corporation is otherwise eligible hereunder.

Section 7.09. *Eligibility; Disqualification* . There shall at all times be a Trustee hereunder that (a) is an entity organized and doing business under the laws of the United States of America or of any state thereof or the District of Columbia, (b) is subject to supervision or examination by federal or state authorities and (c) has a combined capital and surplus of at least $50 million as set forth in its most recent published annual report of condition.

Section 7.10. *Preferential Collection of Claims Against Company* . To the extent the TIA then applies to the Indenture, the Trustee is subject to TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). To the extent the TIA then applies to the Indenture, a Trustee who has resigned or been removed shall be subject to § 311(a) to the extent indicated.

Section 7.11. *Reports by Trustee to Holders.* Within one hundred and twenty (120) days after each December 31, beginning with December 31, 2017, the Trustee shall send to all Holders of the Securities, as their names and addresses appear on the register kept by the Registrar, a brief report dated as of January 31 of such year, in accordance with, and to the extent required under, TIA § 313(a) (but if no event described in TIA § 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also will comply with TIA § 313(b)(2). The Trustee will also send all reports as required by TIA § 313(c). A copy of each report at the time of its delivery to the Holders of Securities shall be delivered to the Company and each stock exchange on which the Securities are listed in accordance with TIA § 313(d). The Company shall promptly notify the Trustee in writing when the Securities are listed on any stock exchange or any delisting thereof.

ARTICLE 8

DISCHARGE OF INDENTURE

Section 8.01. *Termination of the Obligations of the Company* . This Indenture shall cease to be of further effect, and the Trustee shall execute instruments acknowledging satisfaction and discharge of this Indenture, if (a) either (i) all outstanding Securities (other than Securities replaced pursuant to Section 2.07) have been delivered to the Trustee for cancellation or (ii) all outstanding Securities have become due and payable at their scheduled maturity, upon conversion or Repurchase Upon Fundamental Change, and in either case the Company irrevocably deposits, prior to the applicable due date, with the Trustee or the Paying Agent (if the Paying Agent is not the Company or any of its Affiliates) cash (or, in the case of conversion, delivers to the Holders in accordance with Article 10 Common Stock (and cash in lieu of any fractional shares) solely to satisfy the Company's Conversion Obligation) sufficient to satisfy all obligations due and owing on all outstanding Securities (other than Securities replaced pursuant to Section 2.07) on the Maturity Date, the relevant settlement date of any conversion or the Fundamental Change Repurchase Date, as the case may be; (b) the Company pays to the Trustee all other sums payable hereunder by the Company; and (c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for herein relating to the satisfaction and discharge of this Indenture have

been complied with; *provided* , *however* , that Section 2.03, Section 2.04, Section 2.05, Section 2.08, Section 7.06, Section 7.07, Section 7.08, Section 7.09, Section 13.09 and Section 13.14, and this Article 8 shall survive any discharge of this Indenture until such time as all payments in respect of the Securities have been paid in full and there are no Securities outstanding; *provided further* , *however* , that Section 7.06 shall also survive after the Securities are paid in full and there are no Securities outstanding.

Section 8.02. *Application of Trust Money* . The Trustee shall hold in trust all money deposited with it pursuant to Section 8.01 and shall apply such deposited money through the Paying Agent and in accordance with this Indenture to the payment of amounts due on the Securities.

Section 8.03. *Repayment to Company* . Subject to applicable escheatment laws, the Trustee and the Paying Agent shall promptly notify the Company of, and pay to the Company upon the written request of the Company, any excess money held by them at any time. The Trustee or the Paying Agent, as the case may be, shall provide written notice to the Company of any money that has been held by it and has, for a period of two (2) years, remained unclaimed for the payment of the principal of, or any accrued and unpaid interest on, the Securities. Subject to the requirements of applicable law, the Trustee and the Paying Agent shall pay to the Company upon the written request of the Company any money held by them for the payment of the principal of, or any accrued and unpaid interest on, the Securities that remains unclaimed for two (2) years. After payment to the Company, Holders entitled to the money must look to the Company for payment as general creditors, subject to applicable law, and all liability of the Trustee and the Paying Agent with respect to such money and payment shall, subject to applicable law, cease.

Section 8.04. *Reinstatement* . If any money, Common Stock or other consideration cannot be applied in accordance with Section 8.01 and Section 8.02 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the obligations of the Company under this Indenture and the Securities shall be revived and reinstated as though no deposit or delivery had occurred pursuant to Section 8.01 and Section 8.02 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.01 and Section 8.02; *provided* , *however* , that if the Company has made any payment of amounts due with respect to any Securities because of the reinstatement of its obligations, then the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money, Common Stock or other consideration held by the Trustee or Paying Agent.

ARTICLE 9

AMENDMENTS

Section 9.01. *Without Consent of Holders* . The Company may amend or supplement this Indenture or the Securities without notice to or the consent of any Holder:

(a) to comply with Article 5 or Section 10.11;

(b) to secure the obligations of the Company in respect of the Securities or add guarantees with respect to the Securities;

(c) to evidence and provide for the appointment of a successor Trustee in accordance with Section 7.07;

(d) to comply with the provisions of any securities depository, including the Depository, clearing agency, clearing corporation or clearing system, or the requirements of the Trustee or the Registrar, relating to transfers and exchanges of any applicable Securities pursuant to this Indenture;

(e) to add to the covenants or Events of Default of the Company described in this Indenture for the benefit of Holders or to surrender any right or power conferred upon the Company;

(f) to make provision with respect to adjustments to the Conversion Rate as required by this Indenture or to increase the Conversion Rate in accordance with this Indenture;

(g) to make any change that does not adversely affect the rights of any Holder;

(h) to permit the conversion of the Securities into Reference Property in accordance with Section 10.11; or

(i) to comply with the requirements of the SEC in order to effect or maintain the qualification of this Indenture and any supplemental indenture under the TIA.

In addition, the Company and the Trustee may enter into a supplemental indenture without the consent of Holders of the Securities to cure any ambiguity, defect, omission or inconsistency in this Indenture in a manner that does not materially adversely affect the rights of any Holder.

Any supplemental indenture authorized by the provisions of this Section 9.01 may be executed by the Company and the Trustee without the consent of the Holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 9.02.

Section 9.02. *With Consent of Holders* . Subject to the immediately succeeding paragraph, the Company may amend or supplement this Indenture or the Securities with the written consent of the Holders of at least a majority in aggregate principal amount of the outstanding Securities (including, without limitation, consents obtained from Holders in connection with a purchase of, or tender or exchange offer for, Securities) and in compliance with Section 4.19 of the Investment Agreement. Subject to Section 6.04, Section 6.07, the immediately succeeding paragraph and Section 4.19 of the Investment Agreement, the Holders of a majority in aggregate principal amount of the outstanding Securities may, by written notice to the Trustee, waive by consent (including, without limitation, consents obtained from Holders in connection with a purchase of, or tender or exchange offer for, Securities) compliance by the Company with any provision of this Indenture or the Securities without notice to any other Holder. Notwithstanding the foregoing or anything herein to the contrary, without the consent of the Holder of each outstanding Security affected, an amendment, supplement or waiver, including a waiver pursuant to Section 6.04, may not:

(a) change the stated maturity of the principal of, or the payment date of any installment of interest on, any Security;

(b) reduce the principal amount of any Security, or any interest on, any Security;

(c) change the place or currency of payment of principal of, or any interest on, any Security;

(d) impair the right of any Holder to receive any payment on, or with respect to, or any delivery or payment due upon the conversion of, any Security or impair the right to institute suit for the enforcement of any delivery or payment on, or with respect to, or due upon the conversion of, any Security;

(e) reduce the Fundamental Change Repurchase Price of any Securities or modify, in a manner adverse to Holders, the obligation of the Company pursuant to Section 3.01 to repurchase Securities upon the occurrence of a Fundamental Change;

(f) reduce the Conversion Rate other than as provided under this Indenture or adversely affect the right of Holders to convert Securities in accordance with Article 10;

(g) reduce the percentage in aggregate principal amount of outstanding Securities whose Holders must consent to a modification to or amendment of any provision of this Indenture or the Securities; or

(h) modify the provisions of Article 9 that require each Holder's consent or the waiver provisions of Section 6.04 with respect to modification and waiver (including waiver of a Default or an Event of Default), except to increase the percentage required for modification or waiver or to provide for the consent of each affected Holder.

Notwithstanding the foregoing or anything to the contrary, so long as any SL Securities are outstanding, without the consent of the Holders of one hundred percent (100%) of the aggregate principal amount of the SL Securities, an amendment, supplement or waiver, including a waiver pursuant to Section 6.04, may not modify any provision contained in this Indenture specifically and uniquely applicable to the SL Securities in a manner adverse to the Holders of, or the holders of a beneficial interest in, the SL Securities.

Promptly after an amendment, supplement or waiver under Section 9.01 or this Section 9.02 becomes effective, the Company shall send, or cause to be sent, to Holders a notice briefly describing such amendment, supplement or waiver. Any failure of the Company to send such notice shall not in any way impair or affect the validity of such amendment, supplement or waiver.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

Section 9.03. *Revocation and Effect of Consents* . Until an amendment, supplement or waiver becomes effective (or until such earlier date as specified by the Company in connection with the solicitation of such consent), a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to its Security or portion of a Security if the Trustee receives the notice of revocation before the date the amendment, supplement or waiver becomes effective (or such earlier date specified by the Company in connection with the solicitation of such consent).

After an amendment, supplement or waiver becomes effective with respect to the Securities, it shall bind every Holder unless such amendment, supplement or waiver makes a change that requires, pursuant to Section 9.02, the consent of each Holder affected. In that case, the amendment, supplement or waiver shall bind each Holder of a Security who has consented to it and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security. Any amendment to this Indenture or the Securities shall be set forth in a supplemental indenture to this Indenture that complies with the TIA as then in effect, if the TIA is applicable to this Indenture.

Nothing in this Section 9.03 shall impair the Company's rights pursuant to Section 9.01 to amend this Indenture or the Securities without the consent of any Holder in the manner set forth in, and permitted by, such Section 9.01.

Section 9.04. *Notation on or Exchange of Securities* . If an amendment, supplement or waiver changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security as directed and prepared by the Company about the changed terms and return it to the Holder. Alternatively, if the Company so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms.

Section 9.05. *Trustee Protected* . The Trustee shall sign any amendment, supplemental indenture or waiver authorized pursuant to this Article 9; *provided* , *however* , that the Trustee need not sign any amendment, supplement or waiver authorized pursuant to this Article 9 that adversely affects the Trustee's rights, duties, liabilities or immunities. The Trustee shall receive and conclusively rely upon an Opinion of Counsel as to legal matters and an Officers' Certificate as to factual matters that any supplemental indenture, amendment or waiver is permitted or authorized pursuant to this Indenture and constitutes the legal, valid and binding obligation of the Company enforceable in accordance with its terms (subject to customary exceptions).

Section 9.06. *Effect of Supplemental Indentures* . Upon the due execution and delivery of any supplemental indenture in accordance with this Article 9, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes, and, except as set forth in Section 9.02 and Section 9.03, every Holder of Securities shall be bound thereby.

ARTICLE 10

CONVERSION

Section 10.01. *Conversion Privilege* . (a) Subject to the limitations of this Section 10.01, Section 10.02, Section 10.11 and the settlement provisions of Section 10.14(c), and upon compliance with the provisions of this Article 10, each Holder of a Security shall have the right, at such Holder's option, to convert all or any portion (if the portion to be converted is $1,000 principal amount or a multiple thereof) of such Security at any time prior to the Close of Business on the Scheduled Trading Day immediately preceding the Maturity Date, in each case, at the then applicable Conversion Rate per $1,000 principal amount of Securities (subject to the settlement provisions of Section 10.02, the " **Conversion Obligation** ").

(b) To convert its Security, a Holder of a Physical Security must (i) complete and manually sign the Conversion Notice, or a facsimile thereof, with appropriate notarization or signature guarantee, and deliver the completed Conversion Notice or a facsimile thereof to the Conversion Agent, (ii) surrender the Security to the Conversion Agent, (iii) furnish appropriate endorsements and transfer documents if required by the Registrar or Conversion Agent, (iv) pay all transfer or similar taxes if required pursuant to Section 10.04 and (v) pay funds equal to interest payable on the next Interest Payment Date if so required by Section 10.02(d). If a Holder holds a beneficial interest in a Global Security, to convert such Security, the Holder must comply with clauses (iv) and (v) above and the Depository's procedures for converting a beneficial interest in a Global Security.

(c) A Holder may convert a portion of the principal amount of a Security if such portion is $1,000 principal amount or an integral multiple thereof. Provisions of this Indenture that apply to conversion of all of a Security also apply to conversion of a portion of such Security.

Section 10.02. *Conversion Procedure and Payment Upon Conversion* .

(a) Subject to this Section 10.02 and Section 10.11 and the settlement provisions of Section 10.14(c), upon conversion of any Security, the Company shall deliver to the converting Holder, in respect of each $1,000 principal amount of Securities being converted, Common Stock, together with cash, if applicable, in lieu of delivering any fractional shares of Common Stock in accordance with Section 10.03, as set forth in this Section 10.02.

(i) Upon conversion of a Holder's Security, the Company shall deliver to such converting Holder, through the Conversion Agent, a number of shares of Common Stock equal to (i) (A) the aggregate principal amount of Securities to be converted, divided by (B) $1,000, multiplied by (ii) the Conversion Rate in effect on the applicable Conversion Date (*provided* that the Company shall deliver cash in lieu of fractional shares as described in Section 10.03). Settlement shall occur on the second Business Day immediately following the relevant Conversion Date, unless such Conversion Date occurs on or following June 15, 2021, in which case settlement shall occur on the Maturity Date.

(b) Each conversion shall be deemed to have been effected as to any Securities surrendered for conversion at the Close of Business on the applicable Conversion Date; *provided* , *however* , that the Person in whose name any shares of the Common Stock shall be issuable upon such conversion shall become the holder of record of such shares as of the Close of Business on such Conversion Date. Prior to such time, a Holder receiving Common Stock upon conversion shall not be entitled to any rights relating to such Common Stock, including, among other things, the right to vote and receive dividends and notices of shareholder meetings. The Company will determine the Conversion Date in accordance with the requirements set forth herein and notify the Trustee of the same.

(c) In the case of any conversion of Securities other than the SL Securities, the Company shall deliver and, if applicable, pay the consideration due in respect of the Conversion Obligation on the second Business Day immediately following the relevant Conversion Date. In the case of any conversion of SL Securities, the Company shall deliver and, if applicable, pay the consideration due in respect of the Conversion Obligation on the second Business Day immediately following the relevant Conversion Date unless otherwise specified in the written notice referred to in the proviso below; *provided* , *however* , that the shares of Common Stock due in respect of the Conversion Obligation shall be delivered on the day specified in a written notice from the owner(s) (or in the case of Global Securities, beneficial owner(s)) of the SL Securities being converted that is delivered to the Company on or prior to the first Business Day immediately following the relevant Conversion Date, which delivery date (in respect of such shares of Common Stock) shall be no earlier than the second Business Day immediately following the relevant Conversion Date and be no later than the seventh Business Day immediately following the relevant Conversion Date (it being understood that if no such notice is delivered to the Company, then the Company shall deliver such shares on the second Business Day immediately following the relevant Conversion Date). In the case of a conversion of an SL Security in the form of a Global Security, such written notice shall include a certification therein that the beneficial owners delivering such written notice are holders that hold beneficial interests in the SL Securities subject to conversion. The Company shall issue or cause to be issued, and deliver or cause to be delivered to such Holder, or such Holder's nominee(s) or transferee(s), certificates or a book-entry transfer through the Depository for the full amount of Common Stock to which such Holder shall be entitled in satisfaction of the Company's Conversion Obligation.

(d) Except to the extent otherwise provided in this Section 10.02(d), no payment or adjustment will be made for accrued interest on a converted Security, and accrued interest, if any, will be deemed to be paid by the consideration paid to the Holder upon conversion. Such accrued interest, if any, shall be deemed to be paid in full rather than cancelled, extinguished or forfeited. The Company's settlement of the full Conversion Obligation shall be deemed to satisfy in full its obligation to pay the principal amount of the Security and accrued and unpaid interest, if any, to, but not including, the relevant Conversion Date. If any Holder surrenders a Security for conversion after the Close of Business on the Record Date for the payment of an installment of interest but prior to the Open of Business on the next Interest Payment Date, then, notwithstanding such conversion, the full amount of interest payable with respect to such Security on such Interest Payment Date shall be paid on such Interest Payment Date to the Holder of record of such Security at the Close of Business on such Record Date; *provided* , *however* , that such Security, when surrendered for conversion, must be

accompanied by payment in cash to the Conversion Agent on behalf of the Company of an amount equal to the full amount of interest payable on such Interest Payment Date on the Security so converted; *provided further*, *however*, that such payment to the Conversion Agent described in the immediately preceding proviso in respect of a Security surrendered for conversion shall not be required with respect to a Security that (i) is surrendered for conversion after the Close of Business on the Record Date immediately preceding the Maturity Date, or (ii) is surrendered for conversion after the Close of Business on a Record Date for the payment of an installment of interest and on or prior to the Open of Business on the related Interest Payment Date, where, pursuant to Section 3.01, the Company has specified, with respect to a Fundamental Change, a Fundamental Change Repurchase Date that is after such Record Date but on or prior to such Interest Payment Date.

(e) If a Holder converts more than one Security at the same time, the Conversion Obligation with respect to such Securities shall be based on the total principal amount of all Securities so converted.

(f) Upon surrender of a Security that is converted in part, the Trustee shall authenticate for the Holder a new Security equal in principal amount to the unconverted portion of the Security surrendered.

Section 10.03. *Cash in Lieu of Fractional Shares*. The Company shall not issue fractional shares of Common Stock upon the conversion of a Security. Instead, the Company shall pay to converting Holders cash in lieu of fractional shares based on the Daily VWAP on the relevant Conversion Date. If more than one Security shall be surrendered for conversion at one time by the same Holder, the number of full shares of Common Stock that shall be issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of the Securities, or specified portions thereof to the extent permitted hereby so surrendered, and any fractional shares remaining after such computation shall be paid in cash.

Section 10.04. *Taxes on Conversion*. If a Holder converts its Security, the Company shall pay any documentary, stamp or similar issue or transfer tax or duty due on the issue, if any, of Common Stock upon the conversion. However, the Holder shall pay such tax which is due because the Holder requests the shares of Common Stock to be issued in a name other than the Holder's name. The Company may refuse to deliver the certificate(s) representing the Common Stock being issued or delivered to the Holder or in a name other than such Holder's name until the Conversion Agent receives a sum sufficient to pay any tax or duty which will be due because shares of Common Stock are to be issued or delivered in a name other than such Holder's name.

Section 10.05. *Company to Provide Common Stock*. The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued stock, for the purpose of effecting the conversion of the Securities, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient for the conversion of all outstanding Securities into shares of Common Stock at any time (assuming, for such purposes, that at the time of computation of such number of shares, all such Securities would be converted by a single Holder). The Company shall, from time to time and in accordance with Delaware law, cause the authorized number of shares of Common Stock to be increased if the aggregate of the number of authorized shares of Common Stock remaining unissued shall not be sufficient for the conversion of all outstanding (and issuable as set forth above) Securities into shares of Common Stock at any time.

All Common Stock issued upon conversion of the Securities shall be validly issued, fully paid and non-assessable and shall be free of preemptive or similar rights and free of any lien or adverse claim that arises from the action or inaction of the Company.

The Company shall comply with all securities laws regulating the offer and delivery of any Common Stock upon conversion of Securities and shall list such shares on each national securities exchange or automated quotation system on which the Common Stock is listed on the applicable Conversion Date.

Section 10.06. *Adjustment of Conversion Rate* . The Conversion Rate shall be subject to adjustment from time to time, without duplication, upon the occurrence of any of the following events on or after the date of this Indenture:

(a) In case the Company shall pay or make a dividend or other distribution on its Common Stock consisting exclusively of Common Stock, the Conversion Rate shall be increased by multiplying such Conversion Rate by a fraction of which the denominator shall be the number of shares of Common Stock outstanding immediately prior to the Open of Business on the Ex Date for such dividend or distribution, and the numerator shall be the number of shares of Common Stock outstanding immediately after such dividend or distribution, in the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where,

CR_0	=	the Conversion Rate in effect immediately prior to the Open of Business on the Ex Date of such dividend or distribution;
CR’	=	the Conversion Rate in effect immediately after the Open of Business on the Ex Date for such dividend or distribution;
OS_0	=	the number of shares of Common Stock outstanding immediately prior to the Open of Business on the Ex Date for such dividend or distribution; and
OS’	=	the number of shares of Common Stock outstanding immediately after giving effect to such dividend or distribution.

In case the Company shall effect a share split or share combination, the Conversion Rate shall be proportionally increased, in the case of a share split, and proportionally reduced, in the case of a share combination, as expressed in the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the effective date of such share split or share combination;

CR' = the Conversion Rate in effect immediately after the Open of Business on the effective date of such share split or share combination;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the Open of Business on the effective date of such share split or share combination; and

OS' = the number of shares of Common Stock outstanding immediately after giving effect to such share split or share combination.

Any adjustment made under this Section 10.06(a) shall become effective immediately after the Open of Business on the Ex Date for such dividend or distribution, or immediately after the Open of Business on the effective date for such share split or share combination, as the case may be. If any dividend or distribution of the type described in this Section 10.06(a) is declared but not so paid or made, or any share split or share combination of the type described in this Section 10.06(a) is announced but the shares of Common Stock are not split or combined, as the case may be, then the Conversion Rate shall be immediately readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution, or not to split or combine the shares of Common Stock, as the case may be, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared or such share split or combination had not been announced.

(b) If the Company distributes to all or substantially all holders of the Common Stock any rights, options or warrants entitling them, for a period expiring not more than forty-five (45) days immediately following the date of such distribution, to purchase or subscribe for Common Stock, at a price per share less than the average of the Closing Sale Prices of the Common Stock over the ten (10) consecutive Trading Day period ending on the Trading Day immediately preceding the date of announcement for such distribution, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Ex Date for such distribution;

CR' = the Conversion Rate in effect immediately after the Open of Business on such Ex Date;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the Open of Business on such Ex Date;

X = the total number of shares of Common Stock issuable pursuant to such rights, options or warrants; and

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights, options or warrants, divided by the average of the Closing Sale Prices of the Common Stock over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement for such distribution.

Any increase made under this Section 10.06(b) shall be made successively whenever any such rights, options or warrants are distributed and shall become effective immediately after the Open of Business on the Ex Date for such distribution. To the extent that Common Stock is not delivered after expiration of such rights, options or warrants, the Conversion Rate shall be readjusted, effective as of the date of such expiration, to the Conversion Rate that would then be in effect had the increase with respect to the distribution of such rights, options or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights, options or warrants are not so distributed, the Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to make such distribution, to the Conversion Rate that would then be in effect if such Ex Date for such distribution had not occurred.

In determining whether any rights, options or warrants entitle the holders to subscribe for or purchase Common Stock at less than such average of the Closing Sale Prices for the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement for such distribution, and in determining the aggregate offering price of such Common Stock, there shall be taken into account any consideration received by the Company for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors. Except in the case of a readjustment of the Conversion Rate pursuant to the immediately preceding paragraph, the Conversion Rate shall not be decreased pursuant to this Section 10.06(b).

(c) If the Company distributes shares of its Capital Stock, evidences of its indebtedness or other of its assets, securities or property or rights, options or warrants to acquire its Capital Stock or other securities, to all or substantially all holders of Common Stock, but excluding (i) dividends or distributions as to which an adjustment was effected pursuant to Section 10.06(a) or Section 10.06(b), (ii) dividends or distributions paid exclusively in cash as to which an adjustment was effected pursuant to Section 10.06(d), (iii) distributions of Reference Property in a transaction described in Section 10.11, (iv) rights issued pursuant to a rights plan of the Company (i.e., a poison pill), except to the extent provided by Section 10.13, and (v) Spin-Offs to which the provisions set forth in the latter portion of this Section 10.06(c) shall apply (any of such shares of Capital Stock, indebtedness or other assets, securities or property or rights, options or warrants to acquire its Capital Stock or other securities, the " **Distributed Property** "), then, in each such case the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0	=	the Conversion Rate in effect immediately prior to the Open of Business on the Ex Date for such distribution;
CR'	=	the Conversion Rate in effect immediately after the Open of Business on the Ex Date for such distribution;
SP_0	=	the average of the Closing Sale Prices of the Common Stock over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex Date for such distribution; and
FMV	=	the fair market value (as determined by the Board of Directors) of the Distributed Property distributable with respect to each outstanding share of Common Stock as of the Open of Business on the Ex Date for such distribution.

If the Board of Directors determines "FMV" for purposes of this Section 10.06(c) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Closing Sale Prices of the Common Stock over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex Date for such distribution.

Notwithstanding the foregoing, if "FMV" (as defined above) is equal to or greater than the "SP0" (as defined above), in lieu of the foregoing increase, provision shall be made for each Holder of a Security to receive, for each $1,000 principal amount of Securities it holds, at the same time and upon the same terms as the holders of the Common Stock, the amount and kind of Distributed Property that such Holder would have received if such Holder had owned a number of shares of Common Stock equal to the Conversion Rate in effect on the Ex Date for such distribution.

Any increase made under the portion of this Section 10.06(c) above shall become effective immediately after the Open of Business on the Ex Date for such distribution. If such distribution is not so paid or made, the Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to make such distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

With respect to an adjustment pursuant to this Section 10.06(c) where there has been a payment of a dividend or other distribution on the Common Stock of Capital Stock of any class or series, or similar equity interests, of or relating to a Subsidiary or other business unit of the Company, where such Capital Stock or similar equity interest is listed or quoted (or will be listed or quoted upon consummation of the transaction) on a U.S. national securities exchange (a " **Spin-Off** "), the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Ex Date for the Spin-Off;

CR' = the Conversion Rate in effect immediately after the Open of Business on the Ex Date for the Spin-Off;

FMV_0 = the average of the Closing Sale Prices of the Capital Stock or similar equity interest distributed to holders of the Common Stock applicable to one share of Common Stock over the ten (10) consecutive Trading Days immediately following, and including, the Ex Date for a Spin-Off (the " **Valuation Period** "); and

MP_0 = the average of the Closing Sale Prices of the Common Stock over the Valuation Period.

The increase to the Conversion Rate under the preceding paragraph shall be determined on the last Trading Day of the Valuation Period, but will be given effect immediately after the Open of Business on the Ex Date for such Spin-Off. For purposes of determining the Conversion Rate in respect of any conversion during the 10 Trading Days commencing on the Ex Date for such Spin-Off, references within the portion of this Section 10.06(c) related to "Spin-Offs" to ten (10) consecutive Trading Days shall be deemed replaced with such lesser number of Trading Days as have elapsed from, and including, the Ex Date for such Spin-Off to, but excluding, the relevant Conversion Date.

Subject in all respects to Section 10.13, rights, options or warrants distributed by the Company to all holders of its Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's Capital Stock, including Common Stock (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events (" **Trigger Event** "): (i) are deemed to be transferred with such Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of the Common Stock, shall be deemed not to have been distributed for purposes of this Section 10.06(c) (and no adjustment to the Conversion Rate under this Section 10.06(c), will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options or warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 10.06(c), as the case may be. If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date

of distribution and Ex Date with respect to new rights, options or warrants with such rights (and a termination or expiration of the existing rights, options or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 10.06(c), as the case may be, was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights, options or warrants had not been issued.

For purposes of Section 10.06(a), Section 10.06(b) and this Section 10.06(c), any dividend or distribution to which this Section 10.06(c) is applicable that also includes one or both of:

(A) a dividend or distribution of Common Stock to which Section 10.06(a) is applicable (the " **Clause A Distribution** "); or

(B) a dividend or distribution of rights, options or warrants to which Section 10.06(b) is applicable (the " **Clause B Distribution** "),

then (1) such dividend or distribution, other than the Clause A Distribution and Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section 10.06(c) is applicable (the " **Clause C Distribution** ") and any Conversion Rate adjustment required by this Section 10.06(c) with respect to such Clause C Distribution shall then be made and (2) the Clause A Distribution and Clause B Distribution shall be deemed to immediately follow the Clause C Distribution and any Conversion Rate adjustment required by Section 10.06(a) and Section 10.06(b) with respect thereto shall then be made, except that, if determined by the Board of Directors, the Ex Date of the Clause A Distribution and the Clause B Distribution shall be deemed to be the Ex Date of the Clause C Distribution and any Common Stock included in the Clause A Distribution or Clause B Distribution shall be deemed not to be "outstanding immediately prior to the Open of Business on the Ex Date for such dividend or distribution" or "outstanding immediately after the Open of Business on the effective date of such share split or share combination," as the case may be within the meaning of Section 10.06(a) or "outstanding immediately prior to the Open of Business on the Ex Date for such distribution" within the meaning of Section 10.06(b).

Except in the case of a readjustment of the Conversion Rate pursuant to the last sentence of either the fourth or seventh paragraph of this Section 10.06(c), the Conversion Rate shall not be decreased pursuant to this Section 10.06(c).

(d) If any cash dividend or distribution is made to all or substantially all holders of the Common Stock, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Open of Business on the Ex Date for such dividend or distribution;

CR' = the Conversion Rate in effect immediately after the Open of Business on the Ex Date for such dividend or distribution;

SP_0 = the average of the Closing Sale Prices of the Common Stock over the ten (10) consecutive Trading Day period immediately preceding the Ex Date for such dividend or distribution (or, if the Company declares such dividend or distribution less than eleven (11) Trading Days prior to the Ex Date for such dividend or distribution the reference to ten (10) consecutive Trading Days shall be replaced with a smaller number of consecutive Trading Days that shall have occurred after, and not including, such declaration date and prior to, but not including, the Ex Date for such dividend or distribution); and

C = the amount in cash per share of Common Stock the Company distributes to holders of its Common Stock.

Any adjustment made under this Section 10.06(d) shall become effective immediately after the Open of Business on the Ex Date for such dividend or distribution.

Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP0" (as defined above), in lieu of the foregoing increase, provision shall be made for each Holder of a Security to receive, for each $1,000 principal amount of Securities it holds, at the same time and upon the same terms as holders of the Common Stock, the amount of cash such Holder would have received as if such Holder owned a number of shares of Common Stock equal to the Conversion Rate on the Ex Date for such cash dividend or distribution. If such dividend or distribution is not so paid, the Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

Except in the case of a readjustment of the Conversion Rate pursuant to the last sentence of the immediately preceding paragraph, the Conversion Rate shall not be decreased pursuant to this Section 10.06(d).

(e) If the Company or any of its Subsidiaries makes a payment in respect of a tender offer or exchange offer for the Common Stock, if the cash and value of any other consideration included in the payment per share of Common Stock exceeds the average of the Closing Sale Prices of the Common Stock over the ten (10) consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{AC + (SP' \times OS')}{OS_0 \times SP'}$$

where,

CR_0	=	the Conversion Rate in effect immediately prior to the Close of Business on the last Trading Day of the ten (10) consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires;
CR'	=	the Conversion Rate in effect immediately after the Close of Business on the last Trading Day of the ten (10) consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires;
AC	=	the aggregate value of all cash and any other consideration (as determined by the Board of Directors) paid or payable for shares of Common Stock purchased in such tender or exchange offer;
OS_0	=	the number of shares of Common Stock outstanding immediately prior to the time such tender or exchange offer expires (prior to giving effect to such tender offer or exchange offer);
OS'	=	the number of shares of Common Stock outstanding immediately after the time such tender or exchange offer expires (after giving effect to such tender offer or exchange offer); and
SP'	=	the average of the Closing Sale Prices of the Common Stock over the ten (10) consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires.

The increase to the Conversion Rate under this Section 10.06(e) shall occur at the Close of Business on the tenth (10th) Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires; *provided* that, for purposes of determining the Conversion Rate, in respect of any conversion during the ten (10) Trading Days immediately following, but excluding, the date that any such tender or exchange offer expires, references in this Section 10.06(e) to ten (10) consecutive Trading Days shall be deemed to be replaced with such lesser number of consecutive Trading Days as have elapsed between the date such tender or exchange offer expires and the relevant Conversion Date. If the Company or one of its Subsidiaries is obligated to purchase the Common Stock pursuant to any such tender or exchange offer but the Company or such Subsidiary is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Rate shall be immediately decreased to the Conversion Rate that would be in effect if such tender or exchange offer had not been made.

Except in the case of a readjustment of the Conversion Rate pursuant to the last sentence of the immediately preceding paragraph, the Conversion Rate shall not be decreased pursuant to this Section 10.06(e).

(f) In addition to the foregoing adjustments in subsections (a), (b), (c), (d) and (e) above, and to the extent permitted by applicable law and the rules of the Relevant Stock Exchange, the Company may, from time to time and to the extent permitted by law, increase the Conversion Rate by any amount for a period of at least twenty-five (25) Trading Days or any longer period as may be permitted or required by law, if the Board of Directors has made a determination, which determination shall be conclusive, that such increase would be in the best interests of the Company. Such Conversion Rate increase shall be irrevocable during such period. The Company shall give notice to the Trustee and cause notice of such increase, which notice will include the amount of the increase and the period during which the increase shall be in effect, to be sent to each Holder of Securities in accordance with Section 13.01, at least fifteen (15) days prior to the date on which such increase commences.

(g) All calculations under this Article 10 shall be made to the nearest cent or to the nearest 1/10,000th of a share, as the case may be. Adjustments to the Conversion Rate will be calculated to the nearest 1/10,000th.

(h) Notwithstanding this Section 10.06 or any other provision of this Indenture or the Securities, if a Conversion Rate adjustment becomes effective on any Ex Date, and a Holder that has converted its Securities on or after such Ex Date and on or prior to the related record date would be treated as the record holder of the Common Stock as of the related Conversion Date as described under Section 10.02(b) based on an adjusted Conversion Rate for such Ex Date, then, notwithstanding the Conversion Rate adjustment provisions in this Section 10.06, the Conversion Rate adjustment relating to such Ex Date shall not be made for such converting Holder. Instead, such Holder shall be treated as if such Holder were the record owner of the Common Stock on an unadjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment.

(i) For purposes of this Section 10.06, " **effective date** " means the first date on which the Common Stock trade on the Relevant Stock Exchange, regular way, reflecting the relevant share split or share combination, as applicable.

(j) For purposes of this Section 10.06, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company. The Company shall not pay any dividend or distribution on shares of Capital Stock of the Company held in the treasury of the Company to the extent such dividend or distribution would be made in an amount based on the amount of a dividend or distribution paid on the Common Stock.

Section 10.07. *No Adjustment* . The Conversion Rate shall not be adjusted for any transaction or event other than for any transaction or event described in this Article 10. Without limiting the foregoing, the Conversion Rate shall not be adjusted:

(i) upon the issuance of any Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in shares of Common Stock under any plan;

(ii) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of the Company's Subsidiaries (or the issuance of any shares of Common Stock pursuant to any such options or other rights);

(iii) upon the issuance of any Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (ii) above and outstanding as of the date the Securities were first issued;

(iv) for accrued and unpaid interest, if any;

(v) repurchases of Common Stock that are not tender offers or exchange offers pursuant to Section 10.06(e), including structured or derivative transactions such as accelerated share repurchase transactions or similar forward derivatives;

(vi) solely for a change in the par value of the Common Stock; or

(vii) for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or the right to purchase Common Stock or such convertible or exchangeable securities, except as described in Section 10.06.

No adjustment in the Conversion Rate less than one percent (1%) of the Conversion Rate as last adjusted (or, if never adjusted, the initial Conversion Rate) shall be made pursuant to Section 10.06(a) through Section 10.06(e); *provided* , *however* , that (i) the Company shall carry forward any adjustments that are not made as a result of the foregoing and make such carried forward adjustments with respect to the Conversion Rate when the cumulative effect of all adjustments not yet made will result in a change of one percent (1%) or more of the Conversion Rate as last adjusted (or, if never adjusted, the initial Conversion Rate) and (ii) notwithstanding the foregoing, all such deferred adjustments that have not yet been made shall be made (including any adjustments that are less than one percent (1%) of the Conversion Rate as last adjusted (or, if never adjusted, the initial Conversion Rate)) (1) on the effective date of any Fundamental Change or Make-Whole Fundamental Change and (2) on the Conversion Date.

No adjustment to the Conversion Rate need be made pursuant to Section 10.06 for a transaction (other than for share splits or share combinations pursuant to Section 10.06(a)) if the Company makes provision for each Holder to participate in the transaction, at the same time and upon the same terms as holders of Common Stock participate in such transaction, without conversion, as if such Holder held a number of shares of Common Stock equal to the Conversion Rate in effect on the Ex Date or effective date, as applicable, of the transaction (without giving effect to any adjustment pursuant to Section 10.06 on account of such transaction), *multiplied by* principal amount (expressed in thousands) of Securities held by such Holder.

Section 10.08. *Other Adjustments* . Whenever any provision of this Indenture requires the computation of an average of the Closing Sale Prices or the Daily VWAPs over a period of multiple Trading Days (including the period for determining the Applicable Price for purposes of a Make-Whole Fundamental Change), the Board of Directors, in its good faith determination, shall appropriately adjust such average to account for any event requiring, pursuant hereto, an adjustment to the Conversion Rate where the effective date, Ex Date or expiration date of such event occurs at any time on or after the first Trading Day of such period and on or prior to the last Trading Day of such period.

Section 10.09. *Adjustments for Tax Purposes* . Except as prohibited by law, the Company may (but is not obligated to) make such increases in the Conversion Rate, in addition to those required by Section 10.06 hereof, as it considers to be advisable to avoid or diminish any income tax to any holders of Common Stock (or rights to purchase Common Stock) resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes or for any other reason.

Section 10.10. *Notice of Adjustment and Certain Events* . (a) Whenever the Conversion Rate is adjusted, the Company shall promptly file with the Trustee an Officers' Certificate describing in reasonable detail the adjustment and the method of calculation used and the Company shall promptly send to the Holders in accordance with Section 13.01 a notice of the adjustment setting forth the adjusted Conversion Rate and the calculation thereof. The certificate and notice shall be conclusive evidence of the correctness of such adjustment. In the absence of an Officers' Certificate being filed with the Trustee (and the Conversion Agent if not the Trustee), the Trustee may assume without inquiry that the Conversion Rate has not been adjusted and that the last Conversion Rate of which it has knowledge remains in effect.

(b) In case of any:

(i) action by the Company or one of its Subsidiaries that would require an adjustment to the Conversion Rate in accordance with Section 10.06 or Section 10.13;

(ii) Merger Event; or

(iii) voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then the Company shall at least ten days prior to the anticipated effective date of such transaction or event cause written notice thereof to be sent to the Trustee and the Holders in accordance with Section 13.01. Such notice shall also specify, as applicable, the date or expected date on which the holders of Common Stock shall be entitled to a distribution and the date or expected date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up, as the case may be. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such action by the Company or one of its Subsidiaries, Merger Event, dissolution, liquidation or winding-up.

Section 10.11. *Effect of Reclassifications, Consolidations, Mergers, Binding Share Exchanges or Sales on Conversion Privilege* . If on or after the date of this Indenture the Company:

(a) reclassifies the Common Stock (other than a change as a result of a subdivision or combination of Common Stock to which Section 10.06(a) applies);

(b) is party to a consolidation, merger or binding share exchange; or

(c) sells, transfers, leases, conveys or otherwise disposes of all or substantially all of the consolidated property or assets of the Company and its Subsidiaries, taken as a whole,

in each case, pursuant to which the Common Stock would be converted into or exchanged for, or would constitute solely the right to receive, cash, securities or other property (any such event, a " **Merger Event** "), each $1,000 principal amount of converted Securities will, from and after the effective time of such Merger Event, be convertible into the same kind, type and proportions of consideration that a holder of a number of shares of Common Stock equal to the Conversion Rate in effect immediately prior to such Merger Event would have received in such Merger Event (" **Reference Property** ") and, prior to or at the effective time of such Merger Event, the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture permitted under Section 9.01(a) providing for such change in the right to convert the Securities; *provided* , *however* , that at and after the effective time of the Merger Event (A) any amount payable in cash for fractional shares of Common Stock upon conversion of the Securities in accordance with Section 10.03 shall continue to be payable in cash, (B) any Common Stock that the Company would have been required to deliver upon conversion of the Securities in accordance with Section 10.02 shall instead be deliverable in the amount and type of Reference Property that a holder of that number of shares of Common Stock would have received in such Merger Event and (C) the Daily VWAP shall be calculated based on a unit of Reference Property.

If the Merger Event causes the Common Stock to be converted into, or exchanged for, the right to receive more than a single type of consideration determined based in whole or in part upon any form of stockholder election, then (i) the Reference Property into which the Securities will be convertible shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make such an election and (ii) the unit of Reference Property for purposes of the immediately preceding paragraph shall refer to the consideration referred to in clause (i) attributable to one share of Common Stock. The Company shall notify Holders, the Trustee and the Conversion Agent (if other than the Trustee) of such weighted average as soon as reasonably practicable after such determination is made. If the holders receive only cash in such Merger Event, then for all conversions that occur after the effective date of such Merger Event (A) the consideration due upon conversion of each $1,000 principal amount of Securities shall be solely cash in an amount equal to the Conversion Rate in effect on the Conversion Date (as may be increased pursuant to Section 10.14), multiplied by the price paid per share of Common Stock in such Merger Event and (B) the Company shall satisfy its Conversion Obligation by paying cash to converting Holders on the second Business Day immediately following the relevant Conversion Date.

The supplemental indenture referred to in the first sentence of this Section 10.11 shall provide for adjustments to the Conversion Rate that shall be as nearly equivalent as may be practicable to the adjustments of the Conversion Rate provided for in this Article 10 and for the delivery of cash by the Company in lieu of fractional securities or property that would otherwise be deliverable to holders upon conversion as part of the Reference Property, with such amount of cash determined by the Board of Directors in a manner as nearly equivalent as may be practicable to that used by the Company to determine the Closing Sale Price of the Common Stock. The Company shall not become a party to any Merger Event unless its terms are consistent with the foregoing. If, in the case of any Merger Event, the stock or other securities and assets receivable thereupon by a holder of Common Stock includes shares of stock or other securities and assets of a corporation other than the successor or purchasing corporation, as the case may be, in such Merger Event, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the Holders of the Securities as the Board of Directors shall reasonably consider necessary by reason of the foregoing, including to the extent practicable the provisions providing for the conversion rights set forth in this Article 10. The provisions of this Section 10.11 shall similarly apply to successive consolidations, mergers, binding share exchanges, sales, transfers, leases, conveyances or dispositions.

None of the foregoing provisions shall affect the right of a Holder to convert its Securities into Common Stock (and cash in lieu of any fractional share) as set forth in Section 10.01 and Section 10.02 prior to the effective date of such Merger Event.

In the event the Company shall execute a supplemental indenture in accordance with this Section 10.11, the Company shall promptly file with the Trustee an Officers' Certificate briefly stating the reasons therefor, the kind or amount of Reference Property receivable by Holders of the Securities upon the conversion of their Securities after any such Merger Event and any adjustment to be made with respect thereto.

Section 10.12. *Trustee's Disclaimer* . The Trustee and any other Conversion Agent shall have no duty to determine the Conversion Rate (or any adjustment thereto) or whether any facts exist that may require that any adjustment under this Article 10 should be made, how it should be made or what such adjustment should be, but may accept as conclusive evidence of the correctness of any such adjustment, and shall be protected in relying upon, the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 10.10 hereof. Neither the Trustee nor any other Conversion Agent makes any representation as to the validity or value of any securities or assets issued upon conversion of Securities, and neither the Trustee nor any other Conversion Agent shall be responsible for the failure by the Company to comply with any provisions of this Article 10 or to monitor any Person's compliance with this Article 10.

The Trustee shall not be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture executed pursuant to Section 10.11, but may accept as conclusive evidence of the correctness thereof, and shall be protected in relying upon, the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 10.11 hereof.

Section 10.13. *Rights Distributions Pursuant to Shareholders' Rights Plans* . To the extent that on or after the date of this Indenture the Company adopts a rights plan (i.e., a poison pill) and such plan is in effect upon conversion of any Security or a portion thereof, the Company shall make provision such that each Holder thereof shall receive, in addition to, and concurrently with the delivery of, the Common Stock due upon conversion, the rights described in such plan, unless the rights have separated from the Common Stock before the time of conversion, in which case the Conversion Rate shall be adjusted at the time of separation as if the Company distributed to all holders of Common Stock, Distributed Property as described in Section 10.06(c), subject to readjustment in the event of the expiration, termination or redemption of such rights.

Section 10.14. *Increased Conversion Rate Applicable to Certain Securities Surrendered in Connection with Make-Whole Fundamental Changes* . (a) Notwithstanding anything herein to the contrary, the Conversion Rate applicable to each Security that is surrendered for conversion, in accordance with this Article 10, at any time during the period (the " **Make-Whole Conversion Period** ") from, and including, the effective date (the " **Effective Date** ") of a Make-Whole Fundamental Change (which Effective Date the Company shall disclose in the written notice referred to in Section 10.14(e)) (A) if such Make-Whole Fundamental Change does not also constitute a Fundamental Change, to, and including, the Close of Business on the date that is thirty (30) Business Days after the later of (i) such Effective Date and (ii) the date the Company sends to Holders the relevant notice of the Effective Date or (B) if such Make-Whole Fundamental Change also constitutes a Fundamental Change, to, and including, the Close of Business on the Business Day immediately preceding the Fundamental Change Repurchase Date corresponding to such Fundamental Change (provided that the Repurchase Notice has not been delivered by the Holder or has been withdrawn), shall be increased to an amount equal to the Conversion Rate that would, but for this Section 10.14, otherwise apply to such Security pursuant to this Article 10, plus an amount equal to the Make-Whole Applicable Increase.

(b) As used herein, " **Make-Whole Applicable Increase** " shall mean, with respect to a Make-Whole Fundamental Change, the amount, set forth in the following table, which corresponds to the Effective Date and the Applicable Price of such Make-Whole Fundamental Change:

	Applicable Price												
Effective Date	**$34.85**	**$37.50**	**$40.00**	**$42.00**	**$45.00**	**$50.00**	**$60.00**	**$70.00**	**$80.00**	**$100.00**	**$120.00**	**$140.00**	**$160.00**
December 1, 2017	4.88180	4.35520	4.35520	3.66430	3.30640	2.83620	2.19750	1.78610	1.49960	1.12440	0.88720	0.72190	0.59920
January 1, 2018	4.88180	4.32590	4.32590	3.63190	3.27330	2.80340	2.16730	1.75960	1.47640	1.10660	0.87330	0.71080	0.59030
July 1, 2018	4.88180	4.19410	4.19410	3.47100	3.10290	2.62820	2.00170	1.61200	1.34710	1.00790	0.79680	0.65070	0.54260
January 1, 2019	4.88180	4.05810	4.05810	3.29140	2.90910	2.42540	1.80820	1.43990	1.19680	0.89320	0.70760	0.57990	0.48560
July 1, 2019	4.88180	3.90480	3.90480	3.07760	2.67490	2.17900	1.57480	1.23460	1.01890	0.75850	0.60230	0.49540	0.41660
January 1, 2020	4.88180	3.73330	3.73330	2.81810	2.38670	1.87480	1.29230	0.99100	0.81140	0.60340	0.48100	0.39740	0.33550
July 1, 2020	4.88180	3.52110	3.52110	2.47170	2.00090	1.47360	0.93870	0.69930	0.56930	0.42580	0.34160	0.28340	0.24030
January 1, 2021	4.88180	3.21200	3.21200	1.92480	1.40220	0.88980	0.49020	0.35840	0.29540	0.22550	0.18230	0.15190	0.12920
July 1, 2021	4.88180	2.85390	2.85390	—	—	—	—	—	—	—	—	—	—

provided , *however* , that:

(i) if the actual Applicable Price of such Make-Whole Fundamental Change is between two (2) Applicable Prices listed in the table above under the row titled "Applicable Price," or if the actual Effective Date of such Make-Whole Fundamental

Change is between two Effective Dates listed in the table above in the column immediately below the title "Effective Date," then the Make-Whole Applicable Increase for such Make-Whole Fundamental Change shall be determined by linear interpolation between the Make-Whole Applicable Increases set forth for such higher and lower Applicable Prices, or for such earlier and later Effective Dates based on a three hundred and sixty five (365) day year, as applicable;

(ii) if the actual Applicable Price of such Make-Whole Fundamental Change is greater than $160.00 per share (subject to adjustment in the same manner as the Applicable Prices pursuant to Section 10.14(b)(iii)), or if the actual Applicable Price of such Make-Whole Fundamental Change is less than $34.85 per share (subject to adjustment in the same manner as the Applicable Prices pursuant to Section 10.14(b)(iii)), then the Make-Whole Applicable Increase shall be equal to zero (0);

(iii) if an event occurs that requires, pursuant to this Article 10 (other than solely pursuant to this Section 10.14), an adjustment to the Conversion Rate, then, on the date and at the time such adjustment is so required to be made, each Applicable Price set forth in the table above under the column titled "Applicable Price" shall be deemed to be adjusted so that such Applicable Price, at and after such time, shall be equal to the product of (A) such Applicable Price as in effect immediately before such adjustment to such Applicable Price and (B) a fraction the numerator of which is the Conversion Rate in effect immediately before such adjustment to the Conversion Rate and the denominator of which is the Conversion Rate to be in effect, in accordance with this Article 10, immediately after such adjustment to the Conversion Rate;

(iv) each Make-Whole Applicable Increase amount set forth in the table above shall be adjusted in the same manner, for the same events and at the same time as the Conversion Rate is required to be adjusted pursuant to Section 10.06 through Section 10.13; and

(c) Subject to Section 10.11, upon surrender of Securities for conversion in connection with a Make-Whole Fundamental Change, the Company shall satisfy the related Conversion Obligation in accordance with Section 10.02; *provided* , *however* , that if at the effective time of a Make-Whole Fundamental Change described in clause (c) of the definition of Change in Control the consideration for the Common Stock is composed entirely of cash, for any conversion of Securities following the Effective Date of such Make-Whole Fundamental Change, the Conversion Obligation shall be calculated based solely on the Applicable Price for the transaction and shall be deemed to be an amount equal to, per $1,000 principal amount of converted Securities, the Conversion Rate (including any Make-Whole Applicable Increase), multiplied by such Applicable Price. In such event, the Conversion Obligation will be determined and shall be paid to Holders in cash on the second Business Day following the Conversion Date.

(d) As used herein, " **Applicable Price** " shall have the following meaning with respect to a Make-Whole Fundamental Change: (i) if such Make-Whole Fundamental Change is a transaction or series of transactions described in clause (c) of the definition of Change in Control and the consideration (excluding cash payments for fractional shares or pursuant to

statutory appraisal rights) for Common Stock in such Make-Whole Fundamental Change consists solely of cash, then the "Applicable Price" with respect to such Make-Whole Fundamental Change shall be equal to the cash amount paid per share of Common Stock in such Make-Whole Fundamental Change and (ii) in all other circumstances, the "Applicable Price" with respect to such Make-Whole Fundamental Change shall be equal to the average of the Closing Sale Prices per share of Common Stock for the five (5) consecutive Trading Days immediately preceding, but excluding, the Effective Date of such Make-Whole Fundamental Change, which average shall be appropriately adjusted by the Board of Directors, in its good faith determination, to account for any adjustment, pursuant hereto, to the Conversion Rate that shall become effective, or any event requiring, pursuant hereto, an adjustment to the Conversion Rate where the Ex Date of such event occurs, at any time during such five (5) consecutive Trading Days.

(e) The Company shall send to each Holder, in accordance with Section 13.01, written notice of the Effective Date of the Make-Whole Fundamental Change within ten (10) days after such Effective Date. Each such notice shall also state that, in connection with such Make-Whole Fundamental Change, the Company shall increase, in accordance herewith, the Conversion Rate applicable to Securities entitled as provided herein to such increase (along with a description of how such increase shall be calculated and the time periods during which Securities must be surrendered in order to be entitled to such increase, including, without limitation, the last day of the Make-Whole Conversion Period).

(f) For avoidance of doubt, the provisions of this Section 10.14 shall not affect or diminish the Company's obligations, if any, pursuant to Article 3 with respect to a Make-Whole Fundamental Change that also constitutes a Fundamental Change.

(g) Nothing in this Section 10.14 shall prevent an adjustment to the Conversion Rate pursuant to Section 10.06 in respect of a Make-Whole Fundamental Change.

Section 10.15. *Applicable Stock Exchange Restrictions* . Notwithstanding anything in this Article 10 to the contrary, in the event of any increase in the Conversion Rate that would result in the Securities in the aggregate becoming convertible into shares of Common Stock in excess of the share issuance limitations of the listing rules of The NASDAQ Stock Market LLC (regardless of whether the Company then has a class of securities listed on The NASDAQ Stock Market LLC), the Company shall, at its option (but without delaying delivery of consideration upon any conversion), either (i) obtain stockholder approval of such issuances, in accordance with the stockholder approval rules contained in such listing standards, or (ii) pay cash in lieu of delivering any shares of Common Stock otherwise deliverable upon conversion in excess of such limitations based on the Closing Sale Price of the Common Stock on the Conversion Date (or, if the Conversion Date is not a Trading Day, the next following Trading Day) in respect of which, in lieu of delivering shares of Common Stock, the Company is paying cash pursuant to this Section 10.15. If the Company pays cash in lieu of delivering shares of Common Stock pursuant to this Section 10.15, it will notify the Trustee, the Conversion Agent and the Holders of the maximum number of shares it will deliver per $1,000 principal amount of converted Security in respect of the relevant conversion.

ARTICLE 11

CONCERNING THE HOLDERS

Section 11.01. *Action by Holders* . Whenever in this Indenture it is provided that the Holders of a specified percentage in aggregate principal amount of the Securities may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the Holders of such specified percentage have joined therein may be evidenced (i) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, (ii) by the record of the Holders voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Article 12 or (iii) by a combination of such instrument or instruments and any such record of such a meeting of Holders. Whenever the Company or the Trustee solicits the taking of any action by the Holders of the Securities, the Company or the Trustee may fix, but shall not be required to, in advance of such solicitation, a date as the record date for determining Holders entitled to take such action. The record date if one is selected shall be not more than fifteen (15) days prior to the date of commencement of solicitation of such action.

Section 11.02. *Proof of Execution by Holders* . Subject to the provisions of Section 12.05, proof of the execution of any instrument by a Holder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Securities shall be proved by the security register of the Registrar or by a certificate of the Registrar. The record of any Holders' meeting shall be proved in the manner provided in Section 12.06.

Section 11.03. *Persons Deemed Absolute Owners* . The Company, the Trustee, any authenticating agent, any Paying Agent, any Conversion Agent and any Registrar may deem the Person in whose name a Security shall be registered upon the security register of the Registrar to be, and may treat it as, the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon made by any Person other than the Company or any Registrar) for the purpose of receiving payment of or on account of the principal of and (subject to Section 2.12 and Section 4.01) accrued and unpaid interest on such Security, or the Fundamental Change Repurchase Price, if applicable, for conversion of such Security and for all other purposes; and neither the Company nor the Trustee nor any authenticating agent nor any Paying Agent nor any Conversion Agent nor any Registrar shall be affected by any notice to the contrary. All such payments so made to any Holder for the time being, or upon its order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for monies payable upon any such Security. Notwithstanding anything to the contrary in this Indenture or the Securities following an Event of Default, any holder of a beneficial interest in a Global Security may directly enforce against the Company, without the consent, solicitation, proxy, authorization or any other action of the Depository or any other Person, such holder's right to exchange such beneficial interest for a Physical Security in accordance with the provisions of this Indenture.

ARTICLE 12

HOLDERS' MEETINGS

Section 12.01. *Purpose of Meetings* . A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article 12 for any of the following purposes:

(a) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any Default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Holders pursuant to any of the provisions of Article 6;

(b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article 7;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 9.02; or

(d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Securities under any other provision of this Indenture or under applicable law.

Section 12.02. *Call of Meetings by Trustee* . The Trustee may at any time call a meeting of Holders to take any action specified in Section 12.01, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 11.01, shall be sent to Holders of such Securities at their addresses as they shall appear on the security register of the Registrar. Such notice shall also be sent to the Company. Such notices shall be sent not less than twenty (20) nor more than ninety (90) days prior to the date fixed for the meeting.

Any meeting of Holders shall be valid without notice if the Holders of all Securities then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the Holders of all Securities outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 12.03. *Call of Meetings by Company or Holders* . In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least ten percent (10%) in aggregate principal amount of the Securities then outstanding, shall have requested the Trustee to call a meeting of Holders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have sent the notice of such meeting within twenty (20) days after receipt of such request, then the Company or such Holders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 12.01, by sending notice thereof as provided in Section 12.02.

Section 12.04. *Qualifications for Voting* . To be entitled to vote at any meeting of Holders a Person shall (a) be a Holder of one or more Securities on the record date pertaining to such meeting or (b) be a Person appointed by an instrument in writing as proxy by a Holder of one or more Securities on the record date pertaining to such meeting. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 12.05. *Regulations* . Notwithstanding any other provision of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Securities and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 12.03, in which case the Company or the Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in aggregate principal amount of the outstanding Securities represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 2.09, at any meeting of Holders each Holder or proxyholder shall be entitled to one vote for each $1,000 principal amount of Securities held or represented by such Holder or proxyholder, as the case may be; *provided* , *however* , that no vote shall be cast or counted at any meeting in respect of any Security challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Securities held by it or instruments in writing as aforesaid duly designating it as the proxy to vote on behalf of other Holders. Any meeting of Holders duly called pursuant to the provisions of Section 12.02 or Section 12.03 may be adjourned from time to time by the Holders of a majority of the aggregate principal amount of outstanding Securities represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 12.06. *Voting* . The vote upon any resolution submitted to any meeting of Holders shall be by written ballot on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the outstanding principal amount of the Securities held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was sent as provided in Section 12.02. The record shall show the principal amount of the Securities voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 12.07. *No Delay of Rights by Meeting* . Nothing contained in this Article 12 shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Holders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Securities. Nothing contained in this Article 12 shall be deemed or construed to limit any Holder's actions pursuant to the Applicable Procedures so long as the Securities are Global Securities.

ARTICLE 13

MISCELLANEOUS

Section 13.01. *Notices* . Any notice or communication by the Company or the Trustee to the other shall be deemed to be duly given if made in writing and delivered:

(a) by hand (in which case such notice shall be effective upon delivery);

(b) by facsimile or other electronic transmission (in which case such notice shall be effective upon receipt of confirmation of good transmission thereof); or

(c) by overnight delivery by a nationally recognized courier service (in which case such notice shall be effective on the Business Day immediately after being deposited with such courier service),

in each case to the recipient party's address set forth in this Section 13.01; *provided* , *however* , that notices to the Trustee shall only be effective upon the Trustee's actual receipt thereof. The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication sent to a Holder shall be sent to the Holder at its address shown on the register kept by the Registrar. Any notice or communication to be delivered to a Holder of a Global Security shall be transmitted to the Depository in accordance with its Applicable Procedures. Failure to send or transmit a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication to a Holder is sent in the manner provided above, it is duly given, whether or not the addressee receives it.

If the Company sends or transmits a notice or communication to Holders, it shall send a copy to the Trustee and each Securities Agent at the same time. If the Trustee or the Securities Agent is required, pursuant to the express terms of this Indenture or the Securities, to send a notice or communication to Holders, the Trustee or the Securities Agent, as the case may be, shall also send a copy of such notice or communication to the Company.

All notices or communications shall be in writing.

The Company's address is:

Cornerstone OnDemand, Inc.
1601 Cloverfield Blvd., Suite 620S
Santa Monica, CA 90404
Attention: [•]
Fax: [•]
Email: [•]

With a copy to:

Goodwin Procter LLP
100 Northern Avenue
Boston, Massachusetts 02210
Attention: Ettore A. Santucci
Fax: (617) 801-8807
Email: esantucci@goodwinlaw.com

The Trustee's address is:

[U.S. Bank National Association]
[633 West 5th Street, 24th Floor
[Los Angeles, California 90071]
Attention: [Paula M. Oswald, Corporate Trust Services (Cornerstone OnDemand, Inc. 5.75% Convertible Senior Notes due 2021)]
Facsimile: [(213) 615-6197]

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (" **Instructions** "), given pursuant to this Indenture and delivered using the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder (collectively, " **Electronic Means** "); *provided* , *however* , that the Company shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (" **Authorized Officers** ") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Company whenever a person is to be added or deleted from the listing. If the Company elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Company understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Company shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Company and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Company. The Trustee shall not be liable for any losses,

costs or expenses (except to the extent attributable to the Trustee's gross negligence, willful misconduct or bad faith) arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Company agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Company; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 13.02. *Communication by Holders with Other Holders* . To the extent the TIA is then applicable: (A) The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c) and (B) Holders may communicate pursuant to TIA § 312(b) with other Holders with respect to their rights under this Indenture or the Securities.

Section 13.03. *Certificate and Opinion as to Conditions Precedent* . Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate stating that, in the opinion of the signatories to such Officers' Certificate, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each signatory to an Officers' Certificate or an Opinion of Counsel may (if so stated) rely, effectively, upon an Opinion of Counsel as to legal matters and an Officers' Certificate or certificates of public officials or other representations or documents as to factual matters.

Section 13.04. *Statements Required in Certificate or Opinion* . Each Officers' Certificate or Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA § 314(a)(4)) shall comply with the provisions of TIA § 314(e) and shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

Section 13.05. *Rules by Trustee and Agents* . The Registrar, Paying Agent or Conversion Agent may make reasonable rules and set reasonable requirements for their respective functions.

Section 13.06. *Legal Holidays* . If a payment date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on that payment for the intervening period.

Section 13.07. *Duplicate Originals* . The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. Delivery of an executed counterpart by facsimile shall be effective as delivery of a manually executed counterpart thereof.

Section 13.08. *Facsimile and PDF Delivery of Signature Pages* . The exchange of copies of this Indenture and of signature pages by facsimile or portable document format (" **PDF** ") transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 13.09. *Governing Law* . THIS INDENTURE AND THE SECURITIES, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS INDENTURE OR THE SECURITIES, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Each of the parties hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating solely to this Indenture or the transactions contemplated hereby, to the general jurisdiction of the Supreme Court of the State of New York, County of New York or the United States Federal District Court sitting for the Southern District of New York (and appellate courts thereof);

(b) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same to the extent permitted by applicable law;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the party, as the case may be, at its address set forth in Section 13.01 or at such other address of which the other party shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction for recognition and enforcement of any judgment or if jurisdiction in the courts referenced in the foregoing clause (a) are not available despite the intentions of the parties hereto;

(e) agrees that final judgment in any such suit, action or proceeding brought in such a court may be enforced in the courts of any jurisdiction to which such party is subject by a suit upon such judgment, *provided* that service of process is effected upon such party in the manner specified herein or as otherwise permitted by law;

(f) agrees that to the extent that such party has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process with respect to itself or its property, such party hereby irrevocably waives such immunity in respect of its obligations under this Indenture, to the extent permitted by law; and

(g) irrevocably and unconditionally waives trial by jury in any legal action or proceeding in relation to this Indenture or the Securities.

Section 13.10. *No Adverse Interpretation of Other Agreements* . This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.11. *Successors* . All agreements of the Company in this Indenture and the Securities shall bind its successors and assigns. All agreements of the Trustee in this Indenture shall bind its successors.

Section 13.12. *Separability* . In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and a Holder shall have no claim therefor against any party hereto.

Section 13.13. *Table of Contents, Headings, Etc.* The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Section 13.14. *Calculations in Respect of the Securities* . The Company and its agents shall make all calculations under this Indenture and the Securities. These calculations include, but are not limited to, determinations of the Closing Sale Price of the Common Stock, the number of shares deliverable upon conversion, adjustments to the Conversion Price and the Conversion Rate, the Daily VWAPs, the Conversion Rate of the Securities, the amount of conversion consideration deliverables in respect of any conversion and the amounts of interest payable on the Securities. The Company and its agents shall make all of these calculations in good faith, and, absent manifest error, such calculations shall be final and binding on all Holders. The Company shall provide a copy of such calculations to the Trustee (and the Conversion Agent if not the Trustee) as required hereunder, and, the Trustee shall be entitled to conclusively rely on the accuracy of any such calculation without independent verification. The Trustee will forward the Company's calculations to any Holder upon the request of that Holder at the sole cost and expense of the Company.

Section 13.15. *No Personal Liability of Directors, Officers, Employees or Shareholders* . None of the Company's past, present or future directors, officers, employees or stockholders, as such, shall have any liability for any of the Company's obligations under this Indenture or the Securities or for any claim based on, or in respect or by reason of, such obligations or their creation. By accepting a Security, each holder waives and releases all such liability. This waiver and release is part of the consideration for the issue of the Securities.

Section 13.16. *Force Majeure* . In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 13.17. *Trust Indenture Act Controls.* If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required or deemed to be included in this Indenture by the TIA, such required or deemed provision shall control. If any provision of this Indenture modifies or excludes any provision of the TIA which may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

Section 13.18. *No Security Interest Created* . Nothing in this Indenture or in the Securities, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction.

Section 13.19. *Benefits of Indenture.* Nothing in this Indenture or in the Securities, expressed or implied, shall give to any Person, other than the Holders, the parties hereto, any Securities Agent and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 13.20. *Withholding.* Notwithstanding anything herein to the contrary, the Company, the Trustee, the Registrar, the Paying Agent and the Conversion Agent, as applicable, shall have the right to deduct and withhold from any payment or distribution made with respect to this Indenture and any Security (or the issuance of shares of Common Stock upon conversion of the Security) such amounts as are required to be deducted or withheld with respect to the making of such payment or distribution (or issuance) under any applicable tax law (inclusive of rules, regulations and interpretations promulgated by competent authorities) without liability therefor. To the extent that any amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes under this Security as having been paid to the Holder. In the event the Company, the Trustee, the Registrar, the Paying Agent or the Conversion Agent previously remitted any amounts to a governmental entity on account of taxes required to be deducted or withheld in respect of any payment or distribution (or deemed distribution) under this Indenture or with respect to any Security, the Company, the Registrar, the Paying Agent or the Conversion Agent, as applicable, shall be entitled to offset any such amounts against any amounts otherwise payable in respect of this Indenture or any Security (or the issuance of shares of Common Stock upon conversion).

Section 13.21. *U.S.A. Patriot Act.* The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may reasonably request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

[*The Remainder of This Page Intentionally Left Blank; Signature Pages Follow*]

IN WITNESS WHEREOF , the parties hereto have caused this Indenture to be duly executed as of the date first above written.

CORNERSTONE ONDEMAND, INC.

By: _____

Name:

Title:

[Signature Page to Indenture]

[**U.S. BANK NATIONAL ASSOCIATION],**
as Trustee, Registrar, Paying Agent and Conversion Agent

By: _____
Name:
Title:

[Signature Page to Indenture]

EHXIBIT A

[FORM OF FACE OF SECURITY]

[INSERT SECURITY PRIVATE PLACEMENT LEGEND AND GLOBAL SECURITY LEGEND, AS REQUIRED]

[THIS SECURITY IS AN SL SECURITY WITHIN THE MEANING OF THE INDENTURE]7

[INSERT ORIGINAL ISSUE DISCOUNT LEGEND, AS REQUIRED]

CORNERSTONE ONDEMAND, INC.

Certificate No.

5.75% Convertible Senior Notes Due 2021 (the " **Securities** ")

[CUSIP No. [ ]

ISIN No. [ ]] [8]

Cornerstone OnDemand, Inc., a Delaware corporation (the " **Company,** " which term includes any successor corporation or other entity under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to [ ] [9] [Cede & Co.] [10], or its registered assigns, the principal sum [of [ ] dollars ($[ ])] [11] [as set forth in the "Schedule of Increases and Decreases in the Global Security" attached hereto, which amount, taken together with the principal amounts of all other outstanding Securities, shall not, unless permitted by the Indenture, exceed THREE HUNDRED MILLION dollars ($300,000,000) in aggregate at any time, in accordance with the rules and procedures of the Depository] [12], on July 1, 2021 (the " **Maturity Date** "), and to pay interest thereon, as provided on the reverse hereof, until the principal and any unpaid and accrued interest are paid or duly provided for.

Interest Payment Dates: January 1 and July 1.

Record Dates: December 15 and June 15.

The provisions on the back of this certificate are incorporated as if set forth on the face hereof.

[7] This is included for SL Securities.

[8] This is included for Global Securities. If assigned prior to closing, CUSIPs/ISINs for each type of Security to be included in a footnote.

[9] This is included for Physical Securities.

[10] This is included for Global Securities.

[11] This is included for Physical Securities.

[12] This is included for Global Securities.

IN WITNESS WHEREOF , the Company has caused this instrument to be duly signed.

CORNERSTONE ONDEMAND, INC.

By: _____

Name:

Title:

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION
This is one of the Securities referred to
in the within-mentioned Indenture.

[U.S. BANK NATIONAL ASSOCIATION],

as Trustee

By: _____

Authorized Signatory

Dated:

[Authentication Page for Cornerstone OnDemand, Inc.'s 5.75% Convertible Senior Notes due 2021]

[FORM OF REVERSE OF SECURITY]

CORNERSTONE ONDEMAND, INC.

5.75% Convertible Senior Notes Due 2021

1. *Interest* . Cornerstone OnDemand, Inc., a Delaware corporation (the " **Company** "), promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest, payable semi-annually in arrears, on January 1 and July 1 of each year, with the first payment to be made on January 1, 2018. Interest on the Securities will accrue on the principal amount from, and including, the most recent date to which interest has been paid or provided for or, if no interest has been paid, from, and including, [•], 2017, in each case to, but excluding, the next Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay, in cash, interest on any overdue amount (including, to the extent permitted by applicable law, overdue interest) at the rate borne by the Securities. In certain circumstances, Additional Interest and/or Special Interest will be payable in accordance with Section 4.03 and Section 6.01, respectively, of the Indenture (as defined below) and any reference to "interest" shall be deemed to include any such Additional Interest and/or Special Interest.

2. *Maturity* . The Securities will mature on the Maturity Date.

3. *Method of Payment.* Except as provided in the Indenture, the Company will pay interest on the Securities to the Persons who are Holders of record of Securities at the Close of Business on the Record Date set forth on the face of this Security immediately preceding the applicable Interest Payment Date. Holders must surrender Securities to a Paying Agent to collect the principal amount plus, if applicable, accrued and unpaid interest, if any, or the Fundamental Change Repurchase Price, payable as herein provided on the Maturity Date, or on any Fundamental Change Repurchase Date, as applicable.

4. *Paying Agent, Registrar, Conversion Agent* . Initially, [U.S. Bank National Association] (the " **Trustee** ") will act as Paying Agent, Registrar and Conversion Agent. The Company may change any Paying Agent, Registrar or Conversion Agent without prior notice.

5. *Indenture* . The Company issued the Securities under an Indenture dated as of [•], 2017 (the " **Indenture** ") between the Company and the Trustee. The Securities are subject to all terms set forth in the Indenture, and Holders are referred to the Indenture for a statement of such terms. The Securities are unsecured senior obligations of the Company limited to $300,000,000 aggregate principal amount, except as otherwise provided in the Indenture (and except for Securities issued in substitution for destroyed, lost or wrongfully taken Securities). Terms used herein without definition and which are defined in the Indenture have the meanings assigned to them in the Indenture. In the event of any inconsistency between the terms of this Security and the terms of the Indenture, the terms of the Indenture shall control.

6. *Redemption* . No redemption or sinking fund is provided for the Securities.

7. *Repurchase at Option of Holder Upon a Fundamental Change* . Subject to the terms and conditions of the Indenture, in the event of a Fundamental Change, each Holder of the Securities shall have the right, at the Holder's option, to require the Company to repurchase such Holder's Securities, including any portion thereof which is $1,000 in principal amount or an integral multiple thereof, on the Fundamental Change Repurchase Date at a price payable in cash equal to the Fundamental Change Repurchase Price.

8. *Conversion* . The Securities shall be convertible into Common Stock as specified in the Indenture. To convert a Security, a Holder must satisfy the requirements of Section 10.02(a) of the Indenture. A Holder may convert a portion of a Security if the portion is $1,000 principal amount or an integral multiple thereof.

Upon conversion of a Security, the Holder thereof shall be entitled to receive the Common Stock and, if applicable, cash in lieu of any fractional shares of Common Stock payable upon conversion in accordance with Article 10 of the Indenture.

9. *Denominations, Transfer, Exchange.* The Securities are in registered form, without coupons, in denominations of $1,000 principal amount and integral multiples of $1,000 principal amount. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge that may be imposed in connection with certain transfers or exchanges as set forth in the Indenture. The Company or the Trustee, as the case may be, shall not be required to register the transfer of or exchange any Security for which a Repurchase Notice has been delivered, and not withdrawn, in accordance with the Indenture, except the unrepurchased portion of Securities being repurchased in part.

10. *Persons Deemed Owners.* The registered Holder of a Security will be treated as its owner for all purposes. Only registered Holders of Securities shall have the rights under the Indenture.

11. *Amendments, Supplements and Waivers* . The Indenture contains provisions permitting the Company and the Trustee in certain circumstances, without the consent of the Holders of the Securities, and in certain other circumstances, with the consent of the Holders of at least a majority in aggregate principal amount of the outstanding Securities and in other circumstances with consent of the Holders of one hundred percent (100%) of the aggregate principal amount of the outstanding Securities, to amend or supplement the Indenture or the Securities.

12. *Defaults and Remedies.* Subject to certain exceptions, if an Event of Default occurs and is continuing, the Trustee by notice to the Company or the Holders of at least twenty five percent (25%) in aggregate principal amount of the Securities then outstanding by notice to the Company and the Trustee may declare the principal of, and any accrued and unpaid interest on, all Securities to be due and payable immediately. If any of certain bankruptcy or insolvency-related Events of Default occurs and is continuing, the principal of, and accrued and unpaid interest on, all the Securities shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. Subject to certain exceptions, the Holders of a majority in aggregate principal amount of the Securities then outstanding by written notice to the Trustee may rescind or annul an acceleration and its consequences if certain conditions specified in the Indenture are satisfied.

13. *Trustee Dealings with the Company.* The Trustee under the Indenture, or any banking institution serving as successor Trustee thereunder, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for, the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee.

14. *Authentication.* This Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent in accordance with the Indenture.

15. *Abbreviations.* Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (Uniform Gifts to Minors Act).

16. *Ranking* . The Securities shall be senior unsecured obligations of the Company and will rank equal in right of payment to all senior unsecured indebtedness of the Company, and will rank senior in right of payment to any indebtedness that is contractually subordinated to the Securities.

THE COMPANY WILL FURNISH TO ANY HOLDER UPON WRITTEN REQUEST AND WITHOUT CHARGE A COPY OF THE INDENTURE. REQUESTS MAY BE MADE TO:

Cornerstone OnDemand, Inc.
1601 Cloverfield Blvd., Suite 620S
Santa Monica, CA 90404
Attention: [•]
Fax: [•]
Email: [•]

FORM OF ASSIGNMENT

I or we assign to

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER

_____

(please print or type name and address)

_____

_____

the within Security and all rights thereunder, and hereby irrevocably constitute and appoint

_____

Attorney to transfer the Security on the books of the Company with full power of substitution in the premises.

Dated:

_____

_____

_____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Security in every particular without alteration or enlargement or any change whatsoever and be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Registrar, or be notarized.

_____

Signature Guarantee or Notarization:

In connection with any transfer of this Security occurring prior to the Resale Restriction Termination Date, the undersigned confirms that it is making, and it has not utilized any general solicitation or general advertising in connection with, the transfer:

[Check One]

(1) ____ to Cornerstone OnDemand, Inc. or any Subsidiary thereof; or

(2) ____ pursuant to a registration statement which has become effective under the Securities Act of 1933, as amended (the " **Securities Act** ");

(3) ____ to a Person that the undersigned reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act ("Rule 144A")) that purchases for its own account or for the account of a qualified institutional buyer and to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A;

(4) ____ pursuant to an exemption from registration provided by Rule 144 under the Securities Act; or

(5) ____ pursuant to any other available exemption from the registration requirements of the Securities Act.

Unless one of the items (1) through (5) is checked, the Registrar will refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered Holder thereof; *provided* , *however* , that if item (4) or (5) is checked, the Company, the transfer agent or the Registrar may require, prior to registering any such transfer of the Securities, in their sole discretion, such written certifications and, in the case of item (5), such other evidence or legal opinions required by the Indenture to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended.

If none of the foregoing items are checked, the Trustee or Registrar shall not be obligated to register this Security in the name of any person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in the Indenture shall have been satisfied.

Dated: _____ Signed: _____

(Sign exactly as name appears on the other side of this Security)

Signature Guarantee or Notarization: _____

ATTACHMENT 2

FORM OF CONVERSION NOTICE

To convert this Security in accordance with the Indenture, check the box: ☐

To convert only part of this Security, state the principal amount to be converted (must be in multiples of $1,000):

$ _____

If you want the stock certificate representing the Common Stock issuable upon conversion made out in another person's name, fill in the form below:

_____

(Insert other person's soc. sec. or tax I.D. no.)

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

[ ] CHECK IF APPLICABLE: The person in whose name the Common Stock will be issued is not (and has not been for the three months preceding the applicable Conversion Date) an "affiliate" (as defined in Rule 144 under the Securities Act of 1933, as amended) of the Company, and the Common Stock will upon issuance be freely tradable by such person.

Date:_____ Signature(s): _____

_____

(Sign exactly as your name(s) appear(s) on the other side of this Security)

Signature(s) guaranteed / notarized

by: _____

(All signatures must be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee, or be notarized.)

ATTACHMENT 3

FORM OF REPURCHASE NOTICE

Certificate No. of Security: _____

Principal Amount of this Security: $ _____

If you want to elect to have this Security purchased by the Company pursuant to Section 3.01 of the Indenture, check the box: ☐

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 3.01 of the Indenture, state the principal amount to be so purchased by the Company:

$ _____

(in an integral multiple of $1,000)

Date: _____ Signature(s):

_____

(Sign exactly as your name(s) appear(s) on the other side of this Security)

Signature(s) guaranteed / notarized by: _____

(All signatures must be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee, or be notarized.)

SCHEDULE A [13]

SCHEDULE OF INCREASES AND DECREASES IN THE GLOBAL SECURITY

CORNERSTONE ONDEMAND, INC.

5.75% Convertible Senior Notes Due 2021

The initial principal amount of this Global Security is DOLLARS ($). The following increases or decreases in this Global Security have been made:

Date of Increases and Decreases	Amount of decrease in Principal Amount of this Global Security	Amount of increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease or increase	Signature of authorized signatory of Trustee or Custodian

[13] This is included in Global Securities.

EXHIBIT B-1A

FORM OF SECURITIES PRIVATE PLACEMENT LEGEND

Each Global Security and Physical Security that constitutes a Restricted Security shall bear the following " **Security Private Placement Legend** ":

THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE " **SECURITIES ACT** "), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

AGREES FOR THE BENEFIT OF CORNERSTONE ONDEMAND, INC. (THE " **COMPANY** ") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE RESALE RESTRICTION TERMINATION DATE (AS DEFINED IN THE INDENTURE PURSUANT TO WHICH THIS SECURITY WAS ISSUED), EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER TO A SECURITY THAT DOES NOT BEAR A SECURITY PRIVATE PLACEMENT LEGEND IN ACCORDANCE WITH (D) ABOVE, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED BY THE COMPANY IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

EXHIBIT B-1B

FORM OF COMMON STOCK PRIVATE PLACEMENT LEGEND

Each share of Common Stock that constitutes a Restricted Security shall bear the following " **Common Stock Private Placement Legend** ":

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE " **SECURITIES ACT** "), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

AGREES FOR THE BENEFIT OF CORNERSTONE ONDEMAND, INC. (THE " **COMPANY** ") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE RESALE RESTRICTION TERMINATION DATE (AS DEFINED IN THE INDENTURE PURSUANT TO WHICH THIS SECURITY WAS ISSUED), EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER TO A SECURITY THAT DOES NOT BEAR A COMMON STOCK PRIVATE PLACEMENT LEGEND IN ACCORDANCE WITH (D) ABOVE, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

EXHIBIT B-2

FORM OF LEGEND FOR GLOBAL SECURITY

Any Global Security authenticated and delivered hereunder shall bear a legend (which would be in addition to any other legends required in the case of a Restricted Security) in substantially the following form:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS SECURITY IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“ **DTC** ”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 2.15 AND 2.16 OF THE INDENTURE.

EXHIBIT B-3

FORM OF ORIGINAL ISSUE DISCOUNT LEGEND

Any Security issued with "original issue discount" for United States federal income tax purposes shall bear a legend in substantially the following form:

THIS NOTE IS ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR PURPOSES OF SECTION 1271 ET SEQ. OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. A HOLDER MAY OBTAIN THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY FOR SUCH NOTE BY SUBMITTING A REQUEST FOR SUCH INFORMATION TO [CORNERSTONE ONDEMAND, INC.][THE COMPANY] AT THE FOLLOWING ADDRESS: 1601 CLOVERFIELD BLVD., SUITE 620S SANTA MONICA, CA 90404, ATTENTION: [•]

EXHIBIT C

Form of Notice of Transfer Pursuant to Registration Statement

Cornerstone OnDemand, Inc.

1601 Cloverfield Blvd., Suite 620S

Santa Monica, CA 90404

Attention: [•]

Fax: [•]

Email: [•]

[•]

Phone: [•]

Fax: [•]

Email: [•]

Re: Cornerstone OnDemand, Inc. (the " **Company** ") 5.75% Convertible Senior Notes Due 2021 (the " **Securities** ")

Ladies and Gentlemen:

Please be advised that has transferred [a beneficial interest in a Restricted Global Security (CUSIP:)][the Physical Security held in the name of (Certificate Number:)] in the principal amount of $ and shares of the Company's common stock, par value $0.0001 per share, issuable on conversion of the Securities (" **Common Stock** ") pursuant to an effective Registration Statement on Form S-3 (File No. 333-).

Very truly yours,

(Name)

EXHIBIT D

FORM OF CERTIFICATE OF TRANSFER

[•]

Phone: [•]

Fax: [•]

Email: [•]

Re: 5.75% Convertible Senior Notes due 2021

Reference is hereby made to the Indenture, dated as of [•], 2017 (the " **Indenture** "), among Cornerstone OnDemand, Inc. (the " **Company** ") and [U.S. Bank National Association], as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the " **Transferor** ") owns and proposes to transfer [an interest in the Restricted Global Security (CUSIP:)][the Physical Security held in the name of (Certificate Number:)] in the principal amount of $ (the " **Transfer** "), to (the " **Transferee** ") [who will take an interest in the (CUSIP:)]. In connection with the Transfer, the Transferor hereby certifies that:

[EITHER CHECK BOX 1 AND THE BOX IN THE APPLICABLE LETTERED PARAGRAPH UNDERNEATH, BOX 2, BOX 3 OR BOX 4]

1. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL SECURITY (OTHER THAN AN SL SECURITY).

(a) [ ] CHECK IF TRANSFER IS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT. Such Transfer is being effected pursuant to an effective registration statement under the Securities Act of 1933, as amended (the " **Securities Act** "), and, if applicable, in compliance with the prospectus delivery requirements of the Securities Act.

(b) [ ] CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Security Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest will no longer be subject to the restrictions on transfer enumerated in the Security Private Placement Legend printed on the Restricted Global Security and in the Indenture.

(c) [ ] CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Security Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest will not be subject to the restrictions on transfer enumerated in the Security Private Placement Legend printed on the Restricted Global Security and in the Indenture.

2. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY (OTHER THAN AN SL SECURITY). The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act, and, accordingly, the Transferor hereby further certifies that the beneficial interest is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, [and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A] and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. The Restricted Global Securities will continue to be subject to the restrictions on transfer enumerated in the Security Private Placement Legend printed on the Restricted Global Securities and in the Indenture and the Securities Act.

3. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL SECURITY THAT IS AN SL SECURITY IN ACCORDANCE WITH THE INVESTMENT AGREEMENT. The Transfer is being effected pursuant to and in accordance with Section 4.14 of the Investment Agreement to (i) a Purchaser's Affiliate that executes and delivers to the Company a Joinder becoming a Purchaser party to the Investment Agreement and a duly completed and executed IRS Form W-9 (or a substantially equivalent form) or (ii) the Company or any of its Subsidiaries. Capitalized terms used in clauses (i) and (ii) of this paragraph 3 but not defined in the Indenture shall have the meanings ascribed to such terms in the Investment Agreement.

4. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY THAT IS AN SL SECURITY IN ACCORDANCE WITH THE INVESTMENT AGREEMENT. The Transfer is being effected pursuant to and in accordance with Section 4.14 of the Investment Agreement to (i) a Purchaser's Affiliate that (1) is an entity organized or incorporated under the laws of the United States, any State thereof or the District of Columbia and is a U.S. Person and (2) executes and delivers to the Company a Joinder becoming a Purchaser party to the Investment Agreement and a duly completed and executed IRS Form W-9 or (ii) the Company or any of its Subsidiaries. Capitalized terms used in clauses (i) and (ii) of this paragraph 4 but not defined in the Indenture shall have the meanings ascribed to such terms in the Investment Agreement.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

EXHIBIT E

FORM OF CERTIFICATE OF EXCHANGE

[•]

Phone: [•]

Fax: [•]

Email: [•]

Re: 5.75% Convertible Senior Notes due 2021

Reference is hereby made to the Indenture, dated as of [•], 2017 (the " **Indenture** "), among Cornerstone OnDemand, Inc. (the " **Company** ") and [U.S. Bank National Association], as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the " **Owner** ") owns and proposes to exchange [the Physical Security held in the name of (Certificate Number:)][an interest in the Restricted Global Security (CUSIP:)] in the principal amount of $ for an interest in (CUSIP:) (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

[EITHER CHECK BOX 1, BOX 2 OR BOX 3]

1. [ ] CHECK IF EXCHANGE IS FROM A PHYSICAL SECURITY OR A BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY TO A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL SECURITY THAT IS AN SL SECURITY.

In connection with the Exchange of the Owner's Physical Security or beneficial interest in a Restricted Global Security for a beneficial interest in an Unrestricted Global Security that is an SL Security in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Securities and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Security Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. [ ] CHECK IF EXCHANGE IS FROM A PHYSICAL SECURITY OR A BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY TO A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL SECURITY THAT IS NOT An SL SECURITY.

In connection with the Exchange of the Owner's Physical Security or beneficial interest in a Restricted Global Security for a beneficial interest in an Unrestricted Global Security that is not an SL Security in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Securities and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the " **Securities Act** "), (iii) the restrictions on transfer contained in the Indenture and the Security Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

3. [ ] CHECK IF OWNER WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY THAT IS NOT AN SL SECURITY. In connection with the Exchange of the Owner's Physical Security or beneficial interest in a Restricted Global Security that is an SL Security for a beneficial interest in another Restricted Global Security that is not an SL Security in an equal principal amount, the Owner hereby certifies that such beneficial interest being acquired is for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Global Securities will continue to be subject to the restrictions on transfer enumerated in the Security Private Placement Legend printed on the Restricted Global Securities and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Owner]

By: _____

Name:

Title:

Dated: _____

EXHIBIT B

FORM OF JOINDER

The undersigned is executing and delivering this Joinder pursuant to that certain Investment Agreement, dated as of November 8, 2017 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the " Investment Agreement "), by and among Cornerstone OnDemand, Inc., Silver Lake Credit Partners, L.P. and any other Persons who become a party thereto in accordance with the terms thereof. Capitalized terms used but not defined in this Joinder shall have the respective meanings ascribed to such terms in the Investment Agreement.

[By executing and delivering this Joinder to the Investment Agreement, the undersigned hereby adopts and approves the Investment Agreement and agrees, effective commencing on the date hereof, to become a party to, and to be bound by and comply with the provisions of, the Investment Agreement and [the New Confidentiality Agreement] [3] applicable to the Purchaser in the same manner as if the undersigned were an original Purchaser signatory to the Investment Agreement and [the New Confidentiality Agreement].] [4] [By executing and delivering this Joinder to the Investment Agreement, the undersigned hereby accepts an assignment of the Purchaser's right to acquire the Notes at the Closing pursuant to Sections 2.01 and 2.02.] [5]

The undersigned acknowledges and agrees that Sections 6.02, 6.03, 6.07, 6.08 and 6.12 of the Investment Agreement are incorporated herein by reference, *mutatis mutandis* .

[Remainder of page intentionally left blank]

[3] [Insert to the extent the transferee is an Affiliate of Silver Lake.]

[4] [Insert for an Affiliate of the Purchaser who is a transferee of Notes or Company Common Stock after Closing.]

[5] [Insert for a Subsidiary of the Purchaser will receive an assignment of the right to purchase Notes at Closing but no other rights or obligations for financing reasons.]

Accordingly, the undersigned has executed and delivered this Joinder as of the day of , .

[•]

By: _____

Name:

Title:

Address: _____

_____

_____

Telephone: _____

Facsimile: _____

Email: _____

EXHIBIT C

FORM OF ISSUER AGREEMENT

[*Date*]

[*Name of Lender*]

[*Address*]

Re: Loan Agreement to be entered into by [*Name of Borrower*]

Ladies and Gentlemen:

This letter agreement is being entered into at the request of [*Name of Borrower*], a [*Jurisdiction of Organization*][*Entity Type*] (the " **Borrower** "), in connection with the Loan Agreement dated as of [ ] between the Borrower and [*Name of Lender*], as lender (including any agent acting therefor, the " **Lender** ") (as amended and supplemented from time to time, and together with any security agreement executed in connection therewith, the " **Margin Loan Agreement** ", and the exercise of remedies by the Lender following an event of default under the Margin Loan Agreement, including in such exercise of remedies, foreclosure, assignments, transfers or other dispositions of the Pledged Convertible Notes or Pledged Common Stock (each as defined below) made in connection with a Coverage Event (as defined in the Margin Loan Agreement) or as otherwise contemplated by the Margin Loan Agreement, collectively, the " **Exercise of Remedies** " and, together with the Margin Loan Agreement, the " **Transactions** "). For purposes of this letter agreement, " **Closing Date** " shall mean [*Date*]. Pursuant to the Margin Loan Agreement, the Lender is acquiring a first priority security interest in, *inter alia* , (x) 5.75% Convertible Senior Notes due 2021 (the " **Convertible Notes** " and, upon crediting of such Convertible Notes to the Collateral Account, the " **Pledged Convertible Notes** ") of Cornerstone OnDemand, Inc. (the " **Issuer** ") issued pursuant to an indenture, dated [ ], 2017 (the " **Indenture** ") between the Issuer and U.S. Bank National Association, as trustee (the " **Trustee** ") and (y) certain shares of common stock of the Issuer that may be received upon conversion of the Convertible Notes from time to time (the " **Common Stock** " and, upon crediting of such shares of Common Stock to the Collateral Account, the " **Pledged Common Stock** ") to secure the Borrower's obligations under the Margin Loan Agreement. The Pledged Convertible Notes and any Pledged Common Stock will be credited or delivered to, and held in, one or more accounts of Borrower at a third-party custodian (which may be the Lender or an affiliate thereof) (the " **Custodian** ") in each case subject to the security interest granted under the Margin Loan Agreement (each, a " **Collateral Account** ", and collectively, the " **Collateral Accounts** "). As used herein, " **Business Day** " means any day on which commercial banks are open in New York City, and " **DTC** " means the Depository Trust Company.

In connection with the Transactions:

1. The Issuer confirms that based solely on the information provided to the Issuer prior to its execution of this letter agreement, it has no objection to the Transactions and none of the Transactions is subject to any insider trading or other policy or rule of the Issuer.

2. Based solely on the information provided to the Issuer prior to its execution of this letter agreement, the Issuer confirms that the loan contemplated by the Margin Loan Agreement is a Permitted Loan as defined in the Investment Agreement (as defined in the Indenture, the " **Investment Agreement** "), and further agrees and acknowledges that the Borrower shall have the right to pledge or sell the Pledged Convertible Notes or Pledged Common Stock to the extent permitted in connection with Permitted Loans as described in the Investment Agreement.

3. The Issuer acknowledges that the Borrower can assign by way of security to the Lender its rights under Article V of the Investment Agreement under the Margin Loan Agreement, as permitted by Section 6.07(iv)(z) of the Investment Agreement, and confirms that it has no objection to the assignment of such rights under Article V of the Investment Agreement pursuant to Section 3.04 of the Margin Loan Agreement or any transfers of Pledged Convertible Notes or Pledged Common Stock under such Article V related thereto, or any assignment of such rights under Article V made in connection with any Coverage Event or Exercise of Remedies.

4. Except as required by applicable law and stock exchange rules, as determined in good faith by the Issuer, the Issuer will not take any actions intended to hinder or delay any Exercise of Remedies by the Lender pursuant to the Margin Loan Agreement. Without limiting the generality of paragraphs 5 through 16 below, the Issuer agrees, upon Lender's request after the occurrence of a Coverage Event under the Margin Loan Agreement or in connection with any Exercise of Remedies, to cooperate in good faith (and in accordance with, and subject to, the terms of the Indenture and in accordance with applicable law) with the Lender, the Trustee and/or the transfer agent relating to the Common Stock in any transfer of Pledged Convertible Notes or Pledged Common Stock made pursuant to any exercise by the Lender of its remedies under the Margin Loan Agreement or otherwise, including with respect to the removal of any restrictive legends.

5. In connection with any Exercise of Remedies, the Issuer shall take such actions as are within its control to cause the transfer and settlement of Pledged Convertible Notes (in accordance with, and subject to, the terms of the Indenture) within two Business Days of notice by the Lender. Upon consummation of such transfer and settlement to the purchaser(s) designated by the Lender, such Pledged Convertible Notes shall be (a) in book-entry DTC form if such Pledged Convertible Notes are (i) sold under a registration statement, (ii) sold under Rule 144 (" **Rule 144** ") under the Securities Act of 1933, as amended (the " **Securities Act** ") or (iii) then in book-entry DTC form, or (b) otherwise, in the form of Physical Securities (as defined in the Indenture). Notwithstanding anything to the contrary in the Indenture or any other agreement, for purposes of any transfer of Pledged Convertible Notes in the form of Physical Securities in connection with an Exercise of Remedies, the only documents required by the Issuer and the Trustee from the Lender or the Borrower are as follows: (i) a certificate executed by or on behalf of the Borrower, in the form set forth in Attachment 1 to Exhibit A attached to the Indenture (disregarding any amendments or modifications thereto subsequent to the date hereof), but without any signature guarantee and (ii) for any transfer of Restricted Securities (as defined in the Indenture) prior to the Resale Restriction Termination Date (as defined in the Indenture) (which, for all purposes hereunder and under the Indenture, shall be the date that is one year following the Closing Date), an opinion of Davis Polk & Wardwell LLP or other counsel reasonably satisfactory to the Issuer, in the form of Exhibit 1 attached hereto and addressed to the Issuer and its transfer agent (in the case of any transfer of Physical Securities bearing the Security Private Placement Legend (as defined in the Indenture) to a transferee who will receive Physical Securities bearing the Security Private Placement Legend that constitute Restricted Securities) or Exhibit 2 attached hereto (in the case of any transfer of Physical Securities bearing the Security Private Placement Legend to a

transferee who will receive Physical Securities not bearing the Security Private Placement Legend or beneficial interests in a Global Security not bearing the Security Private Placement Legend). Within two Business Days of receipt of such documents and the presentation of such Physical Securities at the Corporate Trust Office of the Trustee, together with any required payment in connection with such transfer as set forth in Section 2.06 of the Indenture, the Issuer shall cause the Trustee to register the transfer of the number of Pledged Convertible Notes being sold to the account(s) of the purchaser(s), in each case as specified in such certificate.

6. In connection with any Exercise of Remedies, the Issuer shall take such actions as are within its control to cause the transfer and settlement of any shares of Common Stock received upon conversion of the Pledged Convertible Notes within two Business Days of notice by the Lender. Upon consummation of such transfer and settlement to the purchaser(s) designated by the Lender, such shares of Common Stock shall be (a) in book-entry DTC form, without any restricted legends and bearing an unrestricted CUSIP, if such shares are (i) sold under a registration statement, (ii) sold under Rule 144 under the Securities Act or (iii) otherwise freely tradeable upon conversion, or (b) otherwise, in certificated form bearing the Common Stock Private Placement Legend (as defined in the Indenture). Notwithstanding anything to the contrary in the Indenture or any other agreement, in connection with an Exercise of Remedies, for purposes of any conversion of Pledged Convertible Notes in the form of Physical Securities and concurrent transfer of shares of Common Stock received upon conversion of such Pledged Convertible Notes, the only documents required by the Issuer and the transfer agent for the Common Stock from the Lender or the Borrower are as follows: (i) a certificate executed by or on behalf of the Borrower, in substantially the form set forth in Attachment 1 to Exhibit A attached to the Indenture (disregarding any amendments or modifications thereto subsequent to the date hereof) as if references therein to Convertible Notes were instead references to Common Stock issued upon conversion of Convertible Notes mutatis mutandis and without any signature guarantee and (ii) for any transfer of Common Stock bearing the Common Stock Private Placement Legend prior to the Resale Restriction Termination Date, an opinion of Davis Polk & Wardwell LLP or other counsel reasonably satisfactory to the Issuer, in the form of Exhibit 1 attached hereto (in the case of any transfer of Common Stock in certificated form bearing the Common Stock Private Placement Legend to a transferee who will receive Common Stock in certificated form bearing the Common Stock Private Placement Legend) or Exhibit 2 attached hereto (in the case of any transfer of Common Stock in certificated form bearing the Common Stock Private Placement Legend to a transferee who will receive Common Stock in certificated form not bearing the Common Stock Private Placement Legend or beneficial interests in Common Stock in global form not bearing the Common Stock Private Placement Legend). Within two Business Days of receipt of such documents and the surrender of such shares of Common Stock to the transfer agent for the Common Stock, the Issuer shall cause the transfer agent for the Common Stock to register the transfer of the number of shares of Common Stock being sold to the account(s) of the purchaser(s), in each case as specified in such certificate.

7. The Issuer will cause the Pledged Convertible Notes and/or Pledged Common Stock to be put into book-entry DTC form as of the Closing Date.

8. In connection with any Exercise of Remedies whereby all or any portion of the Pledged Convertible Notes or Pledged Common Stock is or may be sold in a private resale transaction exempt from registration under the Securities Act prior to the first anniversary of the date of issuance of the relevant Pledged Convertible Notes, the Issuer shall provide, within three Business Days following a request by the Lender, a reasonable opportunity for a customary business, legal and documentary diligence investigation to potential purchasers of such Pledged

Convertible Notes and/or shares of Pledged Common Stock, as identified by the Lender in such notice, subject to customary non-disclosure agreements to be executed by any such purchaser; provided that such diligence investigation is not unreasonably disruptive to the business of the Company and its subsidiaries.

9. The Issuer agrees with respect to any purchaser of Pledged Convertible Notes or Pledged Common Stock in a foreclosure sale (including the Lender or its affiliates) that is not, and has not been for the immediately preceding three months, an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuer, that, if such notes or shares are then eligible for resale under Rule 144 (and such purchaser has satisfied the holding period set forth in Rule 144(d)) and, if such sale occurs prior to the Resale Restriction Termination Date, the Issuer meets the condition set forth in Rule 144(c)(1), it shall, upon request of such purchaser, remove any restrictive legend relating to Securities Act restrictions from such notes or shares and, if applicable, to cause any such notes to be exchanged for beneficial interests in global notes held by DTC or its nominee.

10. The Lender covenants and agrees with the Issuer that, to the extent the Pledged Convertible Notes consist of SL Securities (as defined in the Indenture), then in connection with any Exercise of Remedies by the Lender pursuant to the Margin Loan Agreement whereby the Lender forecloses on, sells, or transfers the Pledged Convertible Notes to itself, any affiliate or a third party, it shall, in connection with any such foreclosure, sale or transfer, exchange such SL Securities in accordance with the Indenture for (i) if the SL Security consists of beneficial interests in a Global Security (as defined in the Indenture), beneficial interests in another Global Security that is not a SL Security or (ii) if the SL Security is a Physical Security (as defined in the Indenture), for another Physical Security that is not a SL Security, such that, in either case, the transferee thereto does not own or hold any beneficial interest in any SL Security. Without limiting the generality of the foregoing, the Lender agrees and acknowledges that neither it nor any transferee that is not a member of Silver Lake Group (as defined in the Investment Agreement) shall be allowed to hold a beneficial interest in a Global Security that is a SL Security, own a Physical Security that is a SL Security or exercise any conversion rights in respect thereof.

11. The Lender agrees and acknowledges that, prior to the occurrence of a Coverage Event or an event of default or another event under the Margin Loan Agreement that results in or could result in any Exercise of Remedies, the Lender shall not have the right to rehypothecate, use, borrow, lend, pledge or sell the Pledged Convertible Notes or Pledged Common Stock; provided that, subject to paragraph 12 below in the case of an assignment, the Lender may pledge or assign its rights under the Margin Loan Agreement.

12. Any assignee of Lender's rights and obligations under the Margin Loan Agreement shall enter into a joinder to this Issuer Agreement in form and substance reasonably satisfactory to the Issuer, or shall deliver to the Issuer a counterpart, executed by the assignee, of a substantially identical agreement and the Issuer shall promptly accept such assignment.

13. The pledge by the Borrower of the Pledged Convertible Notes and the Pledged Common Stock pursuant to the Margin Loan Agreement, and any Exercise of Remedies by the Lender, are not restricted in any manner by the formation documents of the Issuer or any other agreement to which the Issuer is a party, other than the Investment Agreement and the Indenture.

14. To the knowledge of the Issuer, neither the Pledged Convertible Notes nor the Pledged Common Stock is subject to any pledge, interest, mortgage, lien, encumbrance or right of setoff other than any such as may be created and may exist in favor of the Lender as a result of the Transactions.

15. The Issuer shall make all payments on the Pledged Convertible Notes and the Pledged Common Stock with a record date on and after the Closing Date to the Collateral Accounts (as irrevocably directed by the Borrower) or otherwise in accordance with the Margin Loan Agreement.

16. Subject to customary enforceability exceptions, the Convertible Notes are valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Common Stock, when issued upon conversion of the Convertible Notes, will be validly issued, fully paid and nonassessable and free of pre-emptive or similar rights.

[SIGNATURE PAGE FOLLOWS]

Accepted and agreed,

CORNERSTONE ONDEMAND, INC., as Issuer

By: _____
Name:
Title:

[*NAME OF LENDER*], as Lender

By: _____
Name:
Title:

[Signature page to Issuer Agreement]

ANNEX A

PLAN OF DISTRIBUTION

The selling securityholders, including their pledgees, donees, transferees, distributees, beneficiaries or other successors in interest, may from time to time offer some or all of the notes or shares of common stock (collectively, " Securities ") covered by this prospectus. To the extent required, this prospectus may be amended and supplemented from time to time to describe a specific plan of distribution.

The selling securityholders will not pay any of the costs, expenses and fees in connection with the registration and sale of the Securities covered by this prospectus, but they will pay any and all underwriting discounts, selling commissions and stock transfer taxes, if any, attributable to sales of the Securities. We will not receive any proceeds from the sale of Securities.

The selling securityholders may sell the Securities covered by this prospectus from time to time, and may also decide not to sell all or any of the Securities that they are allowed to sell under this prospectus. The selling securityholders will act independently of us in making decisions regarding the timing, manner and size of each sale. These dispositions may be at fixed prices, at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at varying prices determined at the time of sale, or at privately negotiated prices. Sales may be made by the selling securityholders in one or more types of transactions, which may include:

- purchases by underwriters, dealers and agents who may receive compensation in the form of underwriting discounts, concessions or commissions from the selling securityholders and/or the purchasers of the Securities for whom they may act as agent;
- one or more block transactions, including transactions in which the broker or dealer so engaged will attempt to sell the Securities as agent but may position and resell a portion of the block as principal to facilitate the transaction, or in crosses, in which the same broker acts as an agent on both sides of the trade;
- ordinary brokerage transactions or transactions in which a broker solicits purchases;
- purchases by a broker-dealer or market maker, as principal, and resale by the broker-dealer for its account;
- the pledge of Securities for any loan or obligation, including pledges to brokers or dealers who may from time to time effect distributions of Securities, and, in the case of any collateral call or default on such loan or obligation, pledges or sales of Securities by such pledgees or secured parties;
- short sales or transactions to cover short sales relating to the Securities;

Annex A-1

- one or more exchanges or over the counter market transactions;
- through distribution by a selling securityholder or its successor in interest to its members, general or limited partners or shareholders (or their respective members, general or limited partners or shareholders);
- privately negotiated transactions;
- the writing of options, whether the options are listed on an options exchange or otherwise;
- distributions to creditors and equity holders of the selling securityholders; and
- any combination of the foregoing, or any other available means allowable under applicable law.

A selling securityholder may also resell all or a portion of its Securities in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, as amended (the " Securities Act ") provided it meets the criteria and conforms to the requirements of Rule 144 and all applicable laws and regulations.

The selling securityholders may enter into sale, forward sale and derivative transactions with third parties, or may sell securities not covered by this prospectus to third parties in privately negotiated transactions. In connection with those sale, forward sale or derivative transactions, the third parties may sell securities covered by this prospectus, including in short sale transactions and by issuing securities that are not covered by this prospectus but are exchangeable for or represent beneficial interests in the common stock. The third parties also may use shares of common stock received under those sale, forward sale or derivative arrangements or shares of common stock pledged by the selling securityholder or borrowed from the selling securityholders or others to settle such third-party sales or to close out any related open borrowings of common stock. The third parties may deliver this prospectus in connection with any such transactions. Any third party in such sale transactions will be an underwriter and will be identified in a supplement or a post-effective amendment to the registration statement of which this prospectus is a part, as may be required.

In addition, the selling securityholders may engage in hedging transactions with broker-dealers in connection with distributions of Securities or otherwise. In those transactions, broker-dealers may engage in short sales of securities in the course of hedging the positions they assume with selling securityholders. The selling securityholders may also sell securities short and redeliver securities to close out such short positions. The selling securityholders may also enter into option or other transactions with broker-dealers which require the delivery of securities to the broker-dealer. The broker-dealer may then resell or otherwise transfer such securities pursuant to this prospectus. The selling securityholders also may loan or pledge Securities, and the borrower or pledgee may sell or otherwise transfer the Securities so loaned or pledged pursuant to this prospectus. Such borrower or pledgee also may transfer those Securities to investors in our securities or the selling securityholders' securities or in connection with the offering of other securities not covered by this prospectus.

Annex A-2

To the extent necessary, the specific terms of the offering of Securities, including the specific Securities to be sold, the names of the selling securityholders, the respective purchase prices and public offering prices, the names of any underwriter, broker-dealer or agent, if any, and any applicable compensation in the form of discounts, concessions or commissions paid to underwriters or agents or paid or allowed to dealers will be set forth in a supplement to this prospectus or a post-effective amendment to this registration statement of which this prospectus forms a part. The selling securityholders may, or may authorize underwriters, dealers and agents to, solicit offers from specified institutions to purchase Securities from the selling securityholders. These sales may be made under "delayed delivery contracts" or other purchase contracts that provide for payment and delivery on a specified future date. If necessary, any such contracts will be described and be subject to the conditions set forth in a supplement to this prospectus or a post-effective amendment to this registration statement of which this prospectus forms a part.

Broker-dealers or agents may receive compensation in the form of commissions, discounts or concessions from the selling securityholders. Broker-dealers or agents may also receive compensation from the purchasers of Securities for whom they act as agents or to whom they sell as principals, or both. Compensation to a particular broker-dealer might be in excess of customary commissions and will be in amounts to be negotiated in connection with transactions involving securities. In effecting sales, broker-dealers engaged by the selling securityholders may arrange for other broker-dealers to participate in the resales.

In connection with sales of Securities covered hereby, the selling securityholders and any underwriter, broker-dealer or agent and any other participating broker-dealer that executes sales for the selling securityholders may be deemed to be an "underwriter" within the meaning of the Securities Act. Accordingly, any profits realized by the selling securityholders and any compensation earned by such underwriter, broker-dealer or agent may be deemed to be underwriting discounts and commissions. Selling securityholders who are "underwriters" under the Securities Act must deliver this prospectus in the manner required by the Securities Act. This prospectus delivery requirement may be satisfied through the facilities of the NASDAQ Stock Market in accordance with Rule 153 under the Securities Act or satisfied in accordance with Rule 174 under the Securities Act.

We and the selling securityholders have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act. In addition, we or the selling securityholders may agree to indemnify any underwriters, broker-dealers and agents against or contribute to any payments the underwriters, broker-dealers or agents may be required to make with respect to, civil liabilities, including liabilities under the Securities Act. Underwriters, broker-dealers and agents and their affiliates are permitted to be customers of, engage in transactions with, or perform services for us and our affiliates or the selling securityholders or their affiliates in the ordinary course of business.

The selling securityholders will be subject to the applicable provisions of Regulation M of the Securities Exchange Act of 1934 and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of any of the Securities by the selling securityholders. Regulation M may also restrict the ability of any person engaged in the distribution of the Securities to engage in market-making activities with respect to the Securities. These restrictions may affect the marketability of such Securities.

Annex A-3

In order to comply with applicable securities laws of some states or countries, the Securities may only be sold in those jurisdictions through registered or licensed brokers or dealers and in compliance with applicable laws and regulations. In addition, in certain states or countries the Securities may not be sold unless they have been registered or qualified for sale in the applicable state or country or an exemption from the registration or qualification requirements is available. In addition, any Securities of a selling securityholder covered by this prospectus that qualify for sale pursuant to Rule 144 under the Securities Act may be sold in open market transactions under Rule 144 rather than pursuant to this prospectus.

In connection with an offering of Securities under this prospectus, the underwriters may purchase and sell securities in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities offered under this prospectus. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on the NASDAQ Stock Market or another securities exchange or automated quotation system, or in the over-the-counter market or otherwise.

Annex A-4

AMENDMENT TO INVESTMENT AGREEMENT

This AMENDMENT TO INVESTMENT AGREEMENT (this "Amendment"), dated November 28, 2017, amends that certain Investment Agreement, dated as of November 8, 2017 (the "Investment Agreement"), by and among, inter alia, Cornerstone OnDemand, Inc., a Delaware corporation, and Silver Lake Credit Partners, L.P., a Delaware limited partnership. Capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed thereto in the Investment Agreement.

WHEREAS, Section 6.03 of the Investment Agreement provides that any provision of the Investment Agreement may be amended or modified in whole or in part at any time by an agreement in writing between the parties thereto executed in the same manner as the Investment Agreement; and

WHEREAS, the parties to the Investment Agreement wish to amend certain definitions set forth therein.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendment to Definitions . Effective as of the date hereof, the Investment Agreement is hereby amended as follows:

(a) The definition of "4% Minimum Ownership Threshold Test" in Section 1.01 of the Investment Agreement is hereby deleted and replaced in its entirety by the following:

" 4% Minimum Ownership Threshold Test " means that at the time of determination, the Silver Lake Group collectively Beneficially Owns in excess of four percent (4%) of the outstanding shares of Company Common Stock (assuming the conversion of the Notes into Company Common Stock).

(b) The definition of "10% Minimum Ownership Threshold Test" in Section 1.01 of the Investment Agreement is hereby deleted and replaced in its entirety by the following:

" 10% Minimum Ownership Threshold Test " means that at the time of determination, the Silver Lake Group collectively Beneficially Owns in excess of ten percent (10%) of the outstanding shares of Company Common Stock (assuming the conversion of the Notes into Company Common Stock).

Section 2. Miscellaneous Provisions .

(a) This Amendment may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same document. Signatures to this Amendment transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document will have the same effect as physical delivery of the paper document bearing the original signature.

(b) The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(c) This Amendment shall not constitute an amendment of any other provision of the Investment Agreement not expressly referred to herein. Except as provided herein, the Investment Agreement shall remain in full force and effect. From and after the date hereof, all references to the term "Agreement" in the Investment Agreement shall be deemed to refer to the Investment Agreement, as amended hereby.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto or by their respective duly authorized officers, all as of the date first above written.

CORNERSTONE ONDEMAND, INC.

By: / *s* / Adam Miller

Name: Adam Miller

Title: Chief Executive Officer

[Signature Page to Amendment to Investment Agreement]

SILVER LAKE CREDIT PARTNERS, L.P.

By: Silver Lake Credit Associates, L.P., its general partner

By: SLCA (GP), L.L.C., its general partner

By: Silver Lake Group, L.L.C., its managing member

By: /*s*/ Joseph Osnoss

Name: Joseph Osnoss

Title: Managing Director

[Signature Page to Amendment to Investment Agreement]

AMENDMENT TO INVESTMENT AGREEMENT

This AMENDMENT TO INVESTMENT AGREEMENT (this " Amendment "), dated November 28, 2017, amends that certain Investment Agreement, dated as of November 8, 2017 (the " Investment Agreement "), by and among, *inter alia* , Cornerstone OnDemand, Inc., a Delaware corporation, and Silver Lake Credit Partners, L.P., a Delaware limited partnership. Capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed thereto in the Investment Agreement.

WHEREAS, Section 6.03 of the Investment Agreement provides that any provision of the Investment Agreement may be amended or modified in whole or in part at any time by an agreement in writing between the parties thereto executed in the same manner as the Investment Agreement; and

WHEREAS, the parties to the Investment Agreement wish to amend certain definitions set forth therein.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendment to Definitions . Effective as of the date hereof, the Investment Agreement is hereby amended as follows:

(a) The definition of "4% Minimum Ownership Threshold Test" in Section 1.01 of the Investment Agreement is hereby deleted and replaced in its entirety by the following:

" 4% Minimum Ownership Threshold Test " means that at the time of determination, the Silver Lake Group collectively Beneficially Owns in excess of four percent (4%) of the outstanding shares of Company Common Stock (assuming the conversion of the Notes into Company Common Stock).

(b) The definition of "10% Minimum Ownership Threshold Test" in Section 1.01 of the Investment Agreement is hereby deleted and replaced in its entirety by the following:

" 10% Minimum Ownership Threshold Test " means that at the time of determination, the Silver Lake Group collectively Beneficially Owns in excess of ten percent (10%) of the outstanding shares of Company Common Stock (assuming the conversion of the Notes into Company Common Stock).

Section 2. Miscellaneous Provisions .

(a) This Amendment may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same document. Signatures to this Amendment transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document will have the same effect as physical delivery of the paper document bearing the original signature.

(b) The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(c) This Amendment shall not constitute an amendment of any other provision of the Investment Agreement not expressly referred to herein. Except as provided herein, the Investment Agreement shall remain in full force and effect. From and after the date hereof, all references to the term "Agreement" in the Investment Agreement shall be deemed to refer to the Investment Agreement, as amended hereby.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto or by their respective duly authorized officers, all as of the date first above written.

CORNERSTONE ONDEMAND, INC.

By: /s/ Adam Miller
Name: Adam Miller
Title: Chief Executive Officer

[Signature Page to Amendment to Investment Agreement]

SILVER LAKE CREDIT PARTNERS, L.P.

By: Silver Lake Credit Associates, L.P., its general partner

By: SLCA (GP), L.L.C., its general partner

By: Silver Lake Group, L.L.C., its managing member

By: /s/ Joseph Osnoss
Name: Joseph Osnoss
Title: Managing Director

[Signature Page to Amendment to Investment Agreement]

SECOND AMENDMENT TO INVESTMENT AGREEMENT

This SECOND AMENDMENT TO INVESTMENT AGREEMENT (this " Amendment "), dated February 25, 2018, amends that certain Investment Agreement, dated as of November 8, 2017 and amended as of November 28, 2017 (as amended, the " Investment Agreement "), by and among, *inter alia* , Cornerstone OnDemand, Inc., a Delaware corporation, and Silver Lake Credit Partners, L.P., a Delaware limited partnership. Capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed thereto in the Investment Agreement.

WHEREAS, Section 6.03 of the Investment Agreement provides that any provision of the Investment Agreement may be amended or modified in whole or in part at any time by an agreement in writing between the parties thereto executed in the same manner as the Investment Agreement; and

WHEREAS, the parties to the Investment Agreement wish to amend Section 4.18(b) of the Investment Agreement for purposes of clarifying certain obligations of the Purchaser and its Affiliates set forth in Section 4.18(a) thereof.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendment to Section 4.18(b) . Effective as of the date hereof, Section 4.18(b) of the Investment Agreement is hereby amended and restated to read as follows:

"(b) The foregoing provisions of Section 4.18(a) shall not be deemed to prohibit (i) any action that may be taken by any Purchaser Designee acting solely as a director of the Company consistent with his fiduciary duties as a director of the Company if such action does not include or result in any public announcement or disclosure by such Purchaser Designee, the Purchaser or any of its Affiliates, (ii) the Purchaser or any of its Affiliates or their respective directors, executive officers, partners, employees, managing members, advisors or agents (acting in such capacity) from communicating on a confidential basis with the Company's directors, officers or advisors or (iii) the Purchaser or any of its Affiliates from (A) making a confidential proposal to the Company or the Board of Directors for a negotiated transaction with the Company involving a Change in Control, (B) pursuing and entering into any such transaction with the Company and (C) taking any actions in furtherance of the foregoing. For the avoidance of doubt and except as set forth in clause (iv) of Section 4.18(a), the parties acknowledge and agree that the foregoing provisions of Section 4.18(a) are not intended to restrict the ability of the Purchaser and its Affiliates from voting any shares of Company Common Stock Beneficially Owned by them in their discretion on any proposal to be voted upon by the stockholders of the Company; provided that such proposal was not made in contravention of Section 4.18(a)."

Section 2. Miscellaneous Provisions .

(a) This Amendment may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same document. Signatures to this Amendment transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document will have the same effect as physical delivery of the paper document bearing the original signature.

(b) The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(c) This Amendment shall not constitute an amendment of any other provision of the Investment Agreement not expressly referred to herein. Except as provided herein, the Investment Agreement shall remain in full force and effect. From and after the date hereof, all references to the term "Agreement" in the Investment Agreement shall be deemed to refer to the Investment Agreement, as amended hereby.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto or by their respective duly authorized officers, all as of the date first above written.

CORNERSTONE ONDEMAND, INC.

By: /s/ Adam Miller
Name: Adam Miller
Title: President & CEO

[Signature Page to Second Amendment to Investment Agreement]

SILVER LAKE CREDIT PARTNERS, L.P.
By: Silver Lake Credit Associates, L.P., its general partner
By: SLCA (GP), L.L.C., its general partner
By: Silver Lake Group, L.L.C., its managing member

By: /s/ Joseph Osnoss
Name: Joseph Osnoss
Title: Managing Director

[Signature Page to Second Amendment to Investment Agreement]

Exhibit 21.1

SUBSIDIARIES OF THE COMPANY

SUBSIDIARIES:

Cornerstone OnDemand Global Operations, Inc. (Delaware)
Cornerstone OnDemand Holdings, Inc. (Delaware)
Cornerstone OnDemand Limited (United Kingdom)
Cornerstone OnDemand Services India Private Limited (India)
Cornerstone OnDemand Spain SL (Spain)
Evolv Inc. (Delaware)
Sonar Limited (New Zealand)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-216245, 333-209817, 333-202940, 333-194198, 333-189389, 333-180311, 333-173754) of Cornerstone OnDemand, Inc. of our report dated February 27, 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
February 27, 2018

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302(A)
OF THE SARBANES-OXLEY ACT OF 2002

I, Adam L. Miller, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cornerstone OnDemand, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth 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 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.

/s/ Adam L. Miller

Adam L. Miller

President and Chief Executive Officer

Date: February 27, 2018

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302(A)
OF THE SARBANES-OXLEY ACT OF 2002

I, Brian L. Swartz, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cornerstone OnDemand, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth 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 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.

/s/ Brian L. Swartz

Brian L. Swartz

Chief Financial Officer

Date: February 27, 2018

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Adam L. Miller, 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 of Cornerstone OnDemand, Inc. on Form 10-K for the fiscal year ended December 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, 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 Cornerstone OnDemand, Inc.

/s/ Adam L. Miller

Adam L. Miller

President and Chief Executive Officer

Date: February 27, 2018

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian L. Swartz, 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 of Cornerstone OnDemand, Inc. on Form 10-K for the fiscal year ended December 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, 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 Cornerstone OnDemand, Inc.

/s/ Brian L. Swartz

Brian L. Swartz

Chief Financial Officer

Date: February 27, 2018